



## **COUNTRY FICHE - THE NETHERLANDS**



## CONTENT

### EXECUTIVE SUMMARY

1. INTRODUCTION
2. SUPPLY OF SUPPORT SERVICES
  - 2.1 ORGANISATION OF SUPPORT SERVICES IDENTIFIED
  - 2.2 TARGET GROUPS OF SUPPORT SERVICES IDENTIFIED
  - 2.3 TYPES OF SUPPORT SERVICES IDENTIFIED
  - 2.4 PROMOTION OF SUPPORT SERVICES IDENTIFIED
  - 2.5 QUALITY AND PRICES OF SUPPORT SERVICES IDENTIFIED
  - 2.6 OBJECTIVES OF SUPPORT SERVICES IDENTIFIED
3. DEMAND FOR SUPPORT SERVICES
  - 3.1 PARTICIPATION IN SUPPORT SERVICES
  - 3.2 AWARENESS OF SUPPORT SERVICES
  - 3.3 CONTENT OF SUPPORT SERVICES
  - 3.4 CONDITIONS AND DELIVERY OF SUPPORT SERVICES
  - 3.5 FUTURE POTENTIAL OF THE MARKET FOR SUPPORT SERVICES
4. SUMMARY AND CONCLUSIONS

### APPENDIX



## EXECUTIVE SUMMARY

### PURPOSE OF THE STUDY

Creating an appropriate environment for businesses to flourish is a central element in public policy for promoting entrepreneurship in Europe. Dramatic changes have taken place in the nature and the provision of business support services since their recognition as an increasingly important feature of economic policy. In some Member States of the European Union this has led to a proliferation of services. The European Charter for small businesses adopted by Member States in Santa Maria da Feira on 19/20 June 2000 calls for the creation of top class small business support easy to access and to understand and relevant to small businesses' needs. In order to find out whether existing services answer the specific needs of the smallest businesses, DG Enterprise of the European Commission has contracted the Austrian Institute for Small Business Research (IfGH) to carry out the present study on 'Support Services for Micro, Small and Sole Proprietor's Businesses', in the period from December 2000 to June 2002 in co-operation with members of the European Network for SME Research (ENSR) and other partner institutions from all Member States of the European Union and Norway.

The purpose of this study is threefold:

- to provide a comprehensive, descriptive and analytical overview of existing national and local support services, or integrated systems of such services, tailored to the needs of micro, small and sole proprietor's businesses (supply side analysis);
- to analyse the needs of European micro, small and sole proprietor's businesses with regard to the organisation, promotion, content and delivery of support services (demand side analysis);
- to provide comprehensive elements for the improvement of the supply of support services available to micro, small and sole proprietor's businesses in the Member States of the European Union and Norway.

### DEFINITION AND METHODOLOGY APPLIED

This study applies a purposely narrow definition of the term 'support services' for the analysis of the market for support services. To this regard a support service subject to analysis in the scope of this study has to fulfil the following criteria:

- it originates in a public policy initiative,
- it is targeted at micro, small or sole proprietor's businesses either by its explicit intention or by its practical use,
- it is offered at non-commercial conditions
- a substantial part of the service is of non-financial kind.

Based on this definition, 335 support services ranging from the provision of information, advice and consultancy to SME-specific training services, have been identified and analysed, which naturally only represent a fraction of all external support available to micro, small and sole proprietor's businesses in Europe. The information for the analysis of the *supply side* has been gathered by the co-operating research institutes in each of the Member States of the European Union and Norway according to a standardised guideline and has been compiled in an electronic database ('IfGH/ENSR Support Services Database').

Findings related to the *demand side* stem from an extensive literature review and an in-depth empirical analysis of the smallest enterprises' needs and experiences concerning the use of support services. In particular, a harmonised telephone survey on the basis of a standardised closed questionnaire was carried out in October 2001. The total sample includes more than 1,200 enterprises located in the European Union and in Norway, which allows for a detailed assessment of the needs of different types of enterprises concerning size class, sector and phase of development. At country-level, the findings are based on the statistical analysis of about 75 interviews with micro, small and sole proprietor's businesses in each country. Thus, variations from EU average values at country level have to be interpreted cautiously due to the comparatively lower sample size. However, given the methodologically profound and statistically reliable background of the analysis conducted at European level, results at country level should give a good indication of the situation in each country.



## MAIN FINDINGS

### **Participation of small businesses in support services is low**

The participation rate in support services among European micro, small and sole proprietor's businesses is quite low. Only 20 % of the smallest enterprises in the European Union and Norway have utilised support services during the past five years. This share further declines with decreasing size of an enterprise, ranging from a participation rate of 15 % for sole proprietors to 35 % for small enterprises (10 - 49 employees).

### **Women, highly educated and growth oriented entrepreneurs make the most use of support services**

Participation of enterprises in support services differs according to specific characteristics of the owner or manager of an enterprise. Female entrepreneurs, for example, seem to be more willing to make use of support services than their male counterparts. Whereas 27 % of the enterprises owned by a woman have utilised support services within the last five years, this share of enterprises amounts to only 17 % where a man owns the enterprise. Also entrepreneurs with a secondary or university education use support services more often than entrepreneurs with elementary education. Furthermore, the decision of whether to use support services or not seems to be strongly correlated with employment growth as indicated by participation rates amounting to above 30 % among enterprises that have increased their number of employees by more than 10 % during the last three years.

### **There is a need for an outside view on small businesses' needs**

The majority of micro, small and sole proprietor's businesses that have not utilised any support service within the past five years states that this was because they did not feel any need for external support. This seems to be particularly the case for sole proprietors, among which the share of enterprises not feeling any need for external help amounts to almost 60 %. This attitude might be explained by the experience that many small enterprises, because of their heavy involvement in day-to-day business, may lose the sense of perspective when assessing their own needs. This pattern seems to underline that an external identification of needs is a crucial element when offering support to small businesses.

### **There is a lack of awareness of support services among small businesses**

More than three-quarters of enterprises lack information on the existence and availability of support for their respective enterprise. Thus, the relatively low participation in support services among European micro, small and sole proprietor's businesses might also be connected to the low level of information on support services offered. Creating awareness of the existence and availability of support services among entrepreneurs is therefore considered one of the major challenges of support policy in future.

### **Small businesses prefer direct contact with service providers**

Entrepreneurs from small businesses would generally prefer being directly contacted by service providers or even personally visited. However, these (rather cost-intensive) promotional tools are hardly applied by providers. Support services are mainly promoted via the Internet (providers' web-pages) and in newspapers, journals and magazines or are presented at trade fairs, exhibitions and seminars.

### **Small enterprises may think global, but act local**

Enterprises would prefer looking for support services either at local or at regional level. This effectively matches the way support services are currently organised in the European Union and Norway. Contact points of support services are decentralised and can be accessed either at regional or even at local level. However, it seems important that public authorities implement a more strategic approach to the support they provide and ensure that it is well co-ordinated with other service provision, particularly at the regional level. New stand-alone initiatives should be avoided, in order not to confuse the client and to facilitate the process of awareness creation.



### **The demand for specific types of services differs by the location of an enterprise**

The need of enterprises for support services varies by different types of regions. The share of enterprises demanding different types of support services in Objective 1 regions, for instance, is higher than elsewhere. Whereas 75 % of the enterprises located in Objective 1 regions express a need for financial services, for example, this share amounts to only 52 % for enterprises not located in disadvantaged areas. Similarly, there is a clearly stronger demand for one-stop-shops in rural areas (with less than 50.000 inhabitants) than in urban areas. Therefore, public authorities need to ensure that enterprises can get convenient access to all the support services they need, irrespective of the geographical location of an enterprise.

### **Small businesses need more tailor-made support and more targeted services**

The majority of enterprises express a strong demand for tailor-made support which takes account of their specific size class, phase of development or field of activity. Most of the support services offered to micro, small and sole proprietor's businesses in the Member States of the European Union and Norway, however, are targeted at SMEs in general and are hardly subject to a separate business support policy. Also services are usually targeted at all phases of the business life-cycle alike, with a particular focus only put on enterprises in the start-up and early phase of development.

### **Small businesses are not too satisfied with the level of understanding shown by service providers**

Although the vast majority of micro, small and sole proprietor's businesses in the European Union and Norway that have made use of support services within the last five years seem quite satisfied with their latest experience, comparatively low levels of satisfaction are achieved with regard to the understanding of the business by the provider and the effect the service had on the enterprise. In this respect public authorities responsible for support service provision should ensure that support organisations have access to the necessary human and material resources they need to provide top class services. It is of high importance that organisations employ staff with the skills and competencies as well as with the practical experience needed to understand small businesses and to deliver the full range of services they need.

## **CONCLUSIONS**

### **Creating awareness of support services is an important aim for support policy in future**

A large proportion of micro, small and sole proprietor's businesses is deterred from participation in support services due to poor awareness of this kind of support. Consequently, creating awareness of support services among micro, small and sole proprietor's businesses seems to be the most important challenge for European support service providers in future. Consistent and effective promotion of support services needs to be undertaken among well-targeted audiences of enterprises and potential entrepreneurs in order to increase the take up by small businesses.

### **Support services should be specifically targeted at small enterprises needs**

The majority of micro, small and sole proprietor's businesses would prefer to use support services that are specifically targeted at enterprises of their respective size and state of development. Thus, business support should take account of the differing needs of different types of small enterprises by providing distinct packages of services for the different target groups. Also, coherent support services need to be assured, so that enterprises can easily access a package of services covering all main management functions. In order to ensure that enterprises receive the support they need, service providers should develop procedures and terms of reference that determine which is the best advice available for the client.

### **Client-orientation has to be a fundamental principle of support service provision**

Quality assurance systems need to be routinely implemented, with reference to formal definitions of service standards, where appropriate. Furthermore, regular evaluations of the effectiveness and efficiency of support services have to become an integral part of the culture of support service provision. Service providers and policy makers should continuously use evaluation tools in order to improve the quality, design and cost effectiveness of support services.



## COUNTRY FICHE – THE NETHERLANDS

### 1. INTRODUCTION

The following report is one of sixteen country fiches produced on behalf of the European Commission in the course of a research study on 'Support Services for Micro, Small and Sole Proprietor's Businesses'. The purpose of the country fiches is to provide an in-depth analysis of both, the supply side of the (public) market for support services (see section 2) as well as of the needs of micro, small and sole proprietor's businesses with respect to external support (see section 3) for each member state of the European Union plus Norway. With respect to the information provided for the Netherlands the Austrian Institute for Small Business Research (IfGH) co-operated with EIM Business & Policy Research in Zoetermeer.

The first part of each country fiche is dedicated to the analysis of the *supply side* of the market for support services targeted at micro, small and sole proprietor's businesses. In this regard, information on the organisational structure of the service providers and the main characteristics of the services offered to micro, small and sole proprietor's businesses has been gathered on a decentralised basis; i. e. co-operating research institutes in each of the Member States of the European Union plus Norway have thoroughly analysed the supply of support services in their respective countries according to a standardised guideline and reported their findings to the IfGH, which then compiled the resulting information for each of the sixteen countries in an electronic database ('IfGH Support Services Database'). The main findings for the Netherlands are presented in section 2 of this report both illustrated in Graphs (quantitative information) as well as enriched with extensive qualitative information.

The second part of each country fiche is dedicated to the analysis of the *demand side* of the market for support services targeted at micro, small and sole proprietor's businesses. About 75 enterprises in each country of the European Union plus Norway have been interviewed on their needs and experience with respect to support services and external support in general, resulting in a total sample of 1,200 enterprises. In particular, a harmonised telephone survey on the basis of a standardised closed questionnaire has been carried out in October 2001. For this purpose, stratified random samples of micro, small and sole proprietor's businesses have been drawn in each member state of the European Union and Norway and after survey completion, sample weighting to unify estimates was performed. Hence, findings presented in the report are based on data weighted by enterprises' size class and sector and are thus representing the structure of the whole population of micro, small and sole proprietor's businesses in each country. All in all enterprises of seven different sectors (namely manufacturing and construction, wholesale and retail trade, transport and communication, banking and finance, business services, repair and other services, and tourism) and three different size classes (namely small enterprises (10-49 employees), micro enterprises (1-9 employees) and sole proprietors) have been interviewed and accordingly weighted. The main findings for the Netherlands are presented in section 3 of this report.

The last part of each of the country fiches is finally dedicated to drawing the main conclusions from the research undertaken in the course of the project.



## 2. SUPPLY OF SUPPORT SERVICES

The market for support services in the Netherlands has undergone some restructuring in the last few years: A growing number of semi-public service providers has emerged due to the process of outsourcing of public tasks. Support services such as reception facilities (e. g. consultation without appointment), basic information and referral are today mainly offered by public and semi-public providers - mostly municipalities and Chambers of Commerce. The more extensive guidance of entrepreneurs seems to be dominated by (private or semi-public) tailor made organisations. External advice, consultancy and SME specific training is mostly offered by private providers who often co-operate with semi-public services providers in this field. The provision of finance to micro, small and sole proprietor's businesses in the Netherlands still seems to be dominated by banks, but some public or semi-public organisations have a referral function in this field.

The purpose of this section of the report is to systematically analyse the supply side of the market for support services targeted at *micro, small and sole proprietor's businesses* in the Netherlands, by presenting information on the organisational structure of the service providers and the main characteristics of the services offered to micro, small and sole proprietor's businesses with respect to targeting, content, quality and promotion as well as to the main objectives addressed.

In order to provide for a detailed and comprehensive assessment of the specific characteristics of the services offered, a comparatively strict definition has been applied to the term 'support services' in this part of the analysis: A support service that qualified for being selected for further assessment had to fulfil the following criteria:

- The service originates in a public policy initiative and the provider of the service is public or, if private, is acting in line with agreed public policies (provider based criteria).
- The service is targeted at micro, small and sole proprietor's businesses either by its explicit intention or by its practical use and is targeted directly at enterprises and entrepreneurs (user based criteria).
- The service is offered at non-commercial conditions. It involves the provision of information, advice or training, or includes business services that are provided on a non-commercial basis. A substantial part of the service is of non-financial kind (content based criteria).

In the Netherlands 12 support services have been identified according to the above criteria.<sup>(1)</sup> However, it has to be noted that due to the comparatively strict definition, the selected services represent only a fraction of all external support available to micro, small and sole proprietor's businesses in the Netherlands. Particularly, services that mainly offer financial support, such as loans, guarantees, or all kinds of subsidies as well as tax relief for small businesses are excluded from the analysis.

In the Netherlands, support in terms of regulations, fiscal measures and financing instruments is mostly provided by public or semi-public organisations with national coverage. Under the lead of the Ministry of Finance, the Ministry of Social Affairs and Employment, or the Ministry of Economic Affairs and usually implemented by banks, various programmes offer grants, subsidies or loans to SME in different sectors. These kinds of support services are also not included in the following analysis.

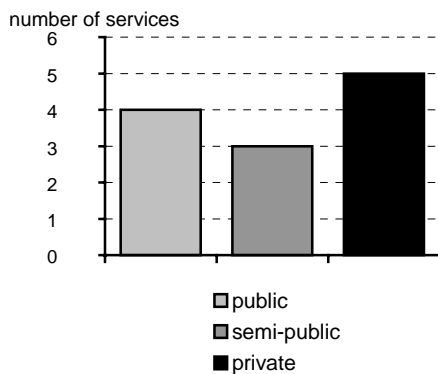
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<sup>1</sup> A list of support services considered in section 2 is given in the appendix.



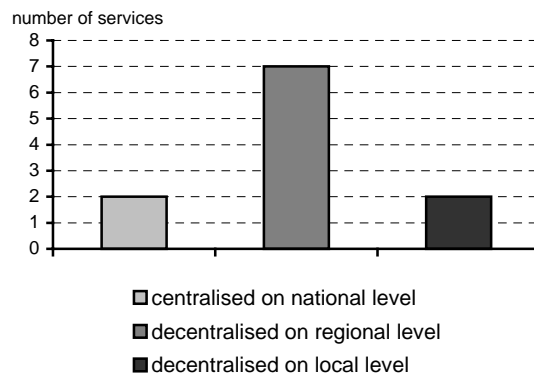
## 2.1 ORGANISATION OF SUPPORT SERVICES IDENTIFIED

**Graph 1: Status of the leading organisations of services identified**



Source: IfGH/ENSR Support Services Database, 2001

**Graph 2: Organisation of the contact points of services identified**



Source: IfGH/ENSR Support Services Database, 2001

As can be seen from Graph 1, private and public providers of support services for micro, small and sole proprietor's businesses dominate the market in the Netherlands. The share of public providers has been declining in the last years, whereas private and semi-public support service providers have been strongly growing due to the process of outsourcing of public tasks into (newly established) organisations or companies.

The Ministry of Economic Affairs, plays an important role as a public provider of support services for micro, small and sole proprietor's businesses in the Netherlands. Senter, an agency of the Ministry of Economic Affairs, is among the most important semi-public service providers. This agency implements incentive programmes on behalf of several government bodies in the fields of technology, environment, export and international co-operation. Many of these (also fiscal and financial) programmes apply to micro and small businesses. Services provided under the lead of private organisations in the Netherlands mainly focus on the provision of professional information/advice and are often targeted at start-ups. Syntens, for example, a private organisation that receives some funding from the government, is an important intermediary bringing entrepreneurs in contact with companies and institutes that provide assistance with regard to innovations.

In most cases, the Ministry of Economic Affairs and in some cases also the European Commission act as supporters of the services provided. One difference in this aspect is 'LiveWIRE', an initiative led by the private company Faktor which is not only supported by the Ministry of Economic Affairs, but also by an oil company, a bank, a radio station and several regional sponsors. 'LiveWIRE' aims to stimulate high quality entrepreneurship among young people.

The vast majority of support services offered to micro, small and sole proprietor's businesses included in this analysis receives funding from national level, some receive funding from national and regional level, whereas only very few services are financed by the local level. This reflects the institutional structure and country size of the Netherlands, where the central administration is relatively important.

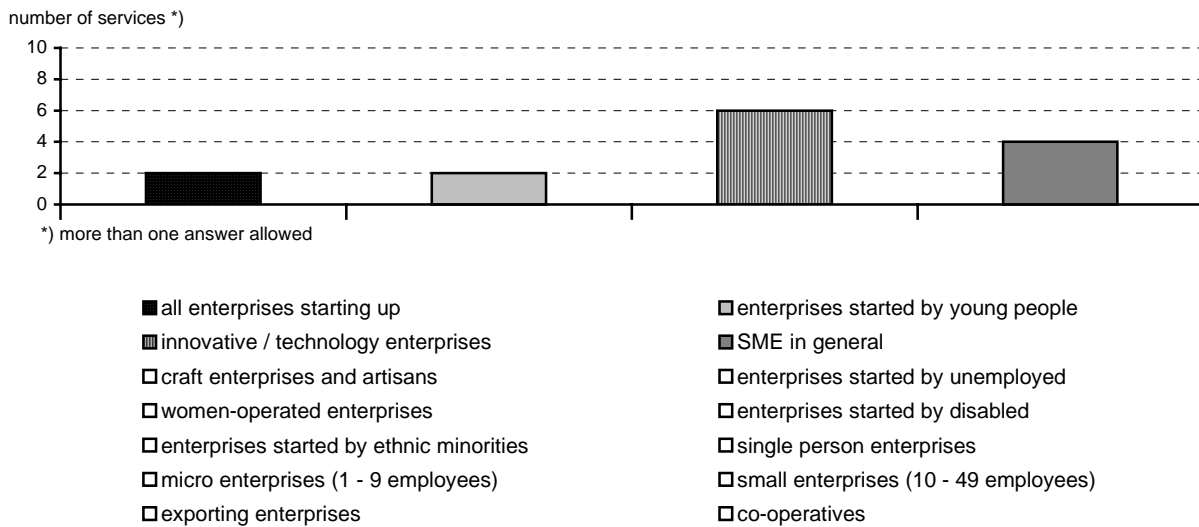
Although the majority of support services for micro, small and sole proprietor's businesses are financed centrally, their contact points are mostly decentralised at regional level (Graph 2). This is a result of the diffusion policy since the early 1990's, aimed at bringing knowledge and information closer to the entrepreneurs. Many of the institutions are therefore regionally organised, such as the 'Twinning Network' (the scheme provides for the promotion of start-ups in the ICT sector by setting up a network, operating centres for housing and business management support as well as providing funds), the Chambers of Commerce or Syntens. The latter two, for instance, consist of a number of local offices that have a great deal of autonomy within a general frame of reference. The Chambers of Commerce are set up by law but have an independent role, still membership is obligatory. Many of the service providers, intermediate organisations, associations and different levels of government regularly inform each other on their activities. This insures that similar support services apply within all regions.



## 2.2 TARGET GROUPS OF SUPPORT SERVICES IDENTIFIED

As stated above, this report only deals with support services targeted at micro, small or sole proprietor's businesses. However, in many countries, and also in the Netherlands, these businesses are considered a sub-group of small and medium sized enterprises (SMEs) and are hardly subject to a separate business support policy. Therefore, also services though not explicitly targeted at but mainly used by micro, small or sole proprietor's businesses are included in the analysis.

**Graph 3: Target population of the services identified**



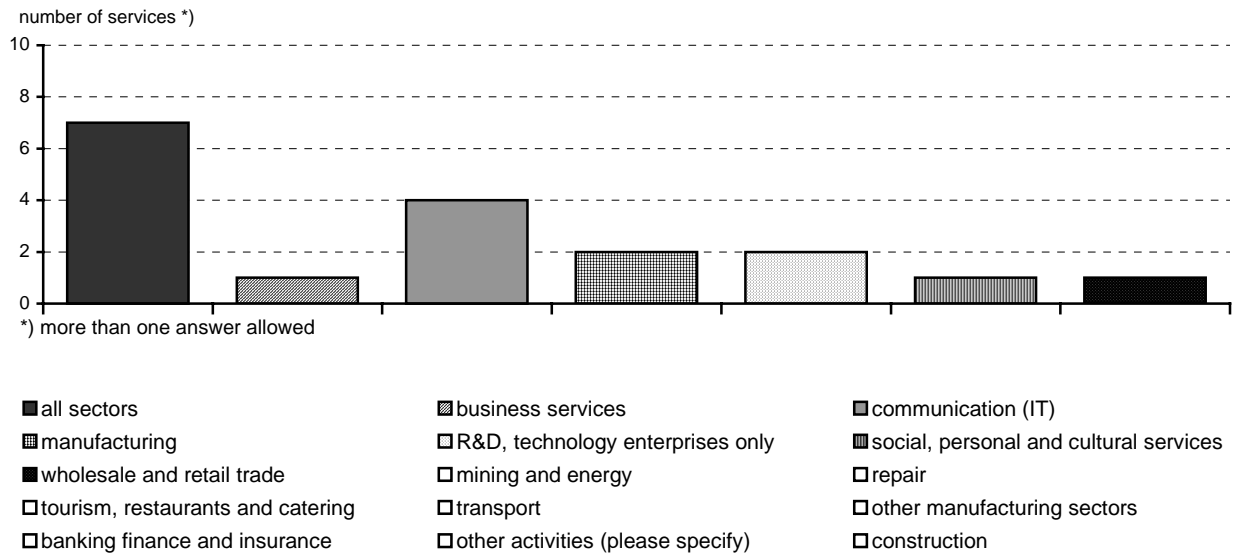
Source: IfGH/ENSR Support Services Database, 2001

In the Netherlands, the majority of the providers of support services address innovative/technology enterprises - SME in general are the second most important target population of the services offered. As already outlined above, it can be seen from Graph 3 that there hardly exist services specifically targeted at micro, small or sole proprietor's businesses. A considerable amount of the services surveyed directly addresses start-ups (in general or by young people). This is in line with national entrepreneurship policy in the Netherlands, which aims at establishing a business environment in which enterprises can grow and new enterprises can start, but also at creating an entrepreneurial society in general.

Although most of the support services for micro, small and sole proprietor's businesses identified in the Netherlands are not sector-specific, quite many address the communications (IT) sector (Graph 4). Among the measures targeted at SME in this sector are two national programmes 'Informe' and 'Twinning', which are both supported by the Ministry of Economic Affairs. Whereas 'Informe' provides companies with information concerning ICT and specifically concerning the fast growing sectors of e-business and multimedia, 'Twinning' operates with renowned entrepreneurs who act as mentors.

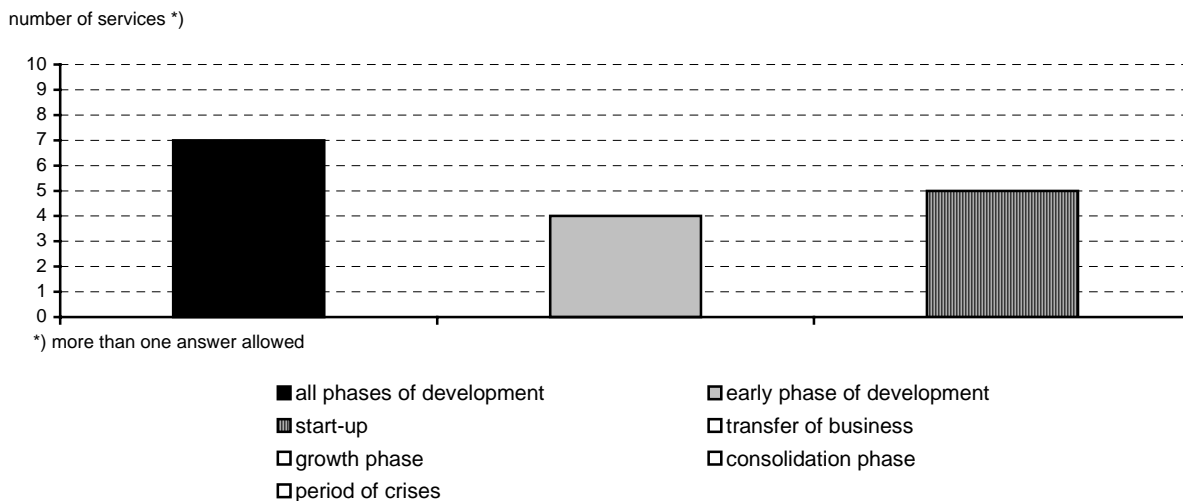


Graph 4: Sectors addressed by services identified



Source: IfGH/ENSR Support Services Database, 2001

Graph 5: Enterprise phase of development targeted by services identified



Source: IfGH/ENSR Support Services Database, 2001

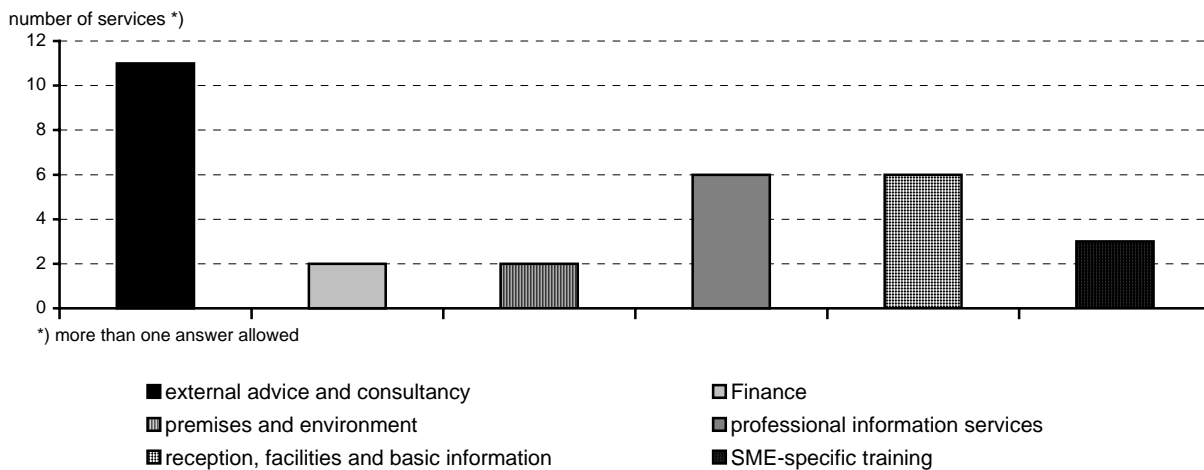
The majority of support services are targeted micro, small and sole proprietor's businesses in all phases of their development and to start-ups, as can be seen from Graph 5. Enterprises in the early phase of development are also promoted by a considerable amount of support services. As in many other countries within the European Union there hardly seems to be any support measures available in the Netherlands for enterprises in the growth phase, the transfer phase of a business or for periods of crises.



### 2.3 TYPES OF SUPPORT SERVICES IDENTIFIED

When analysing the types of support services offered to micro, small and sole proprietor's businesses in the Netherlands it seems necessary to recall the definition applied in this part of the assessment. As to this regard, particularly, all kinds of purely financial support, such as loans, guarantees, or all kinds of subsidies or tax relief for small businesses are excluded from the analysis. Thus, it is not surprising that hardly any service has been identified with focus on 'finance'.

Graph 6: Types of services identified



Source: IfGH/ENSR Support Services Database, 2001

Support services for micro, small and sole proprietor's businesses in the Netherlands mainly offer external advice and consultancy, followed by reception, facilities and basic information on equal rank with professional information services, as presented in Graph 6.

External advice, consultancy, and SME-specific training are mostly offered by private providers who often cooperate with semi-public service providers in this field. Especially advice on business planning and strategy is envisaged by these measures. Two important services in this area are 'Temporary Entrepreneurial Positions (TOP)' ('Tijdelijke Ondernemers Plaatsen') and 'LiveWIRE'.

'TOP' is provided by the University Twente, which is a public institution in the Netherlands. The objective of this service is the transfer of knowledge and technical innovation as well as supporting the entrepreneurial spirit among the students. Apart from advice on business planning and strategy, starters are provided with basic finance and the proper facilities to start their business. An important precondition is, that the company has an innovative business idea and is willing to settle in Twente. 'TOP' has been identified as good practice in the field of 'training and information' by the European Commission (see COM(1999) 569 final). The considerable high success rate of 'TOP' is attributable to the good entrepreneurial climate and the growing market for technological possibilities at the University Twente. Entrepreneurial attitudes play a part in this university's intellectual life, in the courses it offers and in its encouragement of experimentation with enterprising projects.

'LiveWIRE' is operated by the private company Faktor and is also targeted at starters. It originated in an initiative of Shell UK about 20 years ago and is now implemented in several countries. The basic intention is the provision of independent advice in order to stimulate high quality entrepreneurship among young people. This is effected by an extensive network of advisors who offer advice on writing a business plan, access to finance and choosing a location. 'LiveWIRE' is provided free of charge to micro, small and sole proprietor's businesses and competitions are held among its users that offer the possibility of presenting one's business to a wider audience.

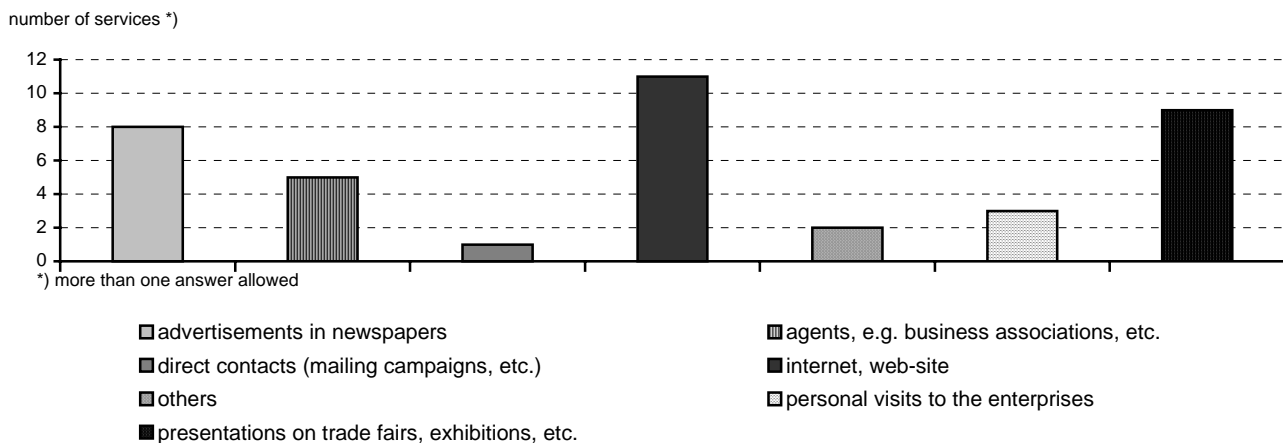


In the area of reception, facilities and basic information, no one-stop shop has been established so far for administrative matters (e. g. registration of the enterprise, registration at the insurance, registration of employees). Although some plans have been developed into that direction and pilot cases are now carried out at regional level in the province of Drenthe and in the north west region of the province of Noord Holland, as well as at local level by the municipality of Groningen. These so-called 'Business Counters' form part of the Public Counter 2000 programme. The pilot study in the North of the Netherlands is aimed at developing procedures to prepare widespread introduction of these counters, starting at 2002. At least three governmental organisations are participating: the Chamber of Commerce, the municipality and the Tax Department while the development of the national project is co-ordinated by the Ministry of Economic Affairs. There are some possibilities to download administration papers from the Internet, but still there are different points to contact when handing in these documents.

## 2.4 PROMOTION OF SUPPORT SERVICES IDENTIFIED

In the Netherlands, the advertising of support services seems to be directly linked to the providing organisation. No general co-ordination takes place, although sometimes support services are recommended under the general flag of the Ministry of Economic Affairs. The web-site of this ministry provides a wealth of information on all sorts of measures and services available to SMEs. Furthermore, the Ministry of Economic Affairs presently has initiated a project to establish a database of all support measures and regulations available to SMEs, this database will form a central tool for identifying possible measures.

**Graph 7: Promotion of services identified**



Source: IfGH/ENSR Support Services Database, 2001

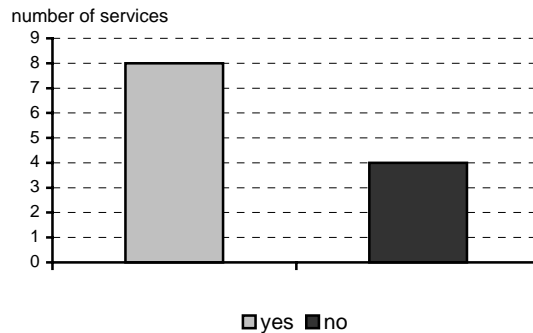
The majority of support service providers identified in the Netherlands use the Internet for communicational purposes. Furthermore, presentations on trade fairs/exhibitions and advertisements in newspapers are essential means of promoting support services. Graph 7 also indicates that agents, who act as intermediaries, fulfil an important part in connecting service providers and persons running micro, small or sole proprietor's businesses.

Direct contacting of enterprises and potential entrepreneurs via mailing campaigns is not very common in the Netherlands. Nevertheless, the utilisation habits of promotional tools might change due to the ongoing process of outsourcing of public tasks into semi-public or private organisations.



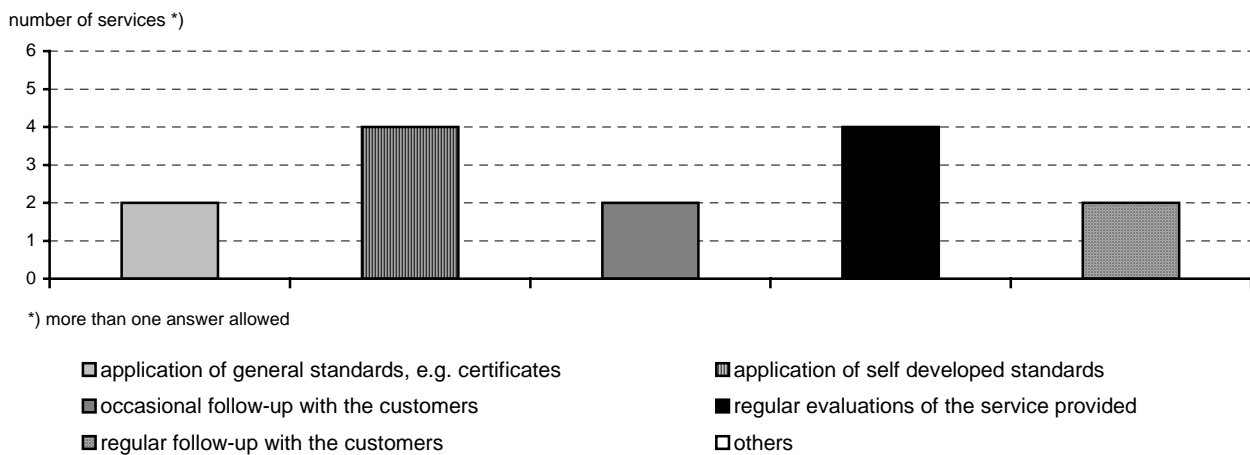
## 2.5 QUALITY AND PRICES OF SUPPORT SERVICES IDENTIFIED

Graph 8: Existence of quality assurance mechanisms



Source: IfGH/ENSR Support Services Database, 2001

Graph 9: Types of quality assurance mechanisms



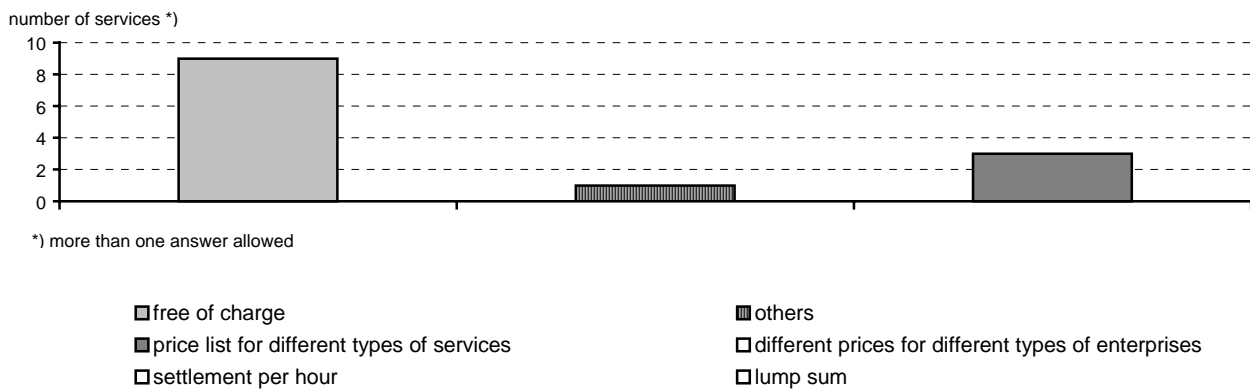
Source: IfGH/ENSR Support Services Database, 2001

As shown in Graph 8, for approximately two thirds of the support services targeted at micro, small and sole proprietor's businesses quality assurance mechanisms have been established. Concerning the types of such mechanisms, it can be seen from Graph 9 that most of the service providers either apply self-developed standards or rely on regular evaluations of the services identified. Self-developed standards, e. g. quality systems developed by the service provider himself/herself with the help from an external consultant, are particularly used by 'TOP' or by services offered by providers who are part of an international network, whereas for most services offered by private or semi-public national providers are subject to regular evaluations. Other methods used as quality assurance mechanisms are the application of general standards and (occasional or regular) follow-ups with the customers. Many of those, who decided to apply quality assurance mechanisms, make use of a combination of different types of such measures.

In most cases, available evaluation results of the services identified point to a high quality of the support provided to micro, small and sole proprietor's businesses in the Netherlands. Many of the services quote a growing number of clients. The expansion or better promotion of some services is intended and, in particular, Senter is putting special efforts in communicating its high profile to micro, small and sole proprietor's businesses.



Graph 10: Determination of prices of services identified



Source: IfGH/ENSR Support Services Database, 2001

Also, pricing policy of services providers in the Netherlands seems to be rather transparent. Three quarters of the selected support services offered to micro, small and sole proprietor's businesses are provided free of charge. Where this is not the case, price lists are available for different types of services (see Graph 10). Nevertheless, this result is not too surprising, as the focus of the study lies on support services that are provided under non-commercial conditions.

## 2.6 OBJECTIVES OF SUPPORT SERVICES IDENTIFIED

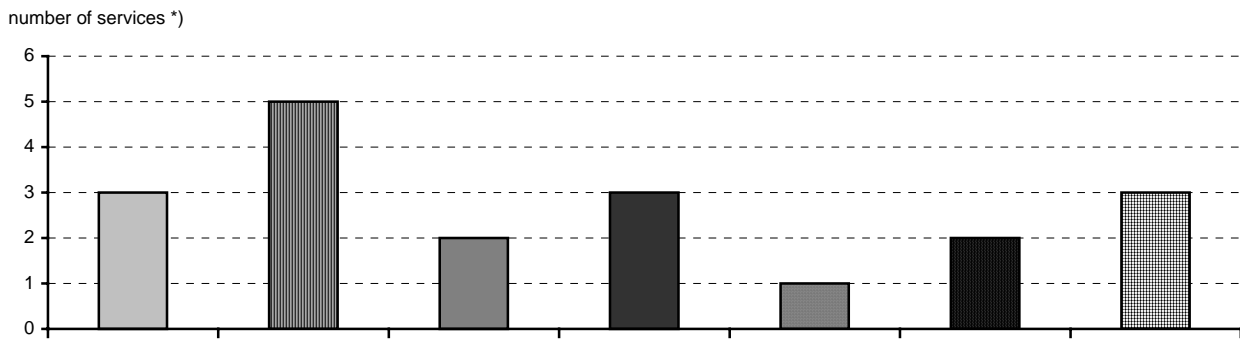
Public support for micro, small and sole proprietor's businesses is often founded on the conviction that economic growth is strongly linked to the development of these enterprises. The objectives of the various forms of support offered are complex and aim at different scopes of business life. Many services offer practical advice and consultancy with special emphasis on sectors or different phases of development. Depending on the main focus of the service, objectives are, for example, to provide information on support services, to strengthen the readiness for enterprise start-ups and prepare potential entrepreneurs, to improve SMEs' competitiveness and innovation capacity or to secure jobs. The achievement of these aims should lead to a higher and sustainable economic growth and welfare. By means of an *Action Plan to Promote Entrepreneurship and Competitiveness* the European Commission (1999a) has set out a number of priority aims which are most important for promoting entrepreneurship and creating a business environment that encourages the creation and growth of new businesses in order to improve the competitiveness of Europe's economy (see Graph 11). The classification of national support measures according to these 'action plan objectives' shall help to present a well structured and systematic overview on the aims of the various support services available to micro, small and sole proprietor's businesses in the Netherlands.

As already lined out before, national entrepreneurship policy in the Netherlands is basically aimed at the creation of a business environment in which enterprises can grow and new enterprises can start. To achieve this, the policy mainly rests upon the pillars of deregulation, fiscal measures and financing instruments. Also, since the early 90's, the Ministry of Economic Affairs has implemented a diffusion policy aimed at bringing knowledge and information closer to the entrepreneurs.

Graph 11 shows that most of the support services for micro, small and sole proprietor's businesses analysed in the Netherlands address the Commission's action plan objective 'access to research and innovation'. Other objectives, such as 'training', 'access to finance for smaller enterprises and for enterprises at an early stage' as well as 'finance for expanding and high tech firms' are also quite well pursued. When trying to draw conclusions from this analysis regarding the importance assigned to the objectives of the action plan in the Netherlands, the comparatively narrow definition of the term 'support services' applied to this part of the research should be considered. It implicates the exclusion of all kind of purely financial services, therefore the relevance of the action plan objectives 'access to finance for smaller enterprises and at an earlier stage' and 'finance for expanding and high tech firms' in the Netherlands will be underestimated.



Graph 11: Action plan objectives addressed by services identified



\*) more than one answer allowed

- access to finance for smaller enterprises and at an earlier stage
- access to research and innovation
- education for an entrepreneurial society
- finance for expanding and high tech firms
- improve employment and working conditions
- improve visibility of support services
- training
- better use of patents by SMEs
- improve public administration
- make EU RTD development programmes more sensitive to SME requirements

Source: IfGH/ENSR Support Services Database, 2001



### 3. DEMAND FOR SUPPORT SERVICES

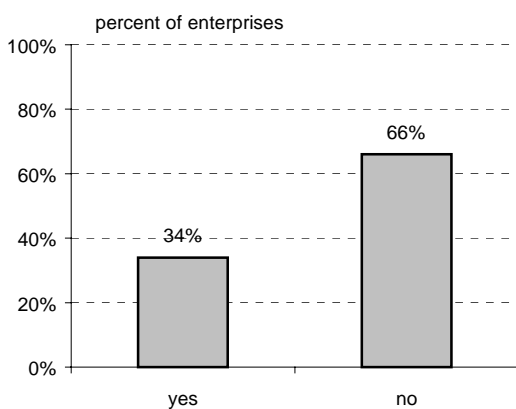
The purpose of this section of the report is to systematically analyse the demand side of the market for support services targeted at *micro, small and sole proprietor's businesses* in the Netherlands, by examining the participation of enterprises in support services, their awareness of the availability of support services, their needs with respect to the content, conditions and design of support services as well as on issues such as the general attitude of entrepreneurs toward support services.

The definition of the term support services applied to this part of the research contains all types of services, such as the provision of information, advice, training, or other business services that are offered at non-market conditions and are of non-financial kind. The findings provided in the following, however, are not directly related to those services mentioned in section 2 of the report. Furthermore, results presented are based on 75 telephone interviews conducted in the Netherlands, but, due to respective data weighting, relate to the whole population of micro, small and sole proprietor's businesses in the Netherlands (see section 1). Nevertheless, because of a relatively low number of observations with regard to specific issues at country level, results might show high sample errors and thus have to be interpreted cautiously.

#### 3.1 PARTICIPATION IN SUPPORT SERVICES

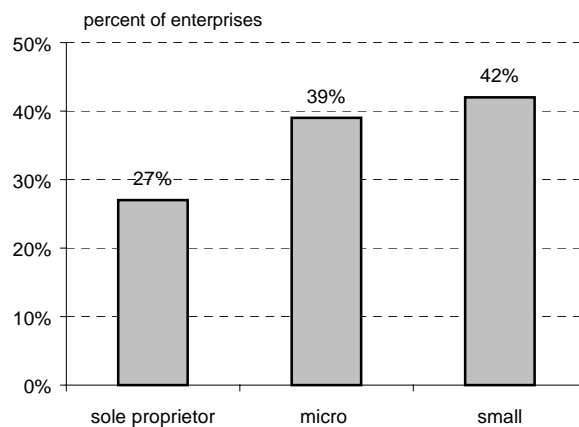
To improve the access of small enterprises to top-class business support is one of the major policy objectives of the European Commission expressed in various Commission documents, such as the *Action Plan to Promote Entrepreneurship and Competitiveness* (European Commission, 1999a) and the *Feira European Charter for Small Enterprises* (European Commission, 2000a), for example. In order to stay competitive and contribute to economic growth and employment in Europe, small enterprises need the best possible environment as well as information and business support systems that are easy to access and understand and relevant to the needs of small businesses. A lot of efforts have been undertaken in the Netherlands as to this regard, already. The supply side of the market for support services has undergone a restructuring during the last years that led to a growing number of semi-public service providers offering a wide array of services to small businesses (see section 2). At the same time, a consolidation process that led to the establishment of integrated systems offering support to small enterprises took place. As a result, micro, small and sole proprietor's businesses in the Netherlands seem to be frequent users of support services.

Graph 12: Participation rate of enterprises



Source: IfGH/ENSR Small Business Survey, 2001

Graph 13: Participation rate of enterprises, by size class



Source: IfGH/ENSR Small Business Survey, 2001



As can be seen from Graph 12, the participation rate (i. e. the share of enterprises having made use of support services during the last five years) amongst Dutch micro, small and sole proprietor's businesses is very high. More than one third of the enterprises has utilised a support service within the last five years. It has to be noted that the generally high participation rate in the Netherlands even increases with increasing size class of the enterprise: Whereas 27 % of the sole proprietor's businesses have made use of support services, it is 39 % of micro enterprises (with less than 10 employees) and even 42 % of small enterprises (with 10 to 49 employees) (see Graph 13) that have utilised any kind of support service during the last five years.

On average 20 % of all micro, small and sole proprietor's businesses in the European Union Member States and Norway have participated in support services within the last five years. Variations from this value at country level have to be interpreted cautiously as sample errors may be up to +/- 10 %. However, it can be concluded from Table 1 that compared to other European countries the Dutch participation rate is significantly above average. In Ireland and Denmark participation rates are also above average, whilst in Sweden, Greece and Norway relatively few micro, small and sole proprietor's businesses have utilised any support service within the last five years.

**Table 1: Participation rate of enterprises, by country**

country	participation rate <sup>*)</sup>
<b>Netherlands</b>	<b>34 %</b>
Ireland	<i>significantly</i> 32 %
Denmark	<i>above average</i> 28 %
United Kingdom	27 %
Finland	25 %
France	22 %
<b>EU (15) and Norway</b>	<b>20 %</b>
Germany	<i>on average</i> 20 %
Portugal	20 %
Belgium	20 %
Spain	19 %
Austria	16 %
Italy	16 %
Sweden	<i>significantly</i> 10 %
Greece	<i>below average</i> 6 %
Norway	3 %
Luxembourg	**)

<sup>\*)</sup> share of enterprises having made use of support services within the last five years, maximum sample error at country level: +/- 10 %

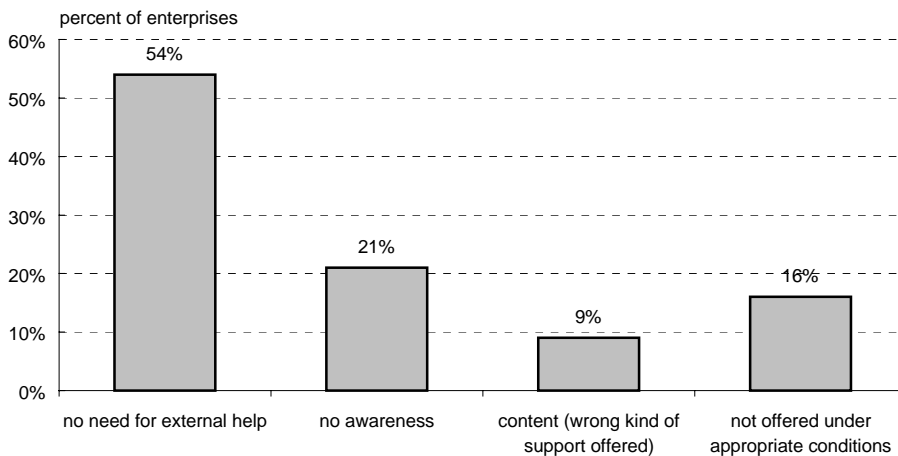
<sup>\*\*)</sup> no reliable data available

Source: IfGH/ENSR Small Business Survey, 2001



There may be various reasons, why enterprises do not make use of support service offered in their respective country. Most of these reasons can be categorised into four groups: a) enterprises believe that they do not have any need for external help, b) enterprises are not aware of the existence and availability of support services, c) the content of support services offered does not match the needs of enterprises, and d) the respective support services are not offered under appropriate conditions. The most dominant reasons for Dutch micro, small and sole proprietor's businesses for non-participation in support services are illustrated in Graph 14.

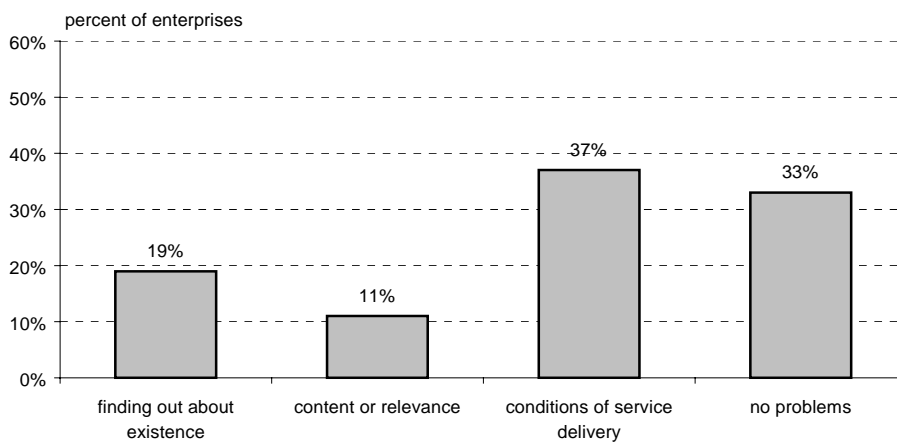
**Graph 14: Main reason for not using support services<sup>\*)</sup>**



<sup>\*)</sup> only enterprises that have not made use of support services within the last five years  
Source: IfGH/ENSR Small Business Survey, 2001

The main reason for many enterprises in the Netherlands not making use of support services is that they do not see any need for external help. This is equally true for sole proprietor's, micro and small businesses. The second strongest reason for non-utilisation is that enterprises often lack information on the existence and availability of support services even where they would basically have a need for external support, and 18 % do not seem to be content with the conditions under which support service are offered and do not participate for this reason. Only few enterprises (9 %) believe that the wrong kind of content is offered in the Netherlands.

It can be concluded, that the already high participation rate amongst Dutch enterprises may further be raised by improving the promotion of support services and raising the awareness of the merits support services can provide. Another challenge seems to lie in the further amelioration of the actual conditions under which services are offered (see also section 4).

**Graph 15: Main difficulty when using support services<sup>\*)</sup>**

<sup>\*)</sup> only enterprises that have made use of support services within the last five years

Source: IfGH/ENSR Small Business Survey, 2001

33 % of the Dutch enterprises that have made use of support services in the last five years were content with all aspects of utilisation. Only every fifth Dutch enterprise that has already used support services claims that it was most difficult to find out about the existence of the respective service in the first place, as can be seen from Graph 15. Even less enterprises (11 %) complain about problems with the type of service (i. e. its content or relevance). On the contrary, more than one third of the micro, small and sole proprietor's businesses (37 %) in the Netherlands seems to face major difficulties related to the conditions of service delivery, which seems to be consistent with the perception of the non-users presented in Graph 14.

In the following sections, it is sought to deepen the investigation on the main reasons for not using support services by micro, small and sole proprietor's businesses in the Netherlands: Beginning with the problem related to a *lack of awareness*, an illustration of the rate of information on the existence and availability of support services in the Netherlands is provided followed by a cross-national comparison of *'information rates'* (i. e. the share of enterprises well informed on the existence and availability of support services). An attempt is made to detect mismatches between enterprises' needs with respect to how they want to be informed on support services and how providers actually promote the services they offer. This is done in *section 3.2*.

The problems related to the *content of support services* are analysed by comparing the supply side of the market for support services (see section 2) to the needs of micro, small and sole proprietor's businesses. Attempts are made to detect prevailing mismatches between enterprises' need for external help and what is actually available on the market for support services. This is done in *section 3.3* of this report.

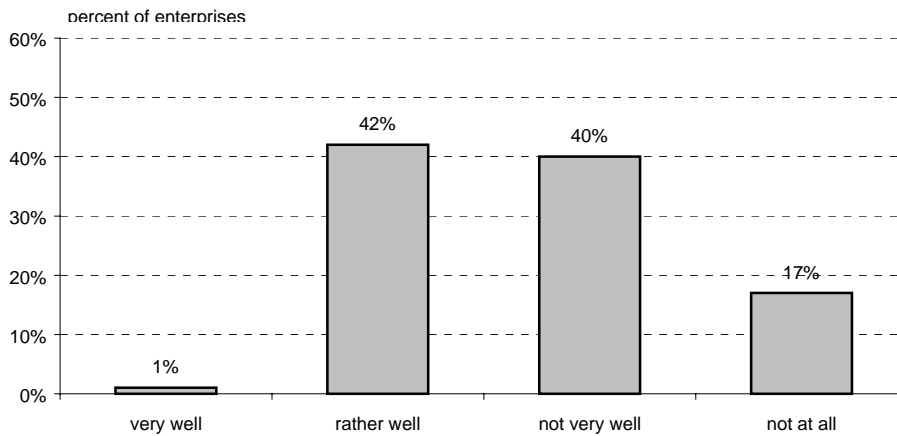
Finally, the *conditions of delivery* and the respective problems are investigated by considering on the issue of satisfaction with the use of support services. An illustration of how satisfied enterprises are with the utilisation of support services is followed by a cross-national comparison of *'satisfaction rates'* (i. e. the share of enterprises satisfied with the use of support services). This is presented in *section 3.4*.



### 3.2 AWARENESS OF SUPPORT SERVICES

The counterpart of a potential 'lack of awareness' on the demand side might be a 'lack of visibility' of support services on the supply side. Creating awareness of the existence and availability of support services among entrepreneurs is considered one of the major challenges in support policy for small and medium sized enterprises and in particular for micro, small and sole proprietor's businesses. Several previous empirical studies have identified this issue as being one of the major constraints for the utilisation of support services by small enterprises (see, for example, the *European Observatory for SMEs.*, European Commission, 2000b). As can be seen from Graph 14, more than 20 % of the smallest enterprises in the Netherlands have not yet used any support service as they are not aware of the existence of any support for their enterprise. It is the aim of this section to further elaborate on the issue of awareness by providing data at the information rate of enterprises with respect to the availability of support services for their respective business and by identifying a potential mismatch between enterprises' needs with respect to how they want to be informed on support services and how providers actually promote the services they offer.

**Graph 16: Information rate of enterprises with respect to support services**

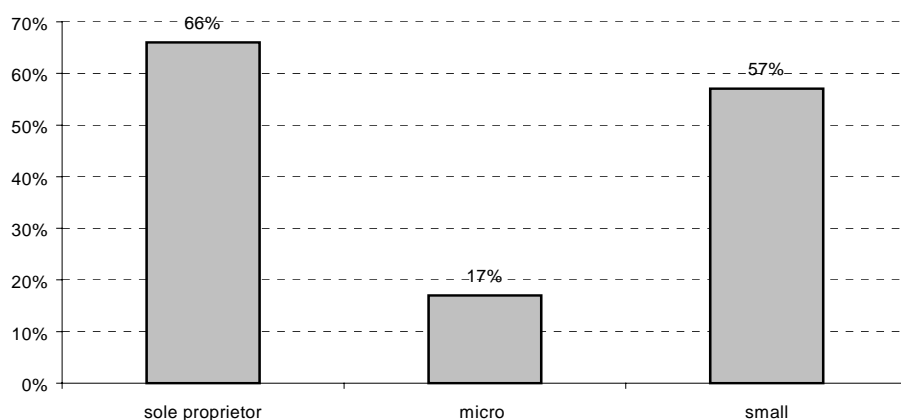


Source: IfGH/ENSR Small Business Survey, 2001

As can be seen from Graph 16, many micro, small and sole proprietor's businesses in the Netherlands feel rather well informed on the existence and availability of support services offered for their respective enterprise: Although virtually none of the enterprises indicates to be 'very well' informed, 42 % still feel to be 'rather well' informed. On the other hand, 40 % quote to be 'not very well' informed and 17 % consider themselves not at all informed. Thus, in total almost 60 % of enterprises in the Netherlands lack information on the availability of support services for their business.



**Graph 17: Information rate of enterprises with respect to support services, by size class**



Source: IfGH/ENSR Small Business Survey, 2001

The information rate of enterprises on the existence and availability of support services significantly varies by different size classes of enterprises, as can be seen from Graph 17. Whereas among micro enterprises only 17 % indicate to be 'very well' or at least 'rather well' informed, already 57 % of small businesses claim to be sufficiently informed, while the highest level of awareness (66 %) is reached among sole proprietors, which stands in contrast to the findings obtained for the EU-average where sole proprietors are the least informed.

The average information rate of micro, small and sole proprietor's businesses in the European Union Member States and Norway lies at 24 %. Again, variations from this value at country level have to be interpreted cautiously as sample errors may be up to +/- 10 %. However, it can be concluded from Table 2 that compared to other European countries the information rate of the Dutch enterprises is significantly above average and only topped by Belgium. In France, Portugal and Greece, on the other hand, the amount of micro, small and sole proprietor's businesses being informed on the existence and availability of support services offered for their respective enterprise is far below the EU-average.



**Table 2: Information rate of enterprises with respect to support services, by country**

country	information rate <sup>*)</sup>
Belgium	45 %
<b>Netherlands</b>	<b>43 %</b>
Austria	<i>significantly</i> 36 %
Sweden	<i>above average</i> 36 %
Finland	34 %
Italy	31 %
Denmark	30 %
Spain	29 %
Norway	<i>on average</i> 27 %
Ireland	25 %
<b>EU (15) and Norway</b>	<b>24 %</b>
Germany	22 %
United Kingdom	18 %
France	<i>significantly</i> 15 %
Portugal	<i>below average</i> 11 %
Greece	6 %
Luxembourg	**)

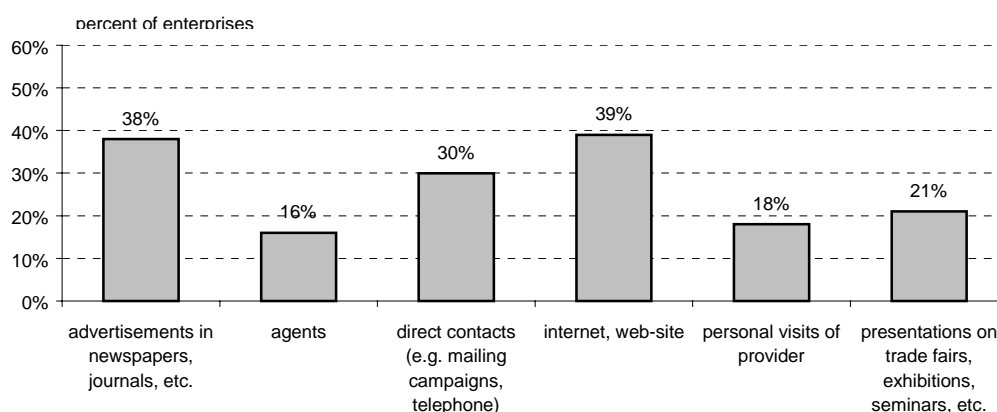
<sup>\*)</sup> enterprises rather well or very well informed on support services, maximum sample error at country level: +/- 10 %

<sup>\*\*)</sup> no reliable data available

Source: IfGH/ENSR Small Business Survey, 2001

Problems related to a lack of information respectively awareness on the side of enterprises in the European Union Member States and Norway may be related to the effectiveness of promotional activities applied by support service providers in order to attract or to reach as many potential users as possible. As shown in section 2.4, in the Netherlands, a lot of information on support services is already available on the Internet. However, an analysis of the preferences of micro, small and sole proprietor's businesses with regard to the means for information provision shows that additional measures might need to be put in place in order to increase awareness of support services in the Netherlands.

**Graph 18: Type of promotion activities preferred by enterprises<sup>\*)</sup>**



<sup>\*)</sup> more than one answer allowed

Source: IfGH/ENSR Small Business Survey, 2001



With respect to how enterprises want to be informed on support services, it can be concluded from Graph 18 that in the Netherlands micro, small and sole proprietor's businesses have a preference for Internet based information transfer (39 %) and advertisements in newspapers or journals (38 %), followed by direct contacts in form of mailing campaigns or by telephone (30 %). Presentations at trade fairs (21 %). personal visits of the provider (18 %) or contacting through agents (16 %) are among the less preferred marketing methods in the view of the enterprises.

The comparison with how support services are actually promoted in the Netherlands (see section 2.4) reveals that there is indeed a lot of information on support services available on the Internet (web-sites of providers). Advertisements in newspapers are also commonly used by the service providers. However, although the supply and the demand side of the market for support services in the Netherlands seem to match rather well as far as the promotion of services is concerned, it might still be possible to further raise awareness rates through putting more emphasis on the application of direct contacts by telephone or mailing campaigns, preferred by still almost one third of micro, small and sole proprietor's businesses, but hardly applied by service providers. However, it has to be noted that direct contacts are amongst the most costly promotional means for service providers.

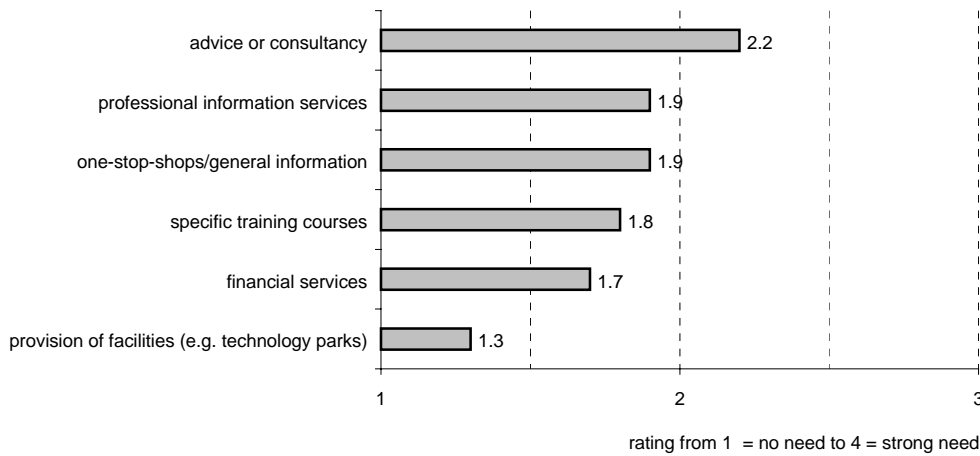
Almost half of the enterprises prefer looking for external support at regional level, nevertheless, searching the local or national level is also quite prominent for at least one third of enterprises. Every fifth enterprise even scans the European level. Although the vast majority of support services are offered at regional level in the Netherlands, the national and the local level are also considered by service suppliers, as can be seen when referring to Graph 2. Thus, it may be assumed that the supply side quite effectively meets the needs of the micro, small and sole proprietor's businesses in this respect.

### **3.3 CONTENT OF SUPPORT SERVICES**

Once the problem of lacking awareness has been overcome by enterprises, it still remains difficult to identify the type of support that is considered relevant for the development of one's enterprise. As outlined in section 3.1, the content of available support (i. e. the types of support offered, the targeting of support services, etc.) seems to be no major reason for Dutch micro, small and sole proprietor's businesses not to make use of support services. Furthermore, only few enterprises claim this aspect of support services to be a major difficulty when participating in or using support services. However, although the participation rate in support services is rather high in the Netherlands, the general need for support services seems to be comparatively low, which might be due to the fact that particularly smaller enterprises often have problems in identifying or expressing their actual need for external support. Still, there are some types of services that seem to be more important to enterprises than others. Thus, it is the aim of this section to detect prevailing mismatches between enterprises' need for external help and what is actually available on the market for support services.



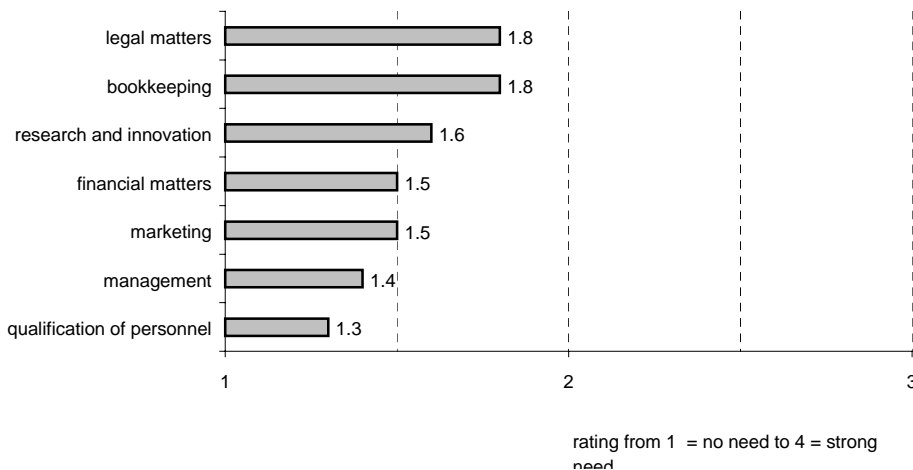
**Graph 19: Need for support services, by type of service**



Source: IfGH/ENSR Small Business Survey, 2001

Micro, small and sole proprietor's businesses in the Netherlands generally express a rather low need for support services (on a scale from 1 - no need to 4 - strong need on average 1.8). However, when differentiating between various types of services one can see, that the demand for advice and consulting is higher than the one for professional information services or one-stop-shops that equally rank second. Graph 19 also reveals that specific training courses and financial services seem to be needed to a lesser extent and that the provision of facilities is barely valued by the enterprises. A comparison of the demand with the supply side of the market for support services in the Netherlands shows that the service enterprises seem to feel the strongest need for, namely advice and consultancy, is indeed offered most often. Also professional information services and reception/facilities/basic information, favoured second mostly by enterprises are offered to a comparatively high extent (see Graph 6), which indicates a quite satisfactory match between supply and demand in this area.

**Graph 20: Need for external support, by business areas**



Source: IfGH/ENSR Small Business Survey, 2001

With respect to the need for external support in specific business areas, it is mainly, legal matters and bookkeeping, enterprises seem to need help with, as may be concluded from Graph 20. By contrast, there does not seem to be much demand for help with management or research and qualification of personnel, which however, are core business areas with regard to the development and competitiveness of an enterprise.



One reason for the relatively low take-up for support services expressed by enterprises of all size classes - as in most other European countries - might be too little target group orientation of the majority of support services offered as far as size class, sector, or the phase of development of an enterprise are concerned. The majority of Dutch micro, small and sole proprietor's businesses (70 %) would prefer to use support services that are specifically targeted at enterprises of their respective *sector*. When compared to the supply side of support services (see Graph 4), however, it can be assumed that the demand for sector-specific support services is higher than their actual supply: Many support services offered in the Netherlands address all sectors alike, rather than being focussed on specific ones.

It also seems to be important to micro, small and sole proprietor's businesses in the Netherlands that support services are specifically targeted at enterprises of their respective *size class*, which is stressed by 65 % of enterprises. A size class orientation of services offered does not seem to be applied by the Dutch service providers, as can be seen from Graph 3.

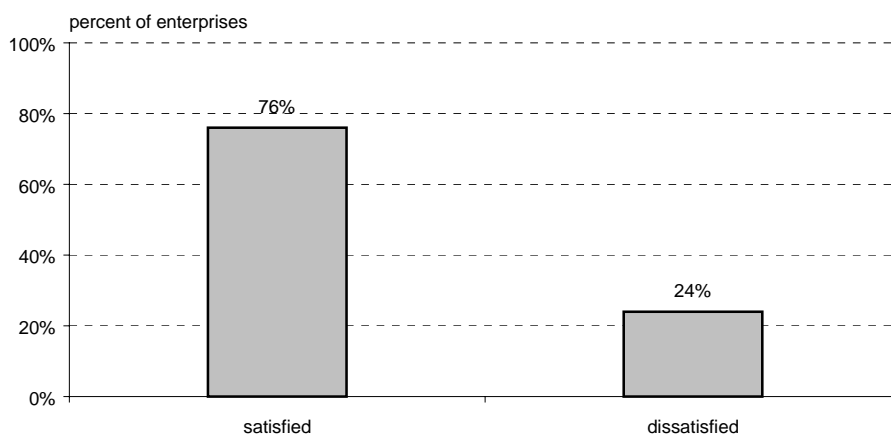
Another important issue is the targeting of support services towards specific phases of development of an enterprise. The majority of micro, small and sole proprietor's businesses (59 %) in the Netherlands would prefer to use support services that are specifically targeted at their current *phase of development*. Particularly, it is believed that it is the start-up phase, the early phase of development and the growth phase in which enterprises need most external support. When compared to the supply side of the market for support services (see Graph 5) it might be concluded that considerable support is indeed offered to enterprises either starting-up or developing in the Netherlands. However, it has to be noted, that although 40 % of all enterprises believe that businesses in the growth phase are among those needing most external help, no service provider seems to concentrate on enterprises in this particular phase. This might, however, also be due to a lack of transparency of services due to insufficient promotion, as indeed integrated systems analysed in the course of this study might dispose of sub-services targeting at the growth phase of enterprises.



### 3.4 CONDITIONS AND DELIVERY OF SUPPORT SERVICES

In order to increase the take-up of support services by micro, small and sole proprietor's businesses, creating awareness of the availability of support and offering suitable or relevant types of services might not be sufficient if enterprises are not convinced of their real value and quality. As outlined in section 3.1, for 37 % of the micro, small and sole proprietor's businesses in the Netherlands it is the conditions of service delivery that pose the main difficulty when using support services. This credibility gap needs to be overcome in order not to lose potential participants who are generally convinced of the usefulness of external help and are likely to use support services regularly if these are offered under appropriate conditions. Thus, it is the aim of this section to further elaborate on the issue of delivery of support services by providing data on the satisfaction rates of enterprises with support services offered and by identifying a potential mismatch between enterprises' preferences for specific forms of communication, payment, etc. and the way support services are actually delivered.

**Graph 21: Satisfaction rate of enterprises<sup>\*)</sup>**



<sup>\*)</sup> including all enterprises that have made use of support services within the last five years  
Source: IfGH/ENSR Small Business Survey, 2001

Generally, three quarters of Dutch micro, small and sole proprietor's businesses that have made use of support services within the last five years indicate satisfaction with their latest experience, as can be seen from Graph 21.

The average satisfaction rate with respect to support services used by micro, small and sole proprietor's businesses in the European Union Member States and Norway during the last five years lies at 80 %. It is hardly possible to interpret variations from this value at country level due to comparatively high sample errors amounting up to +/- 15 %. Still, it might be assumed that Ireland and Portugal are at the upper end while Luxembourg and Denmark are at the lower end of satisfaction with respect to support services used. The Dutch satisfaction rate resembles the value for the EU average. Due to the high variation of the corresponding values some countries are not included in the country ranking presented.



**Table 3: Satisfaction rate of enterprises, by country**

country	satisfaction rate <sup>*)</sup>
Ireland	90 %
Portugal	90 %
Spain	85 %
Belgium	82 %
United Kingdom	81 %
<b>EU (15) and Norway</b>	<i>on average</i> <b>80 %</b>
Finland	80 %
France	79 %
<b>Netherlands</b>	<b>76 %</b>
Germany	76 %
Luxembourg	69 %
Denmark	67 %
Austria	51 % <sup>**)</sup>
Greece	68 % <sup>**)</sup>
Italy	82 % <sup>**)</sup>
Norway	64 % <sup>**)</sup>
Sweden	22 % <sup>**)</sup>

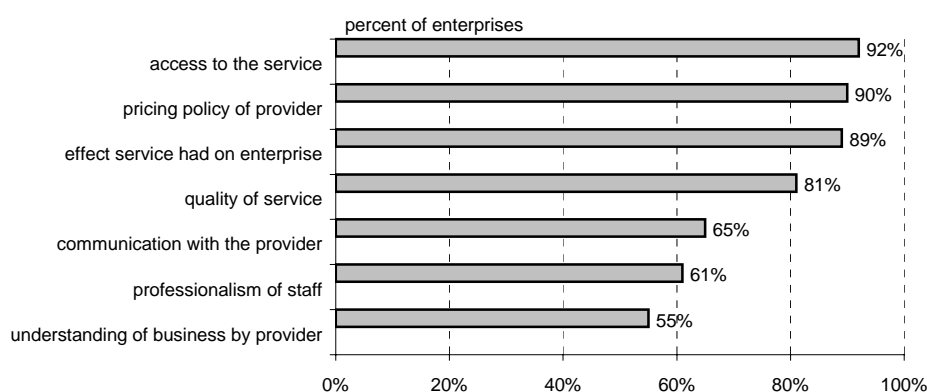
<sup>\*)</sup> enterprises very or rather satisfied with the latest use of support services, maximum sample error at country level: +/- 15 %

<sup>\*\*)</sup> due to small number of observations sample error may amount up to +/- 25 %

Source: IfGH/ENSR Small Business Survey, 2001

While Graph 21 presents the satisfaction rate of micro, small and sole proprietor's businesses in the Netherlands with the support services used in rather general terms, the following Graph 22 illustrates the degree of satisfaction differentiated by specific issues related to the delivery of support services.

**Graph 22: Satisfaction with the use of support services, by different aspects<sup>\*)</sup>**



<sup>\*)</sup> including all enterprises that have made use of support services within the last five years

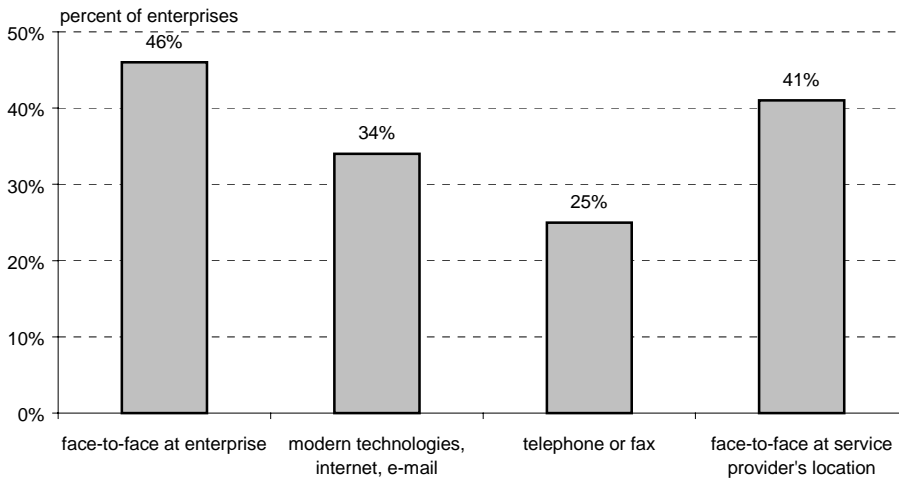
Source: IfGH/ENSR Small Business Survey, 2001

As can be seen from Graph 22, most micro, small and sole proprietor's businesses in the Netherlands that have used support services during the last five years are satisfied with the access to the service (92 %), the pricing policy of the provider (90 %) and the effect the service had on the enterprise (89 %). Comparatively less satisfaction is expressed with respect to the communication with the service provider (65 %), the professionalism of the providers staff (61 %) and the understanding of the business by the provider (55 %) (see Graph 23).



In the following, it is intended to investigate three different facets of service delivery: the form of communication with the provider, the form of payment, and quality assurance mechanisms. The attempt is to analyse the preferences of Dutch micro, small and sole proprietor's businesses regarding these aspects and furthermore to compare the findings with the supply side of the Dutch support services market.

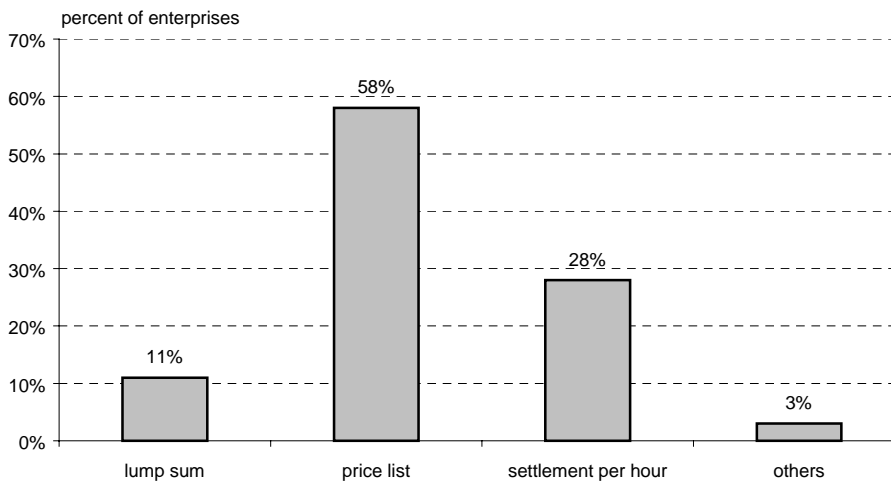
**Graph 23: Form of communication with the service provider preferred by enterprises<sup>\*)</sup>**



<sup>\*)</sup> more than one answer allowed  
Source: IfGH/ENSR Small Business Survey, 2001

Micro, small and sole proprietor's businesses in the Netherlands prefer communicating face-to-face with the support service provider at their enterprise's location (46 %) or at the service provider's location (41 %) when using support services. One third of all enterprises appreciates the possibility to use modern technologies (mainly Internet) to communicate with the provider, whereas only a quarter likes to use telephone or fax for communication purposes, as can be seen from Graph 23.

**Graph 24: Form of payment preferred by enterprises**



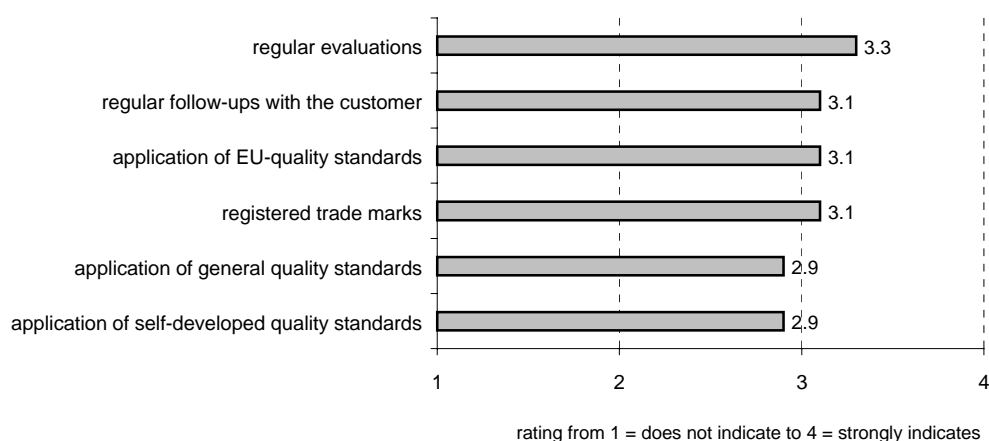
Source: IfGH/ENSR Small Business Survey, 2001



As far as the pricing policy of service providers is concerned, Dutch micro, small and sole proprietor's businesses clearly prefer paying according to given price lists (58 %) compared to arranging settlements per hour (28 %) or paying a lump sum (11 %), as can be seen from Graph 24. The latter two forms of payment are also not really applied by the service providers, whereas price lists are used by some suppliers. In connection to the fact, that most of the support services identified under the focus of this study in the Netherlands are actually free of charge (see Graph 10), this might explain the high satisfaction with the pricing policy of service providers as indicated in Graph 22.

The quality of services is usually difficult for enterprises to assess before actually utilising them. However, in order to increase enterprises' trust in the reliability of the respective providers it is advisable to apply quality assurance measures, that are, besides being indispensable in order to guarantee high quality service provision, also highly visible and recognised by the enterprises. Applying quality standards or offering regular follow-ups with the customer, for instance, is vital to successfully promote support services. Choosing the right measures as to this regard - the ones enterprises trust most - and making them visible to the enterprises might be crucial in order to strengthen enterprises' belief in the usefulness of support services and by that their demand for support of this kind. Thus, the question of how high quality of services offered might be communicated to enterprises respectively which criteria enterprises apply to judge the quality of a service is also dealt with in the scope of this study. The findings for the Netherlands as to this regard are presented in Graph 25, below.

**Graph 25: Criteria that indicate high quality to enterprises**



Source: IfGH/ENSR Small Business Survey, 2001

When micro, small or sole proprietor's businesses in the Netherlands try to assess the quality of a service provider, it is regular evaluations they trust in most. Nevertheless, regular follow-ups with the customer as well as the application of EU-quality standards or registered trademarks also seem to be suitable to indicate high quality of the service to micro, small and sole proprietor's businesses in the Netherlands (see Graph 25).

When compared to the quality assurance mechanisms actually deployed by providers in the Netherlands, it can be seen that indeed regular evaluations are applied very often together with self-developed standards which, however, are valued lowest as indicators for quality by the enterprises. Self-developed standards specific to the services offered, seem to be more an instrument for successfully ensuring the quality of services offered, rather than signalling high quality to potential clients.



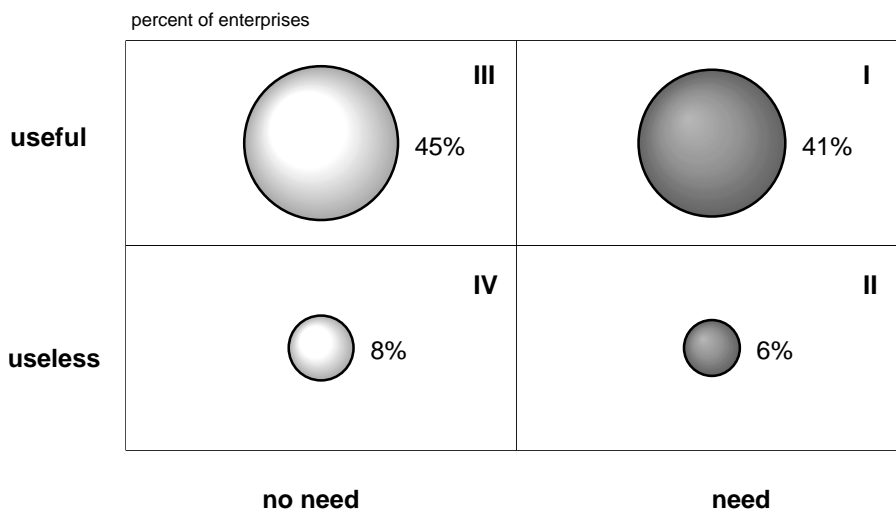
### 3.5 FUTURE POTENTIAL OF THE MARKET FOR SUPPORT SERVICES

The following matrix gives an overview on the future potential of the market for support services in the Netherlands by different types of enterprises, together with the respective strategy to be applied in order to increase the take-up and utilisation of support services. For this purpose, the attitude of enterprises towards support services has been segmented according to two characteristics:

- a) enterprises' subjective rating of the general *usefulness* of support services and
- b) enterprises' indication of the *need for support services* with respect to the own enterprise.

These characteristics are assumed to significantly influence the readiness of enterprises to participate in support services in the future. The combination of these two characteristics in a matrix results in four different types of enterprises and allows one to judge the potential of the market for support services as well as to derive specific strategies for mobilising this potential. The matrix shown in Graph 26 distributes those micro, small and sole proprietor's businesses in the Netherlands that have not participated in any type of support service during the last five years, according to their attitude towards support services.

**Graph 26: Strategic matrix on the potential of the market for support services in the Netherlands<sup>\*)</sup>**



<sup>\*)</sup> only enterprises that have not made use of support services within the last five years  
Source: IfGH/ENSR Small Business Survey, 2001

**I. Quadrant:** This quadrant describes the share of enterprises that have indicated a need to have external support and that are convinced of the usefulness of support services. These enterprises are basically willing to participate in support services, but seem to lack information on their availability and on how to access them. This group of enterprises is probably very sensitive to any type of *awareness-raising measures and promotional activities* applied by support service providers. Enterprises located in this quadrant are the ones that are most likely to use support services in the future. Their share in all enterprises not having used support services in the last five years in the Netherlands amounts to 41 %. They might best be mobilised by improving and reinforcing marketing and promotional activities of existing support services, by placing more information in the Internet, by making information easier accessible or by focussing on advertisements in newspapers and journals.

**II. Quadrant:** Enterprises in this quadrant have indicated a general need for support services, but doubt their usefulness. This might be due to a certain discontentment with the existing offer of support services. These enterprises might be most sensitive to strategies aiming at the improvement of the *content and conditions of delivery* of services, such as a better target group orientation of services offered or an improvement of communication strategies and the understanding of the businesses' needs, for example. The enterprises in this quadrant (6 %) are rather critical towards support services but may well be mobilised by improving the content and delivery mechanisms of support services.



**III. Quadrant:** This quadrant contains the share of enterprises that generally consider support services to be useful, but do not see any need for their own enterprise as to this regard. It is usually more difficult to mobilise enterprises that indicate no need for external support than enterprises not utilising support services for other reasons, such as a lack of information or dissatisfaction with the offer, for example. However, as these enterprises believe in the general usefulness of support services they might be sensitive to strategies aiming at the *proliferation of information on the merits of support services* by the dissemination of 'good practices' or the demonstration of success rates of enterprises using support services, for example. In the Netherlands 45 % of micro, small and sole proprietor's businesses that have not utilised support services in the last five years seem to be sensitive to this kind of strategies. However, the attitude of this comparatively large group of enterprises is also often related to a general difficulty in identifying needs or facing economic or operational problems of their daily business, which needs to be overcome. Still, the vast majority of enterprises in the Netherlands seem to be at least convinced of the usefulness of support services, which is a good starting point for further activities as to this regard.

**IV. Quadrant:** Finally, quadrant IV describes the share of enterprises that neither indicate any need for support services nor believe in their usefulness. This attitude, particularly of smaller enterprises, is in line with results from a previous research study on SMEs in the European Union (Alten, W. / Weiß, R., 2000), where it has been found that many small enterprises do not have the competency to judge their own needs correctly and to derive a specific demand from these needs. The lack of knowledge of their own needs in consequence may lead to a low acceptance of support services offered to the market, which is often associated to a general suspiciousness against 'externals' and a lacking readiness to give external support service providers insight into the economic and operational matters of one's enterprise. This group of enterprises will most probably stay insensitive to any traditional promotional or awareness creation measures and is thus not very likely to use support services in the future; their share fortunately amounts to only 8 % in the Netherlands.



## 4. SUMMARY AND CONCLUSIONS

The market for support services in the Netherlands has undergone some restructuring in recent years. Due to the process of outsourcing public tasks, a growing number of semi-public service providers has emerged. While basic information and referral is still mostly provided by public or semi-public institutions, more extensive guidance is now offered to small businesses by semi-public and private suppliers. Public, semi-public and private providers of support services seems to hold almost equal shares in the market, mostly offering contact points in all regions of the Netherlands. However, there seems to be hardly any service available specifically targeted at micro, small or sole proprietor's businesses. Apart from a certain focus on the communication (IT) sector, support services in the Netherlands normally address all kinds of sectors. A significant part of support services addresses enterprises in the start-up phase or in the early phase of development.

Support services for small enterprises in the Netherlands mainly offer external advice and consultancy, followed by professional information services as well as reception/facilities/basic information. For advertising purposes, the majority of service providers use the Internet, followed by advertisements in newspapers and periodicals (often special interest magazines), and presentations on trade fairs/exhibitions/etc. Two thirds of support services targeted at small businesses have established mechanisms to assure the quality of the support provided, whereby regular evaluations and self-developed standards are among the most commonly used instruments for quality assurance. Also, the pricing policy of service providers in the Netherlands seems to be rather transparent. Most of the services offered are free of charge or charged according to given price lists. Generally, most of the support services for micro, small and sole proprietor's businesses in the Netherlands aim at making research and innovation easier accessible.

As far as the demand side is concerned, micro, small and sole proprietor's businesses in the Netherlands seem to make quite frequent use of the support services offered. Compared to other European countries, the Dutch participation rate is the highest and amounts to 34 %. The main reason for many enterprises in the Netherlands not to make use of support services is that they do not see any need for external help respectively that they lack awareness of the existence and availability of support services for their enterprise. A relatively high share of Dutch micro, small and sole proprietor's businesses indicates to be 'rather well' informed on the existence and availability of support services, but none of the enterprises feels 'very well' informed. Still, this is the second highest information rate within the European Union Member States and Norway. The awareness of support available to smaller enterprises might be further increased in the Netherlands by placing information in the Internet or by advertising in newspapers or journals but also by directly contacting enterprises, i. e. via mailing campaigns, telephone contacts, etc. The latter type of promotion activities has received only little attention by service providers, yet, but might be very effective with regard to increasing the information rate of enterprises.

Despite a high participation rate, Dutch micro, small and sole proprietor's businesses generally express a rather low need for support services, with the demand for advice/consultancy, professional information services, and one-stop-shops/general information ranking comparatively highest. Regarding specific business areas it is mainly legal matters and bookkeeping the smallest enterprises seem to need help with. However, one reason for the comparatively low expressed need for support services indicated by micro, small and sole proprietor's businesses in the Netherlands might be too little target group orientation of the majority of support services as far as sector or phase of development of an enterprise are concerned. As to this regard, utilisation of support services might benefit from better targeting services at specific sectors and development stages of the smallest businesses, as well as from better promoting existing specialised services.

Generally, three quarters of the micro, small and sole proprietor's businesses in the Netherlands that have made use of support services within the last five years are quite satisfied with the services received. When compared to other European countries, the satisfaction rate in the Netherlands (76 %) is in the mid-field. The highest satisfaction is reached among enterprises with regard to the access to the service and the pricing policy of the providers. Enterprises seem to be comparatively less satisfied with the service providers' understanding of the business, the professionalism of the staff of the service provider, and the communication with the service provider. As far as the latter is concerned, enterprises would prefer communicating with the provider at their own location or at the service provider's location rather than using telephone, fax or e-mail.

## APPENDIX

List of support services considered.

original name/English name	organisation	contact person and address	telephone/fax	e-mail/web-page
Business Angels		Monica Reino Avenue des Arts 12, Bte 7 1210 Bruxelles	Tel.: 32/2/2184313 Fax: 32/2/2184583	Info@eban.org <a href="http://www.eban.org">www.eban.org</a>
Business Innovation Centres (BIC)		Ben Butters Avenue de Tervuren 168, Bte 25 1150 Bruxelles	Tel.: 32/2/7611085 Fax: 32/2/7729574	Bbu@ebn.be <a href="http://www.ebn.be">www.ebn.be</a>
Euro Info Centres	Euro Info Centres Network			Info-eic@fcis.cec.eu.int <a href="http://europa.eu.int/comm/enterprise/networks/eic/eic.html">http://europa.eu.int/comm/enterprise/networks/eic/eic.html</a>
Innovation Relay Centre (IRC)		George Barton 2, Rue Pletzer 8080 Helfent-Bertrange	Tel.: 35/2/4410122200 Fax: 35/2/4410122055	Info@ircnet.lu <a href="http://www.cordis.lu/irc">www.cordis.lu/irc</a>
Linking Innovation, Finance and Technology (LIFT)	European Commission	Steve Glange 11, Rue de Bitbourg 1273 Luxembourg	Tel.: 35/2/428001 Fax: 35/2/428003	Info@lift.lu <a href="http://www.lift.lu">www.lift.lu</a>
Tijdelijke Ondernemers Plaatsen Universiteit Twente (TOP)/ Temporary Entrepreneurial Positions (TOP)	University Twente, LiaisonGroep	Ir. Jann W. L. Van Benthem P.O. box 217 7500 AE Enschede	Tel.: 31/53/4894700 Fax: 31/53/4892000	j.w.l.vanbenthem@cent.utwente.nl <a href="http://www.utwente.nl/lg">www.utwente.nl/lg</a>
Informe	Senter / Min Economic Affairs	Mevrouw Inge De Wit Postbus 30732 2500 GS Den Haag	Tel.: 31/70/3610500 Fax: 31/70/3610915	Info@informe.nl <a href="http://www.informe.nl">www.informe.nl</a>
Vereniging van Kamers van Koophandel/ Association of Chambers of Commerce	Individual Chambers of Commerce	Mr. R. Uil Watermolenlaan 1 3447 GT Woerden	Tel.: 31/348/426911 Fax: 31/348/421231	bestuurszaken@vkv.kvk.nl <a href="http://www.kvk.nl">http://www.kvk.nl</a>

<b>original name/English name</b>	<b>organisation</b>	<b>contact person and address</b>	<b>telephone/fax</b>	<b>e-mail/web-page</b>
LiveWIRE	FAKTOR Rotterdam	Mr. Tanno Klijn P.O. Box 29212 3001 GE Rotterdam	Tel.: 31/010/2403030 Fax: 31/010/2403033	Livewire@faktor.net <a href="http://www.livewire.nl">www.livewire.nl</a>
Senter	Senter	P.O. Box 30732 2500 GS Den Haag	Tel.: 31/70/3610277 Fax: 31/70/3610411	info@senter.nl <a href="http://www.senter.nl">www.senter.nl</a>
Twinning	Twinning Holding BV/ Communication Department	Kruislaan 400 1098 SM Amsterdam	Tel.: 31/20/8884000 Fax: 31/20/8884311	info@twinning.com <a href="http://www.twinning.com">www.twinning.com</a>
Young Enterprise		Gretl Hallwood 58 Ballard Chase Abingdon OX14 1XQ	Tel.: 44/1235/555156 Fax: 44/1235/555156	Yeeops@btinternet.com <a href="http://www.young-enterprise-europe.com">www.young-enterprise-europe.com</a>