

KAREN FOLEY: The Online Business Exchange was a two-day live event presented by the Business School at the Open University. During the event, there was live chat and forum discussions. The live chat is now closed, but we hope you enjoy the video that follows.

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Hi and welcome back to the Online Business Exchange. In this next session, we're tackling the issue of digital engagement of small businesses and I'm joined by Carol Sherriff. Welcome. Now, you are the Founder-Director of Wilson Sheriff, a small consultancy specialising in collaborative projects and you support businesses for good digital networks of small businesses and you're interested in socially responsible business practises. So we've got a lot to cover within the session. You're also a part-time academic at the Open University and at Hertfordshire Business Schools and you have a keen interest in digital economy leadership and collaboration. Excellent.

We've heard from some people before-- we've been outlining some of the MOOCs earlier today that people can get involved with. And one of the comments that came through was Sylvia said, it's great that alumni can enrol in some of these MOOCs because when she did her MBA, they didn't tackle issues of the digital economy. It's a very fast-paced growing things and there's a lot of things that are changing the landscape, in particular in terms of how small businesses can operate. And yesterday we were talking very much about how small businesses can use some of the techniques that larger organisations are using with things like personalisation, social media, et cetera. So I wanted to first ask you about this whole issue of small businesses and whether or not they're digitally engaged.

CAROL SHERRIFF: Well, there's a difference in the statistics really. If you look at the formal statistics that tend to be about whether small businesses have a website and whether they sell digitally, actually the engagement, particularly among the smaller businesses, is on the low side much, much lower than medium and large businesses. But if you ask the question, do you run your business digitally, almost all-- it's a phenomenally high percentage, in the 90s-- small businesses, of course you use electronic finance and banking, they communicate-- written invoices are a thing of the past, really.

So all invoicing is done digitally, contact with suppliers is all done digitally. So it has, it's been a

revolution, but a sort of hidden one. And I think many small businesses don't think of that side as being the digital economy. And yet of course, that's where they have huge advantages because it makes you very flexible, very efficient if you get it right. And that's really what makes a small business stand out. So it is very exciting, what's happening.

Of course, it does mean, though, small businesses ought to also be taking advantage of some of the opportunities to sell via websites, social media, that kind of thing. And remembering that many small businesses are business to business. So what we see, don't you when you go on Twitter, which is a wonderful place for small businesses, you see all these retailers, small retailers, selling to customers. But actually, there's a huge swath of the businesses who sell to other businesses and they could catch up really.

KAREN FOLEY: Excellent. So there's a lot of I guess administrative side of the spectrum that you're talking about that are digital that we may not perceived as digital. I wanted to focus very much on some of the practical aspects in terms of how small businesses might capitalise on the digital economy, what advantages they can really utilise to push forward. So could we look at that administrative side of things? You've mentioned things like invoicing, et cetera. What are some of the ways that you might encourage small businesses to be smart and be more flexible?

CAROL SHERRIFF: One of the biggest ways is actually very, very simple, and it is around the financing. And there are widgets and apps out there, but actually nowadays, your bank ought to supply you with all your information electronically. You ought to be able to log on and get your information, which means a small business can track its cash flow-- well, you could. Nobody wants to, but you could from minute to minute, where previously you had to wait for your statement and reconcile it.

And the cash in a small business is very, very important. So I think if businesses aren't making use of that, that's a real advantage. I've talked about invoicing. Now, many invoices go through-- they're actually emailed, sent, so it's just a different form of post. But again, you can organise to pay and be paid straight into your bank. And again, we know that small businesses have problems with making large businesses pay on time, frankly.

So the more you can get it straight in your account and set up an arrangement so it all works digitally, just the easier it is for money to come in and go out and also then for you to see where you haven't been paid, which again is a-- if you think how small some of the small businesses are, it's probably the same person looking after the finances and doing the social

media. So the easier you can make it, the more you can spend time on selling and that kind of side.

KAREN FOLEY: We've seen an emergence in apps and ways that people are innovating the digital economy to make things easier for small businesses. I'd like to come onto social media in a little while, but just thinking of this idea on finance and managing cash flow, are there any tools or techniques or apps or products available that can assist with that?

CAROL There are. And in a way, the best place to go find them is to search for a compare site.

SHERRIFF: Because it's a growing area and partially the developers have cottoned on. Small and medium-sized because it's not just the small businesses have a need to make their business more efficient. Because they're quite small, it's actually easier to develop apps like that.

So on the finance side, the sort of bookkeeping side, you can run all that via apps at the moment. Which means for my own business, we now do all of our own accounting and just have it checked by an accountant at the end of the year. We can do all of that as we go along - VAT. That's worth mentioning, of course. You can do most of your taxation electronically at the moment. It all just saves you time and money.

The area that is developing in terms of apps that I think is still an issue for small businesses is around the sort of what would be customer relationship management side of it. And partially, I think this is because for small businesses, they never got the hang of the old system, do you know what I mean? Because again, it's about the breadth of the job you have to do. So it's probably the owner or a senior manager who is doing the customer relationship and they have to both be strategic and know how to work this app.

And at the moment, the feedback I have is those apps are still not quite made for small businesses yet. I mean hopefully, having said that, someone will come in and say, there's a fabulous one.

KAREN FOLEY: And if anyone at home has any ideas about apps that they find particularly useful, do pop them in the chat box or send them to us via Twitter. The hashtag is OU_exchange. And we'll mention some of those. So in terms of the customer relationship, some small business are very good, like you say, at encouraging feedback, sending automated emails-- if you've got my product, did you like it, please give me positive feedback, et cetera. But you're talking about the customer relationship in a slightly more broad sense, aren't you?

CAROL Yes. So almost the support functions. So the ability to know the demographics of your
SHERRIFF: customers, who's selling what. I don't know whether I should mention Amazon, which is a huge--

KAREN FOLEY: We have been all day.

CAROL But I think, the ability of Amazon to say the last customer or did this and they bought that, and
SHERRIFF: they also looked at that. I mean it would be wonderful if small businesses could do that. And of course, the technology is there for them to be able to do that, but sometimes they haven't yet-- they may have the knowledge in their head, but they haven't got it into technology that can automate it.

KAREN FOLEY: And we were talking the other day about how sometimes when we are priming things, they can be inappropriate and how sometimes you either need get it very, very slick in terms of profiling what people are looking at online, suggesting feeds to those people, and making them feel like there is a personal targeted marketing message to them as a consumer. But if you get it wrong, it can alienate people and it can make them just feel someone's watching them.

CAROL Yes. No, I think that's-- and again, if you think about it, one of the great strengths of many
SHERRIFF: small businesses is that you get a very personal relationship and you often meet the manager, the owner, that kind of thing. So you want to keep that, but take advantage of digital tools.

And I think that's still quite difficult. Certainly my own company-- I mean we are business to business, so getting different messages for the different people within the same-- because we trade with large organisations. So we're a little organisation trying to communicate with all these different parts of a large organisation and that can be baffling.

KAREN FOLEY: Yeah. So there are different things, I guess-- you're mention business to business, business to consumer, and the digital economy would have very different implications depending on which sector people are involved with. And we've spoken about some of the tools and managing financing and cash, flow, et cetera. Can we look at social media? And this would be more relevant, I suppose, to business to consumers in terms of how they're managing social media, various techniques that the digital economy can offer to small businesses to enable them to develop this relationship, then, with their end user.

CAROL I think just to start with, I mean the business to consumer is much better developed. But what's
SHERRIFF: really interesting is business to businesses are beginning to adopt those kind of ways of talking

directly. I think if you see it as talking direct to your customers, that's really helpful. And so it is the personal touch that matters. But again, for small businesses, the same person probably has to be quite strategic and think, well, what are our objectives, what do our customers want, how are we going to communicate this to them?

And also it has to be quite operational, like what are we going to tweet today? So there are tools you can use, particularly if you're running possibly several Twitter accounts, Facebook, LinkedIn. And small businesses are very, very active on all of those. So it's worth looking at some of the apps and some of the pieces of software that enable you to coordinate them without-- but you're still doing it.

I mean my personal view is you can tell when it's totally automated. People know when they've got an answer that everybody gets by a machine. And I think that becomes less effective the more it's done. So you've kind of always got to keep a little bit of that personal side of it. But that doesn't mean to say you've to be on social media all the time. So there are ways you can plan that that are really, really effective.

KAREN FOLEY: We've had some really good suggestions for finance apps and marketing apps in the chat. So if you haven't yet engaged with the Watch and Engage, go back to the website, you'll be able to see some of the things people are suggesting. And you might also have some suggestions, as well, for managing your social media-- various apps that you find good food for your own business.

CAROL SHERRIFF: You know what's fantastic-- sorry to interrupt, Karen. What was fantastic about that, of course, is some of the most innovative apps are developed by small businesses. So you're supporting your colleagues in using them.

KAREN FOLEY: Yeah. We've had some people attending the Business Exchange who have been saying, I'm developing these small apps, et cetera. So you're right, it is a very growth area. And I guess a lot of these come out of problems-- I need a solution to X, Y, and Z. And people are enabled now to find out about programming, to develop things themselves, and to work with people. And what a great idea for small business when you don't have those overheads and that supply chain to sort out. Apps are perfect.

CAROL Yeah. Absolutely.

SHERRIFF:

KAREN FOLEY: Wonderful. You mentioned this idea then about having things planned and the need for small businesses to keep it personal. So while some of those bigger organisations can with varying degrees of effect automate responses and manage things a lot more effectively, for small businesses specifically how do they then balance this idea of how long it can take to have this personal effect and what importance that has in times of their business? And is that different in terms of a business to consumer or business to business are there different things that people need to be bearing in mind?

CAROL SHERRIFF: I think it does depend on the number of people you're selling to, I think. If you're business to business and your customers, if you like, are large businesses, I think you've got to take a very strategic view about why you're on social media. It doesn't mean to say you shouldn't be, but is that the most effective way? Whereas, if you're business to business with a large number, you're selling maybe lower value but to a larger number of people or if you're going to consumers, you've virtually got to be on social media nowadays.

And what's really exciting, I think, is that smaller businesses are finding ways of using social media, rather than necessarily websites. I mean a lot of them have a website, as well, but a good number of them don't. And so what they used is their-- once you get into Instagram and things like that, they've got a whole suite of different sites instead of the one kind of corporate site. And so they're selling off very many different platforms. But as your question implied, you have to manage your time.

It's not even always about money, it's just sheer hours in the day. And I think that's about-- I mean it's the old classic, isn't it? It's time management-- do what's important, not what's urgent. You can, as we've said before, plan your social media campaigns ahead of time, when you may be less busy, and push them out. And the other thing is on both Facebook and Twitter, and I'm sure other places as well, there are these business hours and things like that.

So rather than tweeting when you've got-- you think, oh, I'll have a go at Twitter or LinkedIn or whatever, you can actually go on when you know either consumers will be there or businesses. I mean a bit like we are doing with this, that you go to purposely where you know people will be gathered. And that's much more effective, really.

KAREN FOLEY: Now, you're absolutely spot on about the time management. Because in the chat box, there are so many small business owners whose primary concern really is streamlining things to save time to be smarter and more flexible. You touched on market segmentation, and that's

something we've been talking a little bit about throughout this programme. And I'm just conscious that to be smart, we also need to be mindful of who these end users are, who our customers are, and then how we can proportionately segment our market so that we are being appropriate. Have you got any advice there in terms of how people might then manage that within a digital economy?

**CAROL
SHERRIFF:**

I mean in some ways, the very best way to do that is to be able to talk direct to the customers or a group of customers. And so in a way, we're moving into a different part of the digital economy. And small businesses have run very successful webinars and things like that, not just where they're broadcasting information, but when you've got the live people there in real time giving them feedback. And of course, you can do those publicly, but you can also do them privately and ask what do they think? We've got a new idea, what do you think about it?

And all the things that we may not think about, like you can show a product you're developing or a service you're developing using video, using cameras in real time. You can stream it all. And of course, if you were after a young market, they know it better than you, particularly if you're my age, so they will actually help you not only with your products and service and where you're going, but with your digital tools, as well. It's a real win-win in doing that.

KAREN FOLEY:

I wanted to also touch on the idea of things that may be not so positive as well, that are of concerns to people, things around digital security and also this whole idea that whilst we have a digital economy, for a lot of people that isn't always the same. Some people will have various internet speeds, some people have various internet access issues, especially in a global context. So I wanted to think about how that might impact on small businesses, how I guess they can identify where the parameters are and how far they should stretch, what's the most economic use of time within that context?

**CAROL
SHERRIFF:**

Yeah. Well, there's a lot of things there. I think sort of digital security is becoming much more serious. A lot of businesses, but particularly at the small and medium size, use open source technology, know which is fabulous because you can get it free. Unfortunately, that's more prone to hacking and things like that. So you've got to be careful about that.

There's also some signs that I guess they're criminals, aren't they, are targeting smaller business because by and large, big business has been able to put security around themselves and smaller businesses are still very vulnerable. So you do need to look at that. And I still think, for me-- again, it would be nice if we got some advice as well-- for me, I've taken expert

advice on that because that's just outside the scope of what I know.

And in setting up, we're just in the process of redeveloping our own website. And being able to make sure that is secure is not something we can do ourselves, quite frankly. But again, there may be people who say, oh, go to this, it will help you. And with banking you've got to be very-- but the bank should ensure that your money is safe. But you've got to ask about that.

KAREN FOLEY: One of the things, and I think part of the reason for some of the development of these MOOCs that the Business School are offering is that there is so much new information that small businesses need, in particular need to get to grips with, especially in a digital economy that is changing so rapidly. And so people are upskilling themselves. Often, they're thinking, well, I could go and do this. We're enabling a lot of businesses through things like MOOCs to be able to get that knowledge themselves. But like you say, time management is an issue, you can't do everything. So how would you recommend small businesses can prioritise some of these aspects? What would you say is very important to keep in mind, but possibly farm out?

CAROL SHERRIFF: That is almost impossible to answer because it so much depends on your business. I think there is evidence that a small business with a strategic plan is more successful than one without one, what the OU teaches so, it's very good,.

KAREN FOLEY: Yes.

CAROL SHERRIFF: But that it isn't just educators saying that there's some research behind it. So the most important thing is actually you have a strategic plan for your digital engagement so as we were kind of talking about if you're going you want to sell more you know to people that you can reach through social media. You don't actually need to do a website and social media. It may be that you want to expand your social media.

On the other hand, it may be that the social media isn't quite right for you, if perhaps you're business to business, and the website is much better for you. So it's making those decisions. And I do think it's also remembering that it's in the back office that a lot of these advantages can come. So you can actually free up your time and your money so then you've got a bit more space to do new things.

And I suppose the other thing about that is small businesses are usually selective. Although we have a bit of a tendency to when one small business does something, oh, how exciting, and we all pile in behind it. but we're used to doing things bit by bit and I think you have to do

that with digital tools, as well. Don't be tempted into doing everything at the same time.

KAREN FOLEY: Although with that in mind, there is this pressure for many small business owners who think, well, I must do everything, I must oversee everything and be involved with everything. And this, I guess pressure, I guess, of trying to keep everything ticking over whilst looking to the future and being innovative.

CAROL SHERRIFF: Yeah. I mean what my own business has done, which I think has worked very well, is we've taken on younger people because that's what we want to do and bring people through our business. And of course, they are much more fluent not necessarily with business, but what you can do digitally. And that's, again, a nice sort of win-win because they've got something to offer you when we're kind of saying to young people, oh, you don't know about business, you've not got these skills. Well, in this area they have.

KAREN FOLEY: You know how important it is to be able to talk to people at an appropriate level on social media and to understand how rapidly things are changing. We've only got five minutes left and I wanted to touch on this area of social responsibility and how that can operate for small businesses because it's a very interesting idea. I really like the way that businesses, especially small businesses, can get involved in the community. There can be an impact and they're offering something very different. And it's also, I guess, playing on the unique selling point of being a small business that large organisations can't do something with the same credibility or honesty, I guess, that small businesses can actually inject into communities. How does that work and how does that, I guess, ultimately increase profitability for small businesses?

CAROL SHERRIFF: We actually started our campaigners in business for good and we were playing on that in business for good, i.e., longevity and also for social good. And we started that actually during the last recession, again because there was good evidence that small businesses that went a bit above and beyond actually did better. And one of the reasons is because you get a lot of community feedback, that helps you recruit because you're often recruiting in your local community. It also helps you with customer feedback because people come and tell you, they want to tell you things.

So it is driven by a lot-- I mean small businesses have always done huge amount in whatever is their local community, because it isn't always literally outside their door. So they've always done that, but they've not always shouted about that and made it obvious. And again, so what's exciting about the digital economy is you can shout about it in a respectful manner. You

can make it known without some of the backlash that some of the corporates get, that oh, they only do it for marketing. And the other thing is you can learn from other businesses what works and that kind of thing.

KAREN FOLEY: I've seen some small businesses almost do voluntary things. So for example, at school fetes, as part of the community, they'll often come and do something with a view to, like you say, getting customers, getting feedback, being part of that community. Yet obviously, for small businesses that time means that they're not able to do things elsewhere. How important would you say that balance is in terms of this whole idea of socially responsible business to put things back in the community? And where is the balance, I guess, in terms of that payoff?

CAROL SHERRIFF: Yes. That's such a good question because I don't know that people even look at it like that. usually, small businesses are part of the local community. So if you're running anything, you go and knock on their doors and whether it's raffle prizes or what it is. But also, they recruit from the local community so small businesses are much better, for example, at recruiting people and retaining people with mental health issues because you're embedded in this community.

And I think that's a strong emotional pull. What is good about it is also it also happens to be good for business. but I don't think that's why people do it. I think they start for a different reason and like-- or concern for the local environment and then they find that actually works for them, so they keep doing more of it. But I'm not sure we can put pound for pound on it.

KAREN FOLEY: No, absolutely. Thinking about this whole idea digitally, then, for those small businesses who may not have a local community and who are online, how might some of this apply to them?

CAROL SHERRIFF: Well, of course, what happens is you end up with a digital community, which can be people selling in the same space as you are or it can be a sort of wider geographic space. And of course, many small businesses now are global. So it's often looking for businesses like yourself and then social enterprises and charities are often in the same space. And there's a real win-win, again, for tying up with a social enterprise.

KAREN FOLEY: But isn't it difficult to rally some of those together when you're online? How do people go about actually making those connections when personal contacts seems to be so much at the heart of what this is all about?

CAROL I think they happen in two different ways. Either you seek out you know a business hour or a

SHERRIFF: lot of charities do weeks and things like that. So you're interested in this week and you find all kinds of contacts. But once you're in the sort of social media space, quite often charities will come to you. And so that is the bit where you need to be strategic, as horrible as it sounds. So you want a good fit between your organisation and theirs because then you will have a long-term relationship, not a bit of money here. It's actually the long-term relationship that works best.

KAREN FOLEY: Wonderful. Thank you so much, Carol Sherriff, for coming and talking to us about that. There has been a lot of discussion in the chat, lots of sharing of apps. I'm not going to do that now. If you'd like to see what people are recommending, you'll need to come into the Watch and Engage section of the website and to do that, you either login using your student ID if you're an alumni or you can get an Open University visitor account if you don't already have an Open University computer name. It's very quick and easy to do.

If you go to the website, it will direct you there. But there has been a lot of very valuable sharing of apps that I'm sure will benefit you if you have a small business. We're going to show a short video about that interface, so it will take you through and then you'll see what to expect when you do arrive in the Watch and Engage section of the website. And I will be back very soon, where we'll be talking about supply chain management with Rob Moore and Bjorn Claes. That will be beginning at 11:00.

We'll be having some live chat, which again, you can only engage with during the Watch and Engage section of the programme. We also do have Twitter, though, and the hashtag is OU_exchange and we do have a feedback on the website that we'd love to know what your experience is of the event so far. And if you've got any suggestions, we'd really like to hear from you. I'll see you back here at 11:00.

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