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Evaluation of Leadership and  
Management Advisory Service

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A report of research carried out by York Consulting LLP on behalf of the Department for Business, Innovation and Skills

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# Executive Summary

York Consulting LLP was commissioned by the Department for Business Innovation and Skills and the Skills Funding Agency to carry out an evaluation of the Leadership and Management Advisory Service (LMAS). The evaluation was carried out between July and December 2010, with the aims of:

- identifying the impact of the programme on participant businesses in terms of productivity, profitability and sales;
- identifying the extent to which the leadership and management development is leading to further skills development in the organisation;
- understanding the impact on skills utilisation within the organisation and barriers/challenges to putting this into practice;
- identify how best to stimulate further leadership and management activity via the purchasing/supply chain;
- make recommendations on how best to influence the supply side, particularly on quality assurance matters.

The evaluation has used a combination of a quantitative telephone survey of 1,001 programme participants, case studies of 20 businesses, qualitative online and telephone follow-up and consultations with regional contractors to address these aims.

## Engaging Programme Participants

The programme has been successful in achieving the target volumes of delivery activity. It was originally targeted to support in excess of 15,000 businesses per annum over its lifetime (August 2008 to March 2011). By November 2010, it is estimated that in the region of 54,000 businesses had already received support through the programme.

A wide range of approaches were used to generate take-up of the support. In particular, training providers have played a significant role in marketing the programme. There is little evidence that there have been targeted approaches to generating take-up of the support, with programme participants drawn from all business sectors.

The support has been very attractive to SMEs. In particular, the availability of the grant to support development activities was a key stimulus to participants taking on the support. There is also anecdotal evidence from regional contractors that providers were adjusting their programme offer to meet the key grant points.

## Advice, Diagnostic and Development of the PDP

A range of diagnostic approaches were used by the LMAS contractors to identify the most appropriate development activities for clients to meet their business and personal

development needs. The range of diagnostic approaches has allowed flexibility to respond to the circumstances of individual clients.

Programme clients reported a generally high level of satisfaction with the effectiveness of the advice, diagnostic and personal development planning they received.

The diagnostic process identified a hugely diverse range of areas for training and development. The nature of the needs identified were highly specific to the individual clients and their business circumstances. The initial advice and diagnostic support led to the identification of development needs that a majority of participants were not previously aware of. The diagnostic support and advice received has proved beneficial in focusing development activities more effectively than might have been the case in the absence of this support, reflecting the added value of this element of the programme.

The brokerage offered by the LMAS was seen by the vast majority of clients to be effective in enabling them to identify an appropriate learning provider to meet the needs identified in their PDPs.

## **Development Activities and Review**

The programme has provided considerable flexibility in the nature of development activities that participants have undertaken. Participants have often used a range of development activities to meet their PDP priorities. The most common type of development activities have been specific to the individual businesses, including coaching or mentoring and bespoke training programmes. This type of tailored activity has been particularly valued by participants, as it ensures that they are specific to the particular needs of the individual and their business.

The areas in which development activities have been undertaken have been very diverse. The most frequent area of development activities was in relation to sales and marketing or general management or leadership skills. There was no specific requirement that development activities should lead to a qualification, although a quarter of participants have undertaken qualification-based training.

The nature of development activities undertaken has been influenced by the advice and diagnostic support received. This has included activities being undertaken in an area that would not previously have been considered, and clients taking part in a type of activity or with a learning provider that they would not previously have considered.

It is difficult to isolate the impact of the grant on participants. However, the survey findings and case study consultations have shown that the availability of the grant influenced participation for 70% of participants.

A significant proportion (70%) of clients have made a financial contribution to the cost of their training in addition to the grant funding they received. The average contribution to the costs of development activities has been £1,504, indicating significant levels of leverage. The availability of the grant has also influenced the scale and timing of development activities undertaken.

The follow-up review has been carried out using a variety of different approaches. Low levels of recollection of the review by clients indicate that the reviews have been relatively light touch. Where clients recalled the follow-up review, they were seen as beneficial, which indicates the need to strengthen this area of support.

## **Benefits, Impacts and Value for Money**

The vast majority of programme participants have indicated that their participation in the programme has led them to developing new or improved skills across a range of management and leadership areas. The programme has been highly effective in meeting skills development needs and addressing clients' expectations.

The vast majority of clients who had completed their development activities reported that the skills they acquired had led to changes in the way in which they lead or manage their businesses. Where participants had faced barriers in putting their learning into practice, these most frequently related to a lack of time, but also included a lack of resources and resistance to change among others in the company.

Involvement in the programme is leading to changes in approaches to training and development in the participant organisations. This has included stimulation of further participation in leadership and management development for the participant themselves and for other managers, and increased training for other members of staff.

The development activities undertaken as a result of the programme have been seen to lead to a range of changes in practice and performance in the participant businesses. These have included specific influences on the development of approaches to employee engagement linked to high performance working practices reflected in increases in staff motivation and commitment.

One-fifth of programme participants have reported that the activities undertaken through the programme have contributed significantly to business growth, whilst 17% have reported contributions to increased sales and 16% to increased profits.

The programme has been highly cost effective. This is reflected in the relatively low unit costs of the support provided, the leverage of additional investment in training and development generated and the outcomes that have been stimulated by the activities undertaken. However, we would suggest that the value for money achieved could have been further improved through more targeting and focused delivery.

## **Conclusions**

The Leadership and Management Programme has been successful in delivering against the aims that were set out. This is reflected in the engagement of significant numbers of SME managers in support, with the target volumes of participants being achieved.

The achievement of target levels of take-up is not sufficient in itself to guarantee the achievement of impacts. What is most important is that a significant proportion of participants have seen their involvement in the programme as having led to changes in the way in which their businesses are managed, which have then influenced improvements in

business performance in terms of turnover, profitability and the perceived likelihood of business survival. Whilst the activities undertaken have contributed to business impacts, it is difficult to specifically quantify and isolate these impacts in the context of changing economic and market conditions.

The levels of take-up of the support reflect two key characteristics of the programme:

- the availability of the grant for development activities;
- the significant flexibility in the types of activity for which participants have been able to use the grant.

The availability of the grant has been a significant selling point for participants. It has helped to open doors to businesses that would not perhaps have committed resources to management development otherwise. There has also been significant leverage of investment by businesses, at least matching the levels of grant received.

In considering the optimal grant level, there is a need to balance the potential stimulus that the grant provides to increased investment in development activities against the potential deadweight of contributing grants towards high value activities that would have been taken forward anyway. A higher level of grant would support more extensive development activities, which would therefore have greater potential to address leadership and management needs, especially if there was also a requirement for the grant to be wholly matched by the business.

Maintaining the maximum grant at £1,000, but requiring all grant contributions to be matched by the employer would have the effect of increasing the value of development activities supported by a minimum of 33%.

The generation of take-up of the support has been assisted to a significant degree by training providers who promoted the opportunities for support to their clients. This had the advantage of building interest in the programme and developing momentum which, in some regions, has meant that demand has exceeded the capacity of the programme. The downside of this push by training providers has been that the scope for the regional contractors to control the targeting of potential participants and the messages communicated has been limited.

The role played by training and development providers in the programme must be considered in relation to their promotion of the service and in their delivery of development activities. The involvement of development providers in promoting the support available needs to be coordinated effectively, to ensure that appropriate messages are communicated and potential clients' expectations are appropriate. In particular, there is a need to ensure that clients are aware that they have the choice of provider and development approach. The use of service level agreements between the service and providers has been effective in ensuring that the messages communicated are appropriate.

The role of providers in delivering development activities has been effective for the vast majority of service users, although there are a small number of instances where clients have not been satisfied with the support received. The high levels of client satisfaction



already observed do not suggest that there is a need for additional approaches to quality assurance of training delivery. There is a risk that introducing further quality assurance requirements would reduce the flexibility of the programme to respond to clients' needs, whilst adding cost for only marginal improvements in service delivery.

There is only very limited evidence from current participants that take-up of the support has been stimulated by either suppliers or customers of their businesses. The relationships between businesses and their suppliers and customers vary to a significant degree, depending on the nature of the business. In many cases, this will limit suppliers' and customers' knowledge of a business and its needs, in order to be able to suggest appropriate development opportunities. The survey evidence suggests that business networks and membership organisations would provide a more appropriate means of reaching potential beneficiaries.

Involvement in the programme has stimulated additional investment in skills development, or plans to invest in skills development in future, within participant businesses. The follow-up reviews undertaken by the LMAS were intended to support links into further development activities, but it is not clear that this has been consistently achieved with all clients. This is an important area that needs to be strengthened in developing future support.

The flexibility of the programme in responding to clients' specific needs, as identified through the diagnostic process and reflected in PDPs has been reflected in a highly diverse range of development activities being undertaken. This diversity is in terms of both the subject area of development activities and the scale of activities taking place. The implication of this diversity is that the changes that can be expected to take place as a result of the development activities will vary significantly across participants.

The support delivered through the programme has included activities that have been very clearly focused on developing specific leadership and management skills and others that could be regarded as business advice, with a less explicit skills development component. At the margins, the programme has supported a small number of activities that do not appear to meet the eligibility criteria. There is a need for more clarity about the skills focus of the programme, improving the capacity of managers to lead and manage their businesses more effectively and therefore to sustain improvements over time.

The programme has generated high levels of satisfaction with both the advisory elements and the development activities undertaken, with the majority of participants indicating that their expectations have been met or exceeded. What is most significant, however, is that the development activities have been generating outcomes, in terms of changes in management approaches, systems and processes. For a significant proportion of clients, these changes have been reported to have contributed to improvements in a range of different aspects of business performance.

The programme has provided a good level of value for money, in terms of both cost efficiency and cost effectiveness. The economy of the programme is reflected in relatively low unit costs associated with programme management and delivery.

The cost effectiveness of the programme is demonstrated by the significant proportion of clients who have made changes within their businesses that have been reported as contributing to improvements in business performance, employee engagement and business growth. It has not been possible within the scope of this evaluation to quantify the specific contribution of programme activities to business performance. This reflects the very wide range of potential influences on business performance, the lags between development activities and the benefits generated and, in most cases, the relatively modest scale of development activities in the context of the overall scale of participant businesses.

However, we believe that cost effectiveness has not been maximised. The survey evidence shows that the potential for development activities to impact on leadership or management practices, and therefore on business performance, is directly linked to the scale of activities undertaken. This therefore suggests that a move from supporting small-scale activities in a large number of businesses to larger scale activities in a smaller number of businesses may be justified.

More targeting of participants and a clearer focus on the specific outcomes to be generated through the programme would be beneficial, especially in the context of a smaller scale programme. In doing this, it will be important to consider how it will be possible to retain the responsiveness of the support to clients' specific needs.

## Recommendations

The recent Skills White Paper "Skills for Sustainable Growth" announced that support for leadership and management development will continue from April 2011, with a specific priority placed on supporting SMEs with growth potential. We make the following recommendations based on our findings from the evaluation:

- clear criteria must be developed to underpin the targeting of the support in future. These criteria should be explicit about the characteristics which will demonstrate growth potential, to ensure that support is focused on building the skills necessary to achieve this potential;
- there should be more clarity about the way in which the support is expected to impact on the businesses whose managers are receiving support. This should reflect the fact that the investment in the programme is intended to lead to changes in approaches to leadership and management. In this way, there should be a clear basis against which to compare progress both in terms of the development activities undertaken and their outcomes on the businesses supported;
- the review element of any support should be linked more explicitly to updating PDPs and encouraging further engagement in development actions to help ensure that changes in skills development are sustained and embedded in participant businesses;
- in order to maximise the value of future grant funding, all grant contributions should be matched by participants. If the maximum grant of £1,000 were to be retained, this would increase the minimum levels of leverage by one-third, and would help to

stimulate more extensive development activities, increasing the potential to generate direct outcomes and impacts and to support further investment in skills development;

- the consistent programme delivery model should be retained, to ensure that there are minimal geographic variations. The programme should continue to capitalise on the potential of training and development providers to attract clients. However, their involvement should be controlled to ensure that the messages they communicate are accurate and that clients' expectations are appropriate. This is essential in maintaining client satisfaction and the fitness for purpose of the programme.

# 1 Introduction

## Background

1.1 York Consulting LLP (YCL) was commissioned by the Department for Business Innovation and Skills (BIS) and the Skills Funding Agency to carry out an evaluation of the Leadership and Management Advisory Service (LMAS). This report sets out the findings from the evaluation, which was undertaken over the period from July to December 2010.

## Overview of the LMAS

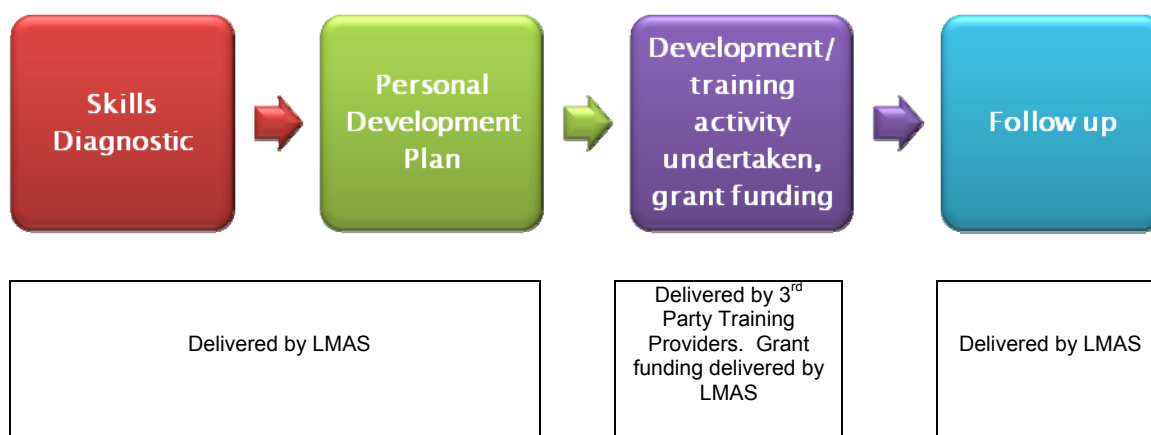
1.2 The Leadership and Management Advisory Service commenced activity in August 2008 and will operate until 31 March 2011. All new engagement activity will cease by 31 March 2011.

1.3 The programme of support provided by LMAS was initially planned to support organisations with between 10 and 249 employees. In November 2008, the eligibility criteria were extended to cover organisations with between 5 and 249 employees, with 90% of participants to be drawn from this size band. In total, the programme was intended to reach up to 60,000 businesses, accounting for approximately one-third of all SMEs in England.

1.4 The aim of the programme is to improve the performance of the businesses engaged by:

- working with senior business leaders on an individual basis to translate their leadership and management skills gaps into a personal development plan;
- providing businesses with grants for leaders to undertake one or more leadership development activities with a learning provider;
- undertaking a review of progress against their personal development plans.

1.5 Figure 1.1 shows the stages in the support provided by the Leadership and Management Advisory Service.

**Figure 1.1: LMAS Customer Journey**

1.6 The skills diagnostic is undertaken by a specialist advisor working with the participant leader/manager to identify their leadership or management skills needs. This feeds into the advisor and participant developing a Personal Development Plan, identifying the potential development opportunities to address the skills needs.

1.7 Following agreement of the Personal Development Plan, the leader undertakes one or more of the development activities in their plan. Participants have been able to access grant funding of up to £1,000 to support the cost of the training identified in the PDP. Of the £1,000 available, the first £500 has been available as unmatched grant (i.e. no financial contribution has been required from the employer). The second £500 is a matched grant, which means that the employer must mirror this element of the grant with a cash contribution. Where the grant has been used to support accredited Higher Education provision, it has been required that the grant is matched fully by the employer.

1.8 The development activities have been delivered by third party training providers. These providers may already have been known to the programme participant, or the LMAS could identify potential providers through a brokerage approach. The final decision on the selection of the provider has rested with the programme participant. There has been no requirement that providers have a contract with the LSC/Skills Funding Agency. The providers involved in delivering the development activities have therefore included everything from individual coaches to universities and business schools.

1.9 There has been considerable flexibility in the nature and focus of the development activities supported through the programme. The Operational Guidance for the programme states that the “training identified must be challenging to the individual and be based on the skills diagnostic and PDP for the individual which identifies personal development needs in a business context that will ultimately be of benefit to the performance of the employer”. The principles set out in the Operational Guidance make reference to the specialist advisors seeking out solutions offering “bespoke innovative and challenging learning opportunities” for clients.

1.10 The LMAS grant can be used to support any learning and development activity identified in the PDP, apart from some specific exclusions. The specific exclusions include membership fees, travel and subsistence, statutory training, mandatory training,

accreditation, capital equipment, employer contributions to other funded development programmes and accommodation costs. There has therefore been considerable flexibility in the types of development activity and subject focus that can be supported through the programme.

1.11 The final element of the LMAS support has been a follow-up subsequent to the development activities taking place. This stage is designed to review progress against the Personal Development Plan, to understand how learning has been applied in the business and to consider potential progression onto further learning for the participating leader/manager, other members of the management team or other staff.

1.12 The LMAS has been delivered through regional contracts by eight contractors, which have included Business Link operators, private sector contractors and an enterprise agency. The delivery of the support has been based on the consistent model set out in Figure 1.1 and described above. However, there has been regional flexibility in the way in which the programme has been marketed and the specific approaches and tools that have been used to undertake skills diagnostics.

1.13 In most regions, supplementary leadership and management development support has been available, funded through the European Social Fund (ESF) or the Regional Development Agency (RDA). These supplementary activities have enabled the national programme to be enhanced through extending the eligibility criteria for organisations receiving support, or increasing the number of managers eligible for support in a particular organisation.

## Evaluation Aims

1.14 The overall aim of the evaluation is to measure the impact and successes of the programme. In particular, the evaluation has sought to:

- identify the impact the programme has had on participant businesses in terms of improved productivity, profitability and sales;
- identify the extent to which investment in leadership and management leads to further skills development in the organisation;
- understand the impact on utilisation of skills within the organisation and barriers/challenges putting this into practice;
- identify how best to stimulate further leadership and management activity via the purchasing/supply chain;
- make recommendations on how best to influence the supply side, particularly on quality assurance matters.

1.15 The evaluation specification highlights the need to consider the value for money of the programme across the customer journey, in relation to:

- engagement of participants;

- the profile of participants;
- the nature of the development activities undertaken and their impact on business performance;
- the benefits and impacts of the programme.

## Evaluation Approach

1.16 The evaluation has included the following elements:

- a telephone survey of 1,000 participants. This has been designed to provide a broad base of evidence from across the participant population and covering all aspects of the customer journey;
- case studies of 20 businesses whose leaders have taken part in the programme, focusing on the impacts on participants' own activities and approaches and their subsequent impacts on organisational performance;
- qualitative follow-up, using a combination of an online qualitative survey and telephone focus groups to explore the issues emerging from the telephone survey in more detail. This element of the evaluation has included 56 participants;
- consultations with the regional contractors responsible for delivery in eight of the nine regions, to gain views on the relative effectiveness of the approaches adopted in the regions and consider the lessons for future development of leadership and management support of this type.

1.17 The telephone survey was based on a random sample of participants from the information held on the central management information system. In addition to contact and other details, this included information on the stage participants had reached in the support process at the point at which the information was drawn down. Business size and sectoral information was not held centrally, thereby limiting the scope for more controlled sampling in carrying out the survey.

1.18 Table 1.1 (overleaf) shows a breakdown of the number of employees of the organisations represented in the achieved survey sample.

**Table 1.1: Size Breakdown of Survey Participants**

Size category	Number	% of Sample
Up to 4	132	13
5-20	531	53
21-49	187	19
50-99	75	8
100-249	43	4
250+	13	1
Don't know/refused	20	2
<b>TOTAL</b>	<b>1,001</b>	<b>100</b>

1.19 The achieved survey sample therefore generated representation across all sizes of business whose leaders/managers were supported by the programme. The number of micro-businesses with less than five employees appears to be slightly over-represented, when compared to the 10% of target businesses that could be drawn from outside the 5-249 target group.

1.20 The sample included representation of a highly diverse range of business sectors. Just over one-fifth (22%) of those interviewed were involved in business services. The next most frequently represented sectors were:

- hospitality, leisure, travel and tourism (7%);
- process and manufacturing (7%);
- social care (7%);
- non-motor retail (6%);
- charitable organisations (6%).

1.21 No other sectors accounted for greater than 4% of the achieved sample. This reflects the diversity of businesses whose leaders and managers were engaged in the programme and the population of small and medium enterprises.

1.22 The job roles of the survey participants indicate that the programme has engaged a significant proportion of senior managers. The survey sample included the following participants:

- chief executive, chairman, managing director/partner – 32%;
- Owner-manager – 26%;



- manager or head of department – 21%;
- other board-level director – 14%;
- other – 7%.

1.23 The level of management responsibility of the programme participants and those involved in the survey is significant in relation to their ability to make changes and implement the results of the development activities undertaken.

1.24 The survey questionnaire, which is included in Appendix A, asked respondents about their willingness to take part in further research. Those that expressed willingness to take part in further activities were targeted for involvement as case studies and in the qualitative follow-up.

## Report Structure

1.25 The remainder of the report considers the findings from the evaluation in relation to the key stages of the customer journey through the support process, leading to consideration of the outcomes and impacts resulting from the programme.

### Key Points

The evaluation has included a telephone survey of 1,001 recipients, case studies of 20 participants, qualitative follow-up online and over the telephone involving 56 participants and consultations with the contractors responsible for delivering the LMAS in eight of the nine regions.

## 2 Engaging Programme Participants

### Introduction

2.1 In this Section, we discuss the approaches to engaging participants in the LMAS support. The achievement of the programme aims relies on successfully attracting the right participants from the right organisations to take part in the programme. The approaches adopted to market the LMAS are therefore critical in this respect.

### Volumes of Activity to Date

2.2 The programme had a target to support in excess of 15,000 businesses per annum over its three-year lifetime. It was anticipated that the programme would ultimately reach a total of between 45,000 and 60,000 businesses. By November 2010, it is estimated that in the region of 54,000 businesses had been supported up to the point of developing Personal Development Plans. By this point, around 41,000 businesses had drawn down grants for development activities and 38,000 had received their follow-up.

2.3 The programme has therefore been successful in achieving the target volumes of delivery. Whilst there is the potential for recruitment to continue until March 2011, in some regions no more new clients are being accepted onto the programme as the contracted volumes have been achieved. Elsewhere, contractors have made a conscious decision to manage the volume of referrals received in order to maintain the support as an element of the portfolio until the end of the contract period.

### Routes into Support

2.4 The regional contractors have used a wide range of approaches to generate awareness of the availability of the LMAS support. The support has formed part of the overall package of skills development support available in each of the regions, with the contractors able to capitalise on involvement in delivering skills brokerage and, in six regions, as the Business Link operator. Where the LMAS has not been delivered by the Business Link operator, close links have been maintained with the Business Links, supporting the delivery of the service.

2.5 A number of approaches have been adopted to generate take-up of the leadership and management support. These have included the use of telemarketing (either by Business Link teams or other contractors), presentations at business events and networks, e-mailshots, direct promotion by advisors, work with other business representative organisations (such as Chambers of Commerce and the Federation of Small Businesses), Sector Skills Councils, training providers and internet promotion.

2.6 There was little evidence from consultations with the regional contractors that there had been a targeted approach to engaging the senior managers of particular types of businesses in the support available. There have been examples of significant take-up

from specific sectors in some regions, reflecting geographic concentrations. It is also important to recognise that the eligibility criteria for the programme meant that businesses that are often ineligible for government funded support were able to take advantage of the support. For example, the high concentration of business services businesses engaged in the programme was attributed by one regional contractor to these companies being ineligible for support in the past.

**Table 2.1: How participants first became aware of the programme**

	<b>% of Survey Participants</b>
<b>Approached by a private training provider</b>	16%
<b>Direct contact from the LMAS contractor</b>	13%
<b>Found out about the programme through search for support</b>	7%
<b>Through a professional body or trade association</b>	6%
<b>Through Business Link</b>	6%
<b>Internet search</b>	6%
<b>Through an independent business consultant</b>	6%
<b>Local advertising or marketing</b>	5%
<b>Approached by a college</b>	4%
<b>Contact from a skills broker</b>	4%
<b>Through a friend or colleague</b>	4%
<b>Through other manager</b>	3%
<b>Through a network event or group</b>	2%
<b>Other (individual responses identified by less than 1% of participants)</b>	11%
<b>Base: 1,001 survey participants</b>	

2.7 The range of approaches used to market the support available is reflected in the responses from the survey participants regarding the way in which they first became aware of the programme, as shown in Table 2.1. This shows that just over one fifth of participants (21%) first became aware of the programme as a result of contact from either a private training provider (16%) or an FE college (5%). There was an even split between providers that the organisations had previously had contact with and those where no previous contact existed.

2.8 Direct contact from the LMAS regional contractor was reported by 13% of survey participants as the route through which they first became aware of the support available, whilst 6% of respondents indicated that they became aware through the Business Link and 4% as a result of contact from a skills broker. Given the nature of the regional contractors, these three routes are closely linked.

2.9 One of the case study managers had been seeking support for staff development through Train to Gain. As part of their work with the Train to Gain advisor, potential leadership and management needs were also discussed, leading to discussion of the

Leadership and Management programme support. The programme was seen as providing an opportunity to access management development support that would not otherwise be likely to be pursued by the business.

2.10 The evidence from the survey indicates that awareness of the support was the result of proactive approaches to market and promote the support, rather than managers actively seeking out development opportunities. Only 7% of survey participants reported that they became aware of the programme as a result of actively seeking to identify leadership and management development support.

2.11 The significance of training providers in generating take-up of the LMAS support is clear from the survey results and from the consultations with the regional contractors. For example, one of the regional contractors commented that training providers “were very active in promoting the programme as it represented an easy means of gaining new business for them”.

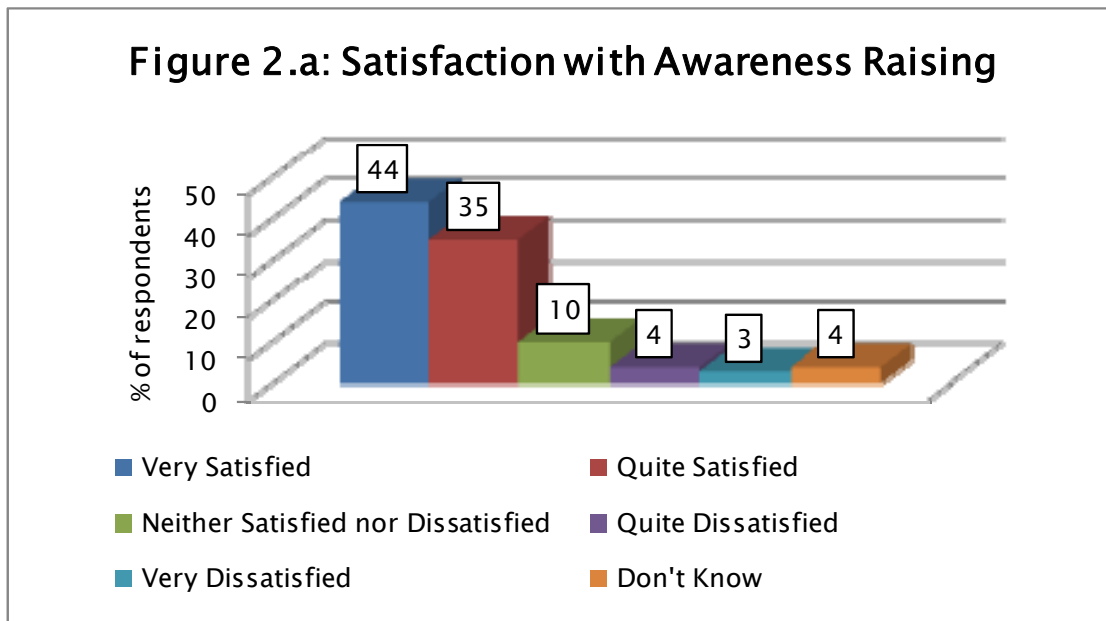
2.12 Whilst providers offered a good mechanism through which to reach potential service users, this has created some difficulties in controlling the messages that were being communicated about the programme. Some providers were found to be pushing the programme to clients as a means of accessing a grant towards the cost of their development programmes, rather than promoting the full range of programme elements.

2.13 One of the regional contractors described the involvement of providers in promoting the programme as “something of a double-edged sword”. The involvement of providers was beneficial in building momentum in generating take-up of the programme. However, this placed a significant need to ensure that the clients were pursuing the right development activities in the right areas, with the most appropriate providers, with the risk of mixed messages.

2.14 Regional contractors have worked proactively with providers to build their awareness of the programme and the processes involved, and ensure that they promote the programme in the right way. In the South East, providers have been asked to sign a Service Level Agreement, ensuring that they have a clear understanding that the programme is based on a diagnostic and impartial brokerage approach. This approach has been successful in minimising the risk of potential clients receiving a ‘hard sell’ from providers of support that may not be in response to their true priority need.

2.15 Concern has been expressed by the regional contractors that providers were specifically developing development programmes to meet the key grant points. This led to programmes that were priced at £500 and which could therefore be offered as ‘free’ development, as the first £500 did not require match funding from the business. There was also seen to be a number of development programmes offered at £1,500, thereby enabling businesses to maximise the benefit of the grant available to them. We would argue that this is not, in itself, a problem as long as the development activities are meeting the key development needs identified in the most appropriate way.

2.16 As illustrated in Figure 2.a, the survey has shown that programme participants were generally satisfied with the approaches that were used to make them aware of the support available from the LMAS. Only 7% of survey participants indicated that they were in any way dissatisfied with the awareness raising approaches.



2.17 In the online qualitative fieldwork, we sought feedback on what would be regarded as the most effective ways of attracting leaders or managers to take part in this type of support programme. The feedback from these participants generally indicated that the approaches adopted were effective. Approaches from development providers with which there was an established relationship were seen to be beneficial. However, the view was expressed that general awareness raising could have been improved. As the Managing Director of one participant company commented:

*“Greater marketing... There simply is not enough awareness that the project or funding is available amongst small businesses who need it most.”*

Managing Director, Qualitative Follow-up Participant

2.18 It was also suggested by one participant in the qualitative fieldwork that the support should be targeted more closely. For example, this manager suggested that professional advisors, such as accountants, or Business Link, could be asked to identify potential participants who meet the programme eligibility criteria, to provide the basis for a targeted contact. We consider the need for more targeting of the support later in the report.

2.19 The levels of take-up of support illustrate the attractiveness of the programme to businesses in the target group. One of the regional contractors commented that the programme is “seen by employers as one of the best opportunities available to them”.

2.20 The scope for businesses with fewer than five employees to access the support has been highly attractive. Regional contractors have identified that demand from these businesses has exceeded the 10% of the total number of places available. In one region, it was found that the places on the programme available each year for businesses with less than five employees were fully taken up within six weeks of delivery commencing.

2.21 The range of approaches to market the support have been successful in attracting a significant number of businesses that had not previously received support from Business Link or taken part in other government-funded training. Almost half (46%) of businesses in the survey had received no previous business or skills development support. In addition to this, 59% of participants indicated that they had not been involved in any leadership or management development prior to their involvement in this programme.

## Drivers of Take-up

2.22 Take-up of support from the programme depends not only on appropriate approaches to raise awareness among suitable businesses of the opportunities available, but also on there being an underpinning reason within the business to take forward the development activities. Table 2.2 shows the reasons given by survey participants for deciding to access leadership and management training.

**Table 2.2: Reasons for deciding to access leadership and management training**

	% of Participants
<b>Felt it would be of benefit to the business</b>	56%
<b>Felt it would be of benefit to the participant manager personally</b>	46%
<b>A need had been identified in the business and the development activity met this need</b>	11%
<b>The availability of funding</b>	7%
<b>Training provider suggested it would be beneficial</b>	5%
<b>Colleague suggested it would be beneficial</b>	5%
Base: 1,001 survey participants	

2.23 The responses to this question indicate that participants chose to engage in the support for a number of reasons, most frequently suggesting that they became involved for a combination of business and personal benefits. Just over half (56%) of survey participants indicated that they felt their business would benefit from taking part in the programme, with 46% indicating that they expected to benefit personally from taking part. Just over 7% of survey respondents indicated that the availability of the grant was an important reason for them taking up the support. The impact of the availability of the grant on participant organisations is discussed in more detail in Section 4.

2.24 Other drivers of involvement mentioned by evaluation participants were in relation to changes in the role/responsibilities of the individual manager, or changes in the business leading to changes in the level and nature of management and leadership skills required. One of the case studies illustrates this driver of participation. The participant had recently taken on the role of managing director of the organisation, and had received no previous management education or training. This led to the need for support in relation to business leadership, reflecting the difference in responsibilities compared to their previous much narrower role and responsibilities.

2.25 One of the participants in the online qualitative fieldwork stated that their involvement had been driven by the need to develop new skills in order to take advantage of new opportunities facing the business:

*“We identified a new market sector which could provide the opportunity for business growth. As a consequence I undertook a qualification which I believed would provide the knowledge and insight required to pursue this particular sector of the market. This proved to be valuable not only for me personally but for the business as I was able to clearly define the opportunities and challenges that this sector contains. It has also given me the authority and confidence to represent our company in this market sector.”*

Marketing Director, Qualitative Online Follow-up

2.26 Difficult trading conditions have been an important driver of participation for a number of the case study businesses. There had been a recognition that there was a need to improve management skills in order to respond to business issues created by falling sales. This issue was also identified by one of the participants in the online qualitative fieldwork, who commented:

*“Our business was struggling to ride the tide of the recession, so every necessary effort was being made to upskill everyone in the organisation to perform better for the business to survive”*

Marketing Director, Qualitative Online Follow-up

2.27 One of the objectives of the evaluation was to identify how best to stimulate further leadership and management activity via the purchasing/supply chain. We found only nine of the survey participants who had become involved in programme activities as a result of contacts with customers or suppliers. None of the case study participants became involved in this way. Where participation had been stimulated by suppliers, this was linked to the supply of equipment and particularly new software. The potential for suppliers or customers to stimulate engagement in leadership and management development activities will depend on the depth of relationship between the two parties and therefore the knowledge of their respective businesses and the potential for them to benefit from support. Trust is a potentially significant factor in this respect.

2.28 It would appear, therefore, that the potential to stimulate leadership and management development activities through supplier or customer relationships would be relatively limited. Participants were more likely to identify involvement in business networks or membership of business organisations as a stimulus for involvement. There would appear to be more potential opportunities to stimulate engagement through such bodies or groups.

### Key Points

The programme has been successful in achieving the target volumes of delivery activity. It was originally targeted to support in excess of 15,000 businesses per annum over its lifetime (August 2008 to March 2011). By November 2010, it is estimated that in the region of 54,000 businesses had already received support through the programme.

A wide range of approaches were used to generate take-up of the support. In particular, training providers have played a significant role in marketing the programme. There is little evidence that there have been targeted approaches to generating take-up of the support, with programme participants drawn from all business sectors.

The support has been very attractive to SMEs. In particular, the availability of the grant to support development activities was a key stimulus to participants taking on the support. There is also anecdotal evidence from regional contractors that providers were adjusting their programme offer to meet the key grant points.



# 3 Advice, Diagnostic and Development of PDP

## Introduction

3.1 In this Section, we consider the feedback relating to the advice provided by the LMAS, the diagnostic reviews that have been undertaken and the development of Personal Development Plans (PDPs) feeding into the development activities.

## Skills Diagnostic and Developing PDPs

3.2 The purpose of the initial skills diagnostic, undertaken by LMAS Advisors, is to ensure that the areas in which each client undertakes development activities are appropriate to both the needs of their business and their own development needs.

3.3 The approach used to carry out the skills diagnostics was based on the professional judgement of the LMAS advisors working with the client. A range of diagnostic tools were identified and agreed for use in each region, allowing some flexibility to adapt the approach to individual client circumstances.

3.4 In practice, the skills diagnostic involved a combination of different approaches for most clients, including face-to-face meetings with the advisor (68% of clients), completion of a questionnaire (38%), use of an online diagnostic tool (22%). This range of diagnostic approaches has allowed flexibility to reflect the circumstances of individual clients, where some had already identified the area in which they wished to undertake development activities whilst others were far less clear.

3.5 The specific diagnostic tools used varied across the regions, including standard tools and tools that had been developed within the regions (although not necessarily specifically for the LMAS). Examples included:

- Business Improvement Tool for Entrepreneurs (BITE);
- Thomas Interactive Tool;
- the Honey and Mumford tool, to identify preferred learning styles;
- a tool developed by Leadership South West which supported the development of detailed reports about both the individual manager and the business;
- an online tool based on the criteria set out in the Business Excellence Model;
- the MySkillsGap online tool, which has been developed in the South East as a facilitated online tool based on the Business Leaders' Development Wheel.

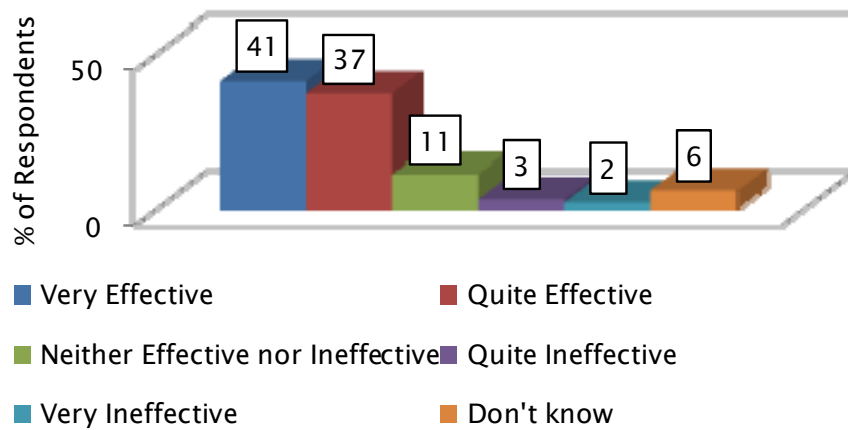
3.6 There were variations between regions in the diagnostic approach adopted with clients. For example, in some regions, 'lighter touch' diagnostics were used where clients had already identified a provider to meet their needs, with more intensive diagnostics undertaken with clients who had no identified a provider. Elsewhere, all clients went through the same diagnostic process. There is a fine balance to be achieved in this respect. It is important that clients with a clear idea of their priority development actions do not feel they are being made to jump through un-necessary hoops to access support. However, it is also important that there is an effective diagnostic assessment for all clients, to ensure that the development areas identified and subsequent development actions are addressing true needs.

3.7 There are many different tools that could be used to support diagnostic reviews, with different strengths and weaknesses. For example, BITE provides a holistic review and is seen as particularly useful in businesses with less than 50 employees. The tool developed by Leadership South West was useful in providing comprehensive evidence, but was seen as somewhat complex and could benefit from further refinement. In some cases, therefore, simple more generic tools were used. In the North West, there were initially 11 diagnostic tools available, although only four were used in practice.

3.8 We understand that some training providers working across a number of regions found inconsistencies in the approaches that were adopted by the LMAS where they had recommended potential clients to the service. We believe this relates to the diagnostic approaches adopted and to the subsequent development of PDPs and identification of appropriate learning solutions. In our view, whilst it is appropriate to have a reasonable choice in diagnostic tools, there should be more consistency in relation to the way in which clients are taken through the process.

3.9 Figure 3.a (overleaf) indicates that there has been a generally high level of satisfaction with the effectiveness of the advice, diagnostic and personal development planning process in identifying appropriate areas for learning and development.

**Figure 3.a: Effectiveness of Advice, Diagnostic and PDP**



3.10 Over three-quarters (78%) of clients in the survey rated the advice, diagnostic and PDP process as effective, with 41% indicating that they were very effective. Only 5% of clients indicated that these processes were in any way ineffective.

3.11 The case study participants and those involved in the qualitative follow-up were also generally of the view that the advice and diagnostic process was effective for them. One of the participants in the qualitative fieldwork particularly valued the advisor as a “trusted sounding board” outside the business. The following quotes also demonstrate the value of the advice received:

*“It helped to focus the mind on what outcomes the organisation would want from the training. From a small business perspective, it also helps the individual by giving them someone to be accountable to in the lead up to the course”.*

Research Manager, Qualitative Follow-up

*“I gained an overview of what was available to me/the organisation. It added to my network of contacts. To be aware that there is support to small businesses has been invaluable”.*

Chief Executive, Qualitative Follow-up

3.12 The Research and Business Development Manager of one of the case study organisations had been considering undertaking some general management development activities and became aware of the opportunity to access the LMAS support following contact with a potential training provider. This participant regarded the advice received as valuable to an extent. She commented that it had “opened my mind to different ways to address my needs... It endorsed that the areas I was looking for were the right ones. I was not pushed to go with any particular provider”.

3.13 One of the participants in the qualitative fieldwork indicated that the advice received had not been effective for them. This participant had a clear idea of the activity that they want to undertake, and therefore reported that the process had no benefit to them, but saw it as *“purely to process the paperwork”*.

3.14 The diagnostic process identified a hugely diverse range of areas for training or development, as set out in Table 3.1 below. This shows that the areas identified by the diagnostic process were highly diverse, covering all aspects of leadership and management. They include examples of broad development needs across management disciplines and very specific needs that relate to individual business circumstances.

**Table 3.1: Areas for Development Identified by the Diagnostic Process**

	<b>% of Survey Respondents</b>
<b>General management/leadership</b>	17%
<b>Marketing/Sales/Advertising</b>	16%
<b>Finance/Accounts</b>	7%
<b>Communication</b>	5%
<b>Staff Management/Supervision</b>	4%
<b>Business Planning</b>	4%
<b>Time Management</b>	3%
<b>Strategic Planning</b>	3%
<b>IT/Technical</b>	3%
<b>Coaching skills/mentoring</b>	2%
<b>Health and Safety</b>	2%
<b>Team Building</b>	2%
<b>Human Resources</b>	2%
<b>General running of the business</b>	2%
<b>Other (each mentioned by less than 1% of participants)</b>	26%
Base: 1,001 survey participants	

3.15 The most significant areas for development included general management or leadership (17% of clients), marketing, sales and promotion (16%), finance or accounts (7%) and communication (5%). However, there were also a large number of other much narrower areas for development that were identified for small numbers of clients. It is also important to recognise that the specific development needs in any of these areas that were identified may differ to a significant degree. The range of needs identified through the diagnostics covered the majority of potential areas of leadership or management skills.

3.16 The development areas identified by the diagnostic process were broadly similar to those that participants expected to undertake when they first signed up to take part in the programme. Just less than half (48%) of participants indicated that they already had a

system in place to identify development needs prior to receiving the diagnostic review. The information on these processes indicate that they include both formal and informal approaches to identify development needs. The more formal internal approaches were linked to regular appraisal and review processes. There was no indication that the systems in place included the use of rigorous tools to diagnose development needs.

#### Case Study Example: Benefits of the Diagnostic Process

The initial diagnostic was an extremely important element of the programme for one SME operating in a growth sector whose turnover and profits have been adversely affected by significant increases in competition. The diagnostic highlighted a need for increased delegation and staff motivation as well as marketing activities to counter the competition such as increased networking, including social networking. Although the manager concerned attended a relatively brief general management course, delegation of more work to staff and motivation for them to take on total responsibility for social media development was included as part of an overall marketing/ communications strategy, freeing up time for the manager concerned to focus on other aspects of the business.

3.17 Table 3.2 sets out the responses to the question of the difference made by the initial advice and diagnostic process to the participant's understanding of their leadership and management needs.

**Table 3.2: Difference the initial advice stage made to participant's understanding of leadership and management needs**

	% of participants
<b>Already knew about all or most of the areas identified</b>	34%
<b>Knew about some of the areas identified but were not aware of others</b>	58%
<b>Were not aware of any of the needs identified</b>	4%
<b>Don't know</b>	4%
Base: 1,001 survey participants	

3.18 The initial advice and diagnostic support was reported to have led to the identification of development needs that three-fifths (62%) of participants were not previously aware of. The vast majority of these participants (accounting for 58% of all respondents) indicated that they were aware of some of the needs identified by the diagnostic, but that it also identified needs which they were not aware of previously. A very small proportion of participants (4%) indicated that they were unaware of any of the needs identified.

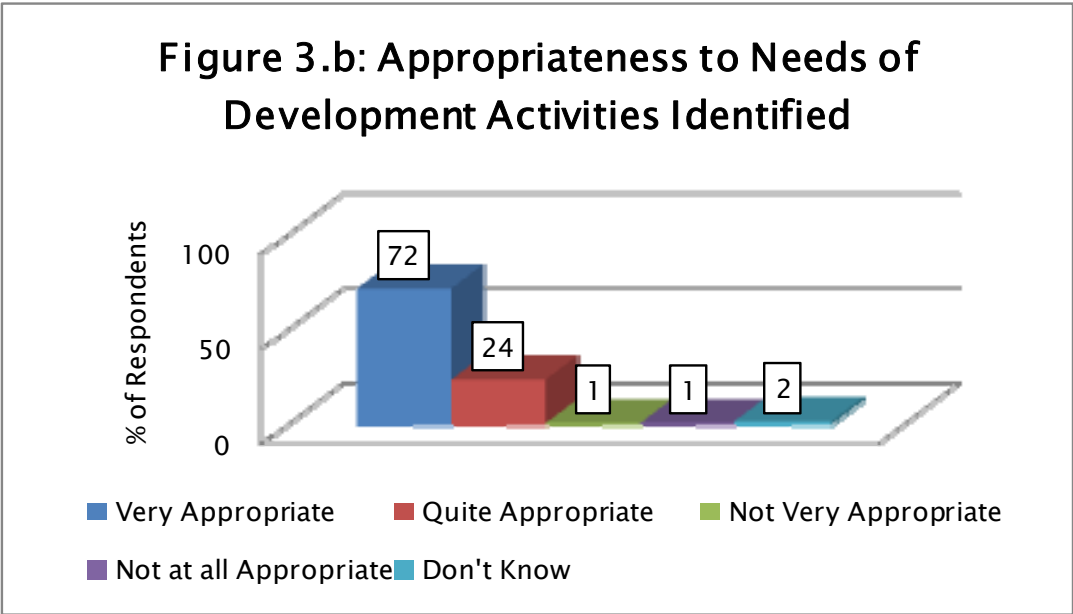
3.19 Just over one third (34%) of participants indicated that they were already aware of all or most of the development needs identified by the advisory process.

3.20 In our view, it is not surprising that participants were generally aware of at least some of the development needs identified during the diagnostic stage. However, the change in understanding of development needs for 62% of clients indicates that the advice stage has been beneficial in focusing activity more effectively than might have been the case in the absence of the support. It is important to recognise that the diagnostic was an impartial review, ensuring that participants were not taking forward development activities recommended by providers who had a financial benefit to be gained.

3.21 The level of positive feedback in relation to the effectiveness of the advice stage indicates the added value of this support.

3.22 The final output of the initial advice process was the development of the PDP setting out the agreed development options in response to the diagnosed needs. Only 60% of survey participants recalled receiving their PDP. However, this may reflect that the diagnostic review and PDP development may have been undertaken as a single process, which meant that they did not recognise it as a distinct element of the support.

3.23 As illustrated in Figure 3.b, there was a very high level of satisfaction that the development opportunities set out in the PDP were appropriate to participants' needs, with almost three quarters (72%) stating that the suggested solutions were appropriate to their needs. Only 2% of participants regarded the development activities identified as inappropriate to their needs.



3.24 Once clients had been through the diagnostic process and identified the potential development activities to address these needs, the next stage was to select an appropriate provider. Table 3.3 shows the methods used by participants to source their training or development providers.

**Table 3.3: Method of Sourcing Development Provider**

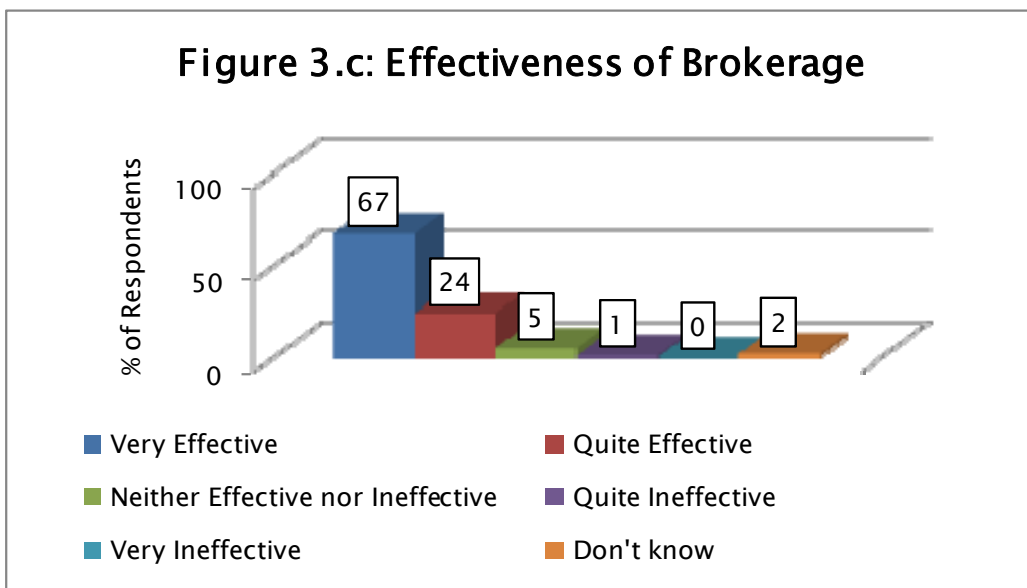
	% of Participants
<b>Identified by the participant themselves</b>	38%
<b>Introduced or recommended by the LMAS Advisor</b>	29%
<b>Provider had approached the participant to offer leadership and management support</b>	26%
<b>Other</b>	3%
<b>Don't know</b>	4%
Base: 940 Respondents who had completed PDP	

3.25 Almost two-fifths (38%) of clients identified the training provider themselves, whilst 29% used providers who had been identified by their specialist advisor. A quarter (26%) of clients selected a provider who had approached them to offer leadership and management support.

3.26 In this context, it is important to recognise that emphasis has been placed by the LMAS advisors on clients selecting the provider themselves, but being provided with options of providers who could meet their needs. These options were offered even where clients already had an idea of the provider who could deliver their support.

3.27 By making use of the LMAS, clients were therefore able to make a decision on the most appropriate provider to use which was better informed than would have otherwise be the case. Even where survey respondents had identified the provider themselves, or had been approached by a provider promoting the availability of leadership and management support, the advisory service provided information on alternative potential providers.

3.28 Figure 3.c (below) shows the views of survey participants on the effectiveness of the advisory service in brokering appropriate support to meet their identified needs.



3.29 Where clients had not previously identified a provider themselves, or had not been directly approached by a provider to offer support, the brokerage offered by the LMAS was seen as very effective by two thirds of clients, with a further quarter describing it as effective. Only four clients rated the brokerage received as in any way ineffective.

3.30 The clients who took part in the case study consultations showed the benefits of the LMAS support in assisting in their choice of an appropriate provider to meet their identified development needs. One of the case study clients is the Regional Operations Manager of a national facilities management business. On accessing the support, he had a clear idea of the need for development support related to the use of IT to support business management, which was confirmed by the diagnostic review. However, one of the key difficulties was in being able to identify appropriate providers to meet these needs. The advisor identified three potential providers for them, and gave them options of approaches to meet their needs. Their final choice was to work with individual coaches who were able to deliver to them on-site, enabling the support to be specifically tailored to their requirements.

3.31 In addition to being offered a choice of providers to meet development needs, 41% of clients indicated that they were offered a choice of different training or development approaches to address their needs. The types of training options offered are set out in Table 3.4 below.

**Table 3.4: Range of different types of training or development approaches to address identified needs**

	% of Participants
<b>A period of Coaching or Mentoring</b>	30%
<b>Attendance at one-off training programme or event</b>	29%
<b>Access to CDs, DVDs or other learning materials</b>	23%
<b>Peer-to-peer support</b>	22%
<b>Bespoke training or development programme</b>	20%
<b>A short formal public course (less than 3 months)</b>	17%
<b>A long formal public course (greater than 3 months)</b>	14%
<b>Action learning</b>	7%
<b>Participation in a learning network</b>	6%
<b>Online materials</b>	2%
<b>Distance learning</b>	1%
Base: 385 participants offered a choice of training/development activities	

3.32 This list highlights the diverse range of different mechanisms that are available to meet leadership and management needs. It is important that users of support are able to identify the right provider and the right type of development support to address their needs.



### Key Points

A range of diagnostic approaches were used by the LMAS contractors to identify the most appropriate development activities for clients to meet their business and personal development needs. The range of diagnostic approaches has allowed flexibility to respond to the circumstances of individual clients.

Programme clients reported a generally high level of satisfaction with the effectiveness of the advice, diagnostic and personal development planning they received.

The diagnostic process identified a hugely diverse range of areas for training and development. The nature of the needs identified were highly specific to the individual clients and their business circumstances. The initial advice and diagnostic support led to the identification of development needs that a majority of participants were not previously aware of. The diagnostic support and advice received has proved beneficial in focusing development activities more effectively than might have been the case in the absence of this support, reflecting the added value of this element of the programme.

The brokerage offered by the LMAS was seen by the vast majority of clients to be effective in enabling them to identify an appropriate learning provider to meet the needs identified in their PDPs.

# 4 Development Activities and Review

## Introduction

4.1 In this Section, we consider the development activities undertaken by the programme participants and perspectives on the follow-up reviews undertaken by the LMAS advisors following implementation of the PDPs. In discussing the development activities, we give detailed consideration to the grants received by participants and the influence they have had on the nature and scale of activities.

## Development Activities Undertaken

4.2 The programme has provided considerable flexibility in the nature of development activities that participants can undertake. As noted in Section 1, the LMAS Operational Guidance sets out a small number of specific exclusions. Other than these, participants were able to undertake any development activities identified in their PDPs.

4.3 The telephone survey gathered information on both the type of development activities undertaken and the subject area in which development support was being received. Table 4.1 sets out the nature of development activities undertaken by programme participants.

**Table 4.1: Nature of Development Activities**

Activity Type	% of Participants
Coaching or Mentoring	39%
Bespoke Training or Development	38%
A one-off training event	33%
A formal course not leading to a qualification	30%
Peer-to-Peer Support	27%
A formal course leading to a qualification	25%
Access to CDs, DVDs and other learning materials	24%
Action Learning	19%
Participation in a learning network	16%
Base: 940 participants who had Completed their PDP	

4.4 Table 4.1 shows that programme participants have tended to be involved in a number of types of development activity in implementing their PDP. A significant proportion of participants are taking part in activities that are individual to them and their organisation, reflected in the numbers receiving coaching or mentoring support or

undertaking bespoke training or development activities. The opportunity to access individualised support of this nature is important, as it means that support can be tailored to the specific circumstances of each participant.

#### Case Study Example: Individual Support

The participant manager's PDP focused on Finance and IT management, with development actions focusing on enabling better use and manipulation of financial information to improve evidence-based decision making. The manager has worked with two local individual trainers. The trainers both delivered one-to-one support within the business. This had two key benefits:

- the development activities were undertaken using the company's own data and systems. This meant that the activities were totally applied to the company's own circumstances and meant that there were no issues with having to implement training that had been carried out with different systems and dummy information that was not relevant to them;
- the delivery of activities in-house meant that timing could be flexible to respond to the needs of the individual manager. It also meant that there was minimum disruption and cost associated with travelling to another provider.

#### Case Study Example: Combining Different Development Activities

The participant manager is moving from having responsibility for human resources management to being Managing Director, taking on a much more strategic leadership role. The development activities combined two residential weeks at a business school providing a grounding in leadership principles. These were followed up by individual coaching, which enabled a focus on the most appropriate approaches to lead the business.

4.5 The subject areas in which participants have been undertaking development activities have been highly diverse. They include development in general management and leadership subjects together with a very large number of very focused areas of development.

4.6 The most common area of development activities, identified by 22% of participants, was in sales and marketing, reflecting the importance of business development in the challenging trading conditions since the programme began delivery in 2008. It is important to note that take-up of sales and marketing support was far more common among participants from smaller businesses than larger. Over a quarter (27%) of businesses with less than five employees and 24% of those with 5-20 employees had undertaken sales and marketing related development activities, compared to 11% of those with more than 50 employees.

### Case Study Example: Developing Sales and Marketing

The diagnostic identified the need to improve pricing and develop the use of internet trading for this retail business. The training has supported improvements in merchandising on the website, to build the sales volumes that are achievable through the shop's website. This has therefore built better understanding of the different routes to achieve sales for this business.

4.7 Table 4.2 shows the subject or area covered by the development activities being undertaken by programme participants.

**Table 4.2: Subject or Area covered by Training or Development Activities**

	% of Participants
General Management or Leadership	21%
Sales, marketing and promotion	21%
Finance/Accounting	8%
HR/People Management/Supervisory	7%
Skills specific to the participant's industry/sector	6%
Health and Safety	4%
IT	4%
Business Management	4%
Communication	3%
Business Development	3%
Time Management	2%
Coaching or Mentoring Training	2%
Project Management	2%
Base: 940 Participants who had completed a PDP, Responses identified by 20 or more participants.	

4.8 In addition to the examples set out above, there were a very large number of very narrowly described activities were identified by small numbers of survey participants. This reflects the responsiveness and flexibility of the programme to respond to individual needs.

4.9 A quarter of participants have indicated that they have undertaken activities leading to the achievement of a qualification. The qualifications identified by survey participants reflect the diversity of activities undertaken. The qualifications have included:

- NVQs in leadership and management at levels 3 to 7;

- accounting qualifications;
- PRINCE 2 Project Management qualifications;
- NEBOSH and IOSH health and safety management qualifications;
- MBA and MBA modules;
- neuro linguistic programming practitioner qualifications;
- certificates and diplomas in marketing.

4.10 The programme provided scope for clients to undertake development activities to address their specific needs identified within their PDP, with only very few exclusions (notably that the grant could not be used to fund statutory training). This provided the maximum flexibility in terms of the activities that could be undertaken, without a large number of rules that could be seen as placing bureaucratic limitations on what could be undertaken.

4.11 The flexibility offered by the programme does mean, however, that there will be some activities undertaken where the eligibility may be open to question.

4.12 As noted above, a small number of survey participants (4%) had undertaken health and safety training, as reflected in the qualifications listed. It is important to consider whether this type of development activity and qualification is appropriate in the context of the programme. The programme guidelines exclude the use of the grant funding to support statutory or mandatory training. There are clear statutory requirements that all employers must comply with in relation to health and safety. The qualifications identified in relation to health and safety indicate that development activities have been undertaken at a level that exceeds the minimum statutory requirements.

4.13 In the case studies, we also found evidence of clients using the programme to undertake courses leading to NVQs in care home management. These qualifications are a requirement for care homes to maintain their licences to operate, and could therefore be regarded as a statutory requirement. However, the individual gaining the qualification in the case study care home extends the level of qualification held beyond the minimum required for registration. It is also important to recognise that this qualification supports the development of a range of general management skills that increase the potential of the individual to contribute to the efficient running of the business, as well as ensuring high quality care provision.

4.14 In the smallest businesses, it can be difficult to make a clear differentiation between management development activities and business support, where the owner-manager or principal has responsibility for all aspects of business management and development. This is especially the case in relation to sales and marketing support, which could be regarded as either improving the skills of the owner-manager or providing support for the overall development of the business.

4.15 These examples suggest that there is a spectrum of activities that could potentially be undertaken through the LMAS, but the margins of eligibility are not absolutely distinct. The vast majority of the activities identified as being undertaken through the programme can be seen to fall squarely within the scope of leadership and management skills development. However, there do appear to have been a very small number of clients whose development activities should not have been supported. For example, one of the participants in the qualitative follow-up had undertaken relaxation classes through the programme and expressed surprise that they were covered. Whilst it is possible that such classes could help to make the individual function better as a manager, we do not believe that they are justified within the terms of the programme. However, we would stress that this is an isolated example among a wide range of clear management development activities.

4.16 Given the grey areas at the margins of eligibility, there is justification in seeking to clarify exactly what is justifiable to support through a programme of this nature. However, any revisions to the eligibility criteria should seek to ensure that the highly beneficial flexibility is maintained as far as possible, enabling responsiveness to individual client requirements rather than offering a narrow menu of activities.

4.17 The survey has shown that the advice received through the programme has had an influence on the nature of the development activities undertaken for two-thirds of participants, as follows:

- over one-third (36%) indicated that the advice had led to development activities being undertaken in a subject area that would not have previously been considered;
- 27% have undertaken activities of a type they would not have previously considered;
- 39% had received support from a provider that they would not otherwise have worked with.

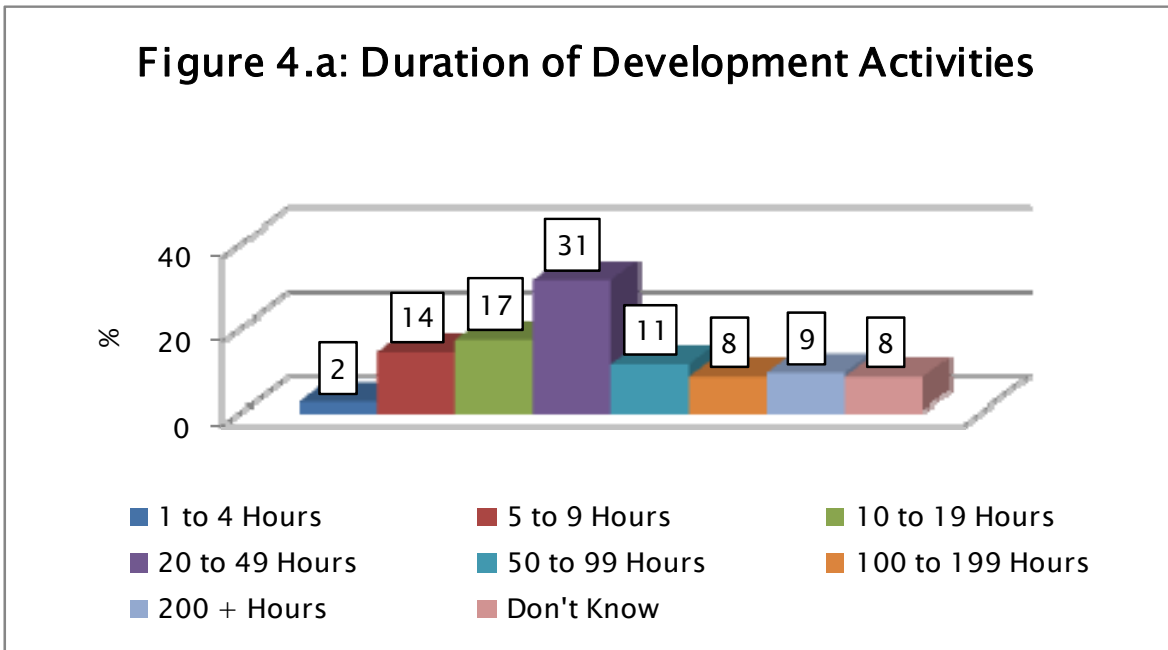
4.18 The survey results indicate that the influence on the subject area of development activities undertaken has been most significant in the very smallest businesses. The influence on the types of development activities undertaken has been most significant for larger businesses.

4.19 The vast majority of programme participants saw the development activities as relevant to the needs of their businesses. Four-fifths (80%) of survey participants indicated that the development activities were very relevant to their business needs, whilst a further 17% saw the development activities as somewhat relevant. Only 2% of the managers surveyed indicated that the development activities they had undertaken were not relevant to their businesses.

**Case Study Example: Relevance to Business Needs**

The case study participant is the Managing Director of a 40 employee division of a small group of companies. The Managing Director had been involved in a combination of coaching and a residential leadership programme. This had helped in building a clear understanding of how the division should develop, how to engage staff in the development and ensure that they have a clear sense of this direction.

4.20 Figure 4.a (below) shows the duration of development activities undertaken by programme participants. This shows that the programme has supported development of a significant scale in the majority of participants, with almost three-fifths (59%) having undertaken more than 20 hours' activity. Programme participants are most likely to have been involved in activities lasting between 20 and 39 hours. However, a significant minority (9%) of participants have been involved in development activities requiring a considerable time commitment of more than 200 hours.



4.21 The duration of development activities undertaken is significant, as this is a key influence on the extent to which they can be expected to have an impact on the way in which the business is managed and therefore on its performance and ultimately its success. Whilst very short duration activities may be easier to accommodate in smaller businesses, their potential to have a substantive impact on the business is much more limited.

4.22 It was not anticipated that the programme would necessarily lead to participants being able to address all the areas for development identified in their PDPs. However, it is significant that almost two-thirds (64%) of participants indicated that they had been able to find suitable development opportunities to address all the needs identified on their PDPs.

4.23 Discussions with the regional contractors have shown that there have been few, if any, difficulties in identifying potential providers to meet the leadership and management development needs of their clients. The specialist advisors in most regions have been involved in this area of activity for some time, therefore building experience of local provision. Networking by advisors has helped in this respect, as has access to Business Link supplier registers and other regional databases of learning provision.

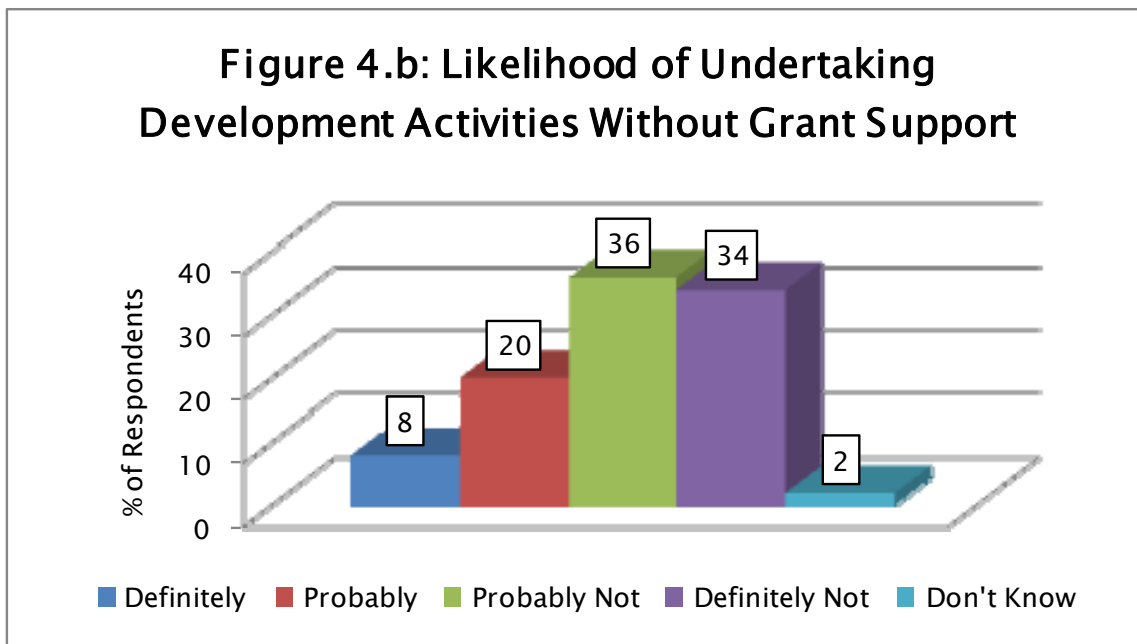
### **Impact of the Grant**

4.24 The availability of the grant to support development activities was one of the key features of the programme and was significant in that, up to the end of November 2010, grant payments totalling £31 million had been made, accounting for 58% of total programme expenditure. It is therefore important to understand the significance and impact of the grant for programme clients.

4.25 It is always difficult to isolate the impact of grants after the event. The availability of grant support was always part of the offer to potential participants, and so it is somewhat difficult to gain definitive views on what would have taken place in the absence of the grant. Consultations with the regional contractors have found that the availability of the grant was a very strong selling point in engaging programme participants. We understand that providers sold the availability of the grant quite strongly in promoting the programme to their clients. Decisions about participation have therefore been taken in the context of grant support being available.

4.26 The survey of participants sought information on the likelihood of them going ahead with the development activities identified in their PDP in the absence of the grant support. Figure 4.b (overleaf) shows that just over one-third of participants (34%) were of the view that they would definitely not have undertaken the development activities if no grant had been available, whilst a similar proportion (36%) indicated that they would probably not have gone ahead with the development activities without the grant being available.





4.27 A significant minority of programme participants (28%) indicated that there was some likelihood that they would have undertaken the development activities even if the grant had not been available to them. One in twelve participants indicated that they would definitely have undertaken the development activities if no grant support had been available.

4.28 The survey data suggests that the availability of the grant has been more significant in generating take-up of development activities by smaller businesses. Only 5% of participants from micro businesses with fewer than five employees indicated that they would definitely have gone ahead with development activities in the absence of the grant, compared to 11% of those from organisations with more than 50 employees. In contrast, 39% of respondents from micro businesses would definitely not have gone ahead without the grant, compared to 26% of participants from larger businesses.

### Case Study Example: Significance of the Grant

The case study participant is a Regional Operations Manager in a Facilities Management company with 180 employees. They have found that it is often difficult to justify the use of training budgets for management development rather than training of operational staff to meet immediate service delivery requirements. The availability of the grant meant that a management development need could be met without needing to commit resources from the training budget. The grant therefore prevented these management development activities being crowded out by more immediate spending on training for operational staff.

For one case study company struggling to cope with the effects of recession and capitalise on development opportunities in their sector, the grant was “crucial” as initially “they would not have understood the financial value of the proposed training”. Having experienced significant benefits from participation in the programme and worked with a provider in whom they have confidence, the existence of a grant is no longer relevant in terms of future leadership and management training. Previously the company had found training in general to be very expensive. Without a grant the costs made it difficult for them to “dip a toe in the water”. They also noted that the costs of training for a small business are proportionately higher in terms of management time than for a larger company in that larger businesses can secure economies of scale by putting 20 people on the same course whether in-house or at an external venue.

4.29 We have also considered the views on the effect of the grant in the context of the other contributions by businesses to the overall cost of development activities. Whilst there was the perception from regional contractors that providers had offered courses at £500, which would therefore require no additional contribution from participants, a significant majority (70%) of participants did actually make a financial contribution to the costs of development activity. The proportion of clients making additional contributions to development costs was relatively consistent across business size categories.

4.30 The mean contribution to the costs of development activities by clients has been £1,504, indicating that there has been a significant level of leverage of investment. This reflects significant expenditure by a small number of clients. Almost a quarter of businesses had contributed more than £1,000 to the cost of development activities, whilst the same proportion had contributed between £500 and £1,000. One-third of participants had contributed exactly £500 to the costs of development activities; 18% of clients who had made a financial contribution had paid up to £500. This is also represented in the estimated proportions of the total development costs accounted for by the contributions:

- 22% of businesses contributed more than half of the total cost of development activities;
- 26% indicated that they had contributed about half of the total cost;

- 31% contributed between quarter and half of the total costs of development activities;
- 12% of participants estimated that they had contributed less than a quarter of the total cost of development activities.

4.31 During the case study consultations and qualitative follow-up, we have explored views on the level of grant that businesses would see as necessary to influence their participation in leadership and management development activities. As one manager commented:

*“The grant level needed depends very much on the immediate significance of the training to the business. If the training is seen as a less immediate need, the availability of the grant becomes more significant.”*

Director, Case Study Company

4.32 This comment reflects the fact that leadership and management development is often not regarded as an immediate priority when compared to training staff to undertake day-to-day operational tasks without which immediate delivery of products or services will suffer. This point was also reflected in feedback from one of the participants in the qualitative follow-up, who commented:

*“I would not have been able to do the training unless the grant had been available. Though we have a training budget there were other higher priorities which relate to keep standards high rather than developing new business.”*

Director, Online Qualitative Follow-up

4.33 Where clients had indicated that they would have been likely to have undertaken development activities in the absence of the grant funding, we sought to understand whether the grant had actually influenced the activities that had taken place. The survey findings indicate that the grant had led to changes in development activities for 87% of these businesses:

- 56% of these participants indicated that the grant led to them undertaking development activities more quickly than would have been the case otherwise;
- 45% of these participants indicated that they had undertaken more extensive development activities than would otherwise have been the case.

4.34 For example, one of the case study companies indicated that they would have been likely to go ahead with training in relation to their health and safety compliance to ensure that they meet their statutory requirements. However, there was seen to be a clear impact on the activities undertaken. As the participant commented:

*“The availability of the grant was very significant to us. We are not big enough to swallow the full cost of the NEBOSH training. The grant was very helpful.”*

Compliance Director, Case Study Company

4.35 The influence of the grant on the activities undertaken was also identified by the participants in the online qualitative follow-up, as follows:

*“The grant meant we could undertake training that met our needs 100%, rather than compromise due to cost”*

Chief Executive, Online Qualitative Follow-up

*“Without the funding, I would have sought to do the same course, but it would have been more financially challenged or delayed”*

Director, Qualitative Follow-up

*“(Without the grant) I would not have done it this way and the result would have been one of – no training, Google/Text Book training. Both would have been inferior to the training I received”*

Partner, Qualitative Follow-up

4.36 The timing of development activities is a significant issue to consider. Whilst over a quarter of participants had indicated that they would have been likely to have gone ahead with the development activities in the absence of the grant, they had not made this step. There was a need for an external impetus to make the investment, part of which was provided by the awareness raising of the opportunity and part by the availability of the grant. The benefit of having the grant in this context is therefore linked to the outcomes generated for the business by the development activities. These are considered in Section 5.

## Follow-up Activities

4.37 The final stage of support provided by the LMAS is a follow-up review which takes place three to six months after the completion of the PDP. The purpose of the follow-up is for the advisor to review progress against the PDP and consider how the learning is being applied within the business in relation to approaches to training and development more widely. The review is also intended to provide the opportunity to discuss further workforce development issues, providing the potential to refer the client on to other suitable development support.

4.38 Approaches to carrying out the reviews have varied across the regions, although in all cases a structure is provided to ensure consistency within the region. The approaches to follow-up reviews have included telephone, face-to-face and online mechanisms. In this context, it is important that the follow-up is appropriate from the client’s point of view, whilst addressing the important issue of potential further development opportunities within the business.

4.39 A total of 540 of the survey participants had completed their development activities at the time of the survey, with 167 indicating that they had received a follow-up from an advisor. We found low levels of recollection of the follow-up review during the case study consultations, suggesting that it had been a very 'light touch' process for most.

4.40 Where survey participants had received a follow-up review, the vast majority (86%) indicated that this was beneficial to them. The benefits identified included:

- helping to understand the benefits to the business as a result of the development activities (64%);
- helping to identify the benefits to the individual of the development activities (54%);
- identifying development activities for other managers or staff to undertake (49%);
- identifying other development activities for the individual to carry out (44%);
- identifying other leadership and management development activities for the individual (43%);
- referral to another support provider (10%).

4.41 These benefits demonstrate the potential that can be gained from effective follow-up. However, the relatively low levels of recollection of the follow-up review indicated by the survey results and from the case study consultations indicate the importance of ensuring effective case management. This is particularly important in the context of a diagnostic and brokerage programme such as this, where there is the risk that clients lose links to the advice service as they work more closely with the learning provider.

#### Case Study Example: Importance of Follow-up

This company that took advantage of the grant to do training that they wanted to do anyway but may never otherwise have got round to. Despite relatively short courses they attributed a wide range of benefits to the training in terms of both company and participant performance. They are very aware that more training is needed and it is clear that with effective follow-up more training or development would have occurred, with or without the grant that may not now take place.

4.42 Where clients had not identified benefits from the follow-up process, the reasons given for the lack of benefit included:

- the view that there had been insufficient support or advice;
- that there had just been an e-mail or a phone call, rather than a follow-up visit;

- the follow-up was seen as just a check that the development activities had taken place.

4.43 Collation of the results of the follow-up process appears to have been variable across the regions. At a minimum level, evidence of satisfaction with the service has been collated, in line with standard client follow-up processes in place. However, there appears to have been limited systematic review of the further development needs and referrals generated through the reviews.

4.44 In the South East, the reviews were initially undertaken by advisors using a standard pro forma to collect evidence. This created the issue that there was no scope to easily track the evidence generated and use it to inform further actions. Subsequently, online reviews have been undertaken using the Myskillsgap tool, providing consistency with the diagnostic approach. This has provided an efficient mechanism to collate evidence from clients. In our view, it would be beneficial to combine the online data collection with face-to-face contact with the advisor, to ensure that the follow-up is as comprehensive as possible and considers the full potential range of actions following on from the development activities.

### Key Points

The programme has provided considerable flexibility in the nature of development activities that participants have undertaken. Participants have often used a range of development activities to meet their PDP priorities. The most common type of development activities have been specific to the individual businesses, including coaching or mentoring and bespoke training programmes. This type of tailored activity has been particularly valued by participants, as it ensures that they are specific to the particular needs of the individual and their business.

The areas in which development activities have been undertaken have been very diverse. The most frequent area of development activities was in relation to sales and marketing or general management or leadership skills. There was no specific requirement that development activities should lead to a qualification, although a quarter of participants have undertaken qualification-based training.

The nature of development activities undertaken has been influenced by the advice and diagnostic support received. This has included activities being undertaken in an area that would not previously have been considered, and clients taking part in a type of activity or with a learning provider that they would not previously have considered.

It is difficult to isolate the impact of the grant on participants. However, the survey findings and case study consultations have shown that the availability of the grant influenced participation for 70% of participants.

A significant proportion (70%) of clients have made a financial contribution to the cost of their training in addition to the grant funding they received. The average contribution to the costs of development activities has been £1,504, indicating significant levels of leverage. The availability of the grant has also influenced the

scale and timing of development activities undertaken.

The follow-up review has been carried out using a variety of different approaches. Low levels of recollection of the review by clients indicate that the reviews have been relatively light touch. Where clients recalled the follow-up review, they were seen as beneficial, which indicates the need to strengthen this area of support.

# 5 Benefits, Impact and Value for Money

## Introduction

5.1 The preceding Sections of the report have shown that there has been very positive feedback from the majority of clients in relation to all elements of the support delivered through the programme. In this Section, we consider the extent to which the support has been effective in supporting the development of new leadership and management skills and how they have impacted on business performance.

5.2 Our approach to assessing the impact of the programme builds on our previous experience of evaluating similar leadership and management support activities. Our overall approach has been based on Kirkpatrick's model of evaluation, which sets out four specific aspects that need to be addressed:

- Level 1: Reaction – participants' feedback on all aspects of programme delivery, as discussed in the preceding sections;
- Level 2: Learning – changes in knowledge, skills or attitudes as a result of participation;
- Level 3: Behaviour – changes in the behaviour and actions of the participant through the application of learning;
- Level 4: Organisational Performance – changes in productivity, turnover, profitability, employment etc as a result of the changes in behaviour.

5.3 In this Section, we also consider the value for money of the programme. In this context, it is important to recognise that within this evaluation we have not sought to undertake an assessment of the economic impact of the programme. Rather, we have sought to consider the factors that have influenced the value for money in terms of the effectiveness and efficiency of the programme and consider the implications for further development.

## Skills Acquisition

5.4 The vast majority (89%) of participants in the survey indicated that they had acquired new or improved skills as a result of their participation in the programme. The terms used to describe the skills developed as a result of the support are highly diverse, reflecting the wide range of activities undertaken and the significant variations in the scale of development activities. The types of skills acquired by the survey participants are set out in Table 5.1.



**Table 5.1: Skills Acquired by Programme Participants**

	<b>% of Participants</b>
<b>Marketing/Sales/Promotion</b>	10%
<b>General Management Qualities</b>	9%
<b>Leadership Qualities</b>	6%
<b>Communication</b>	5%
<b>Finance/Accounting</b>	5%
<b>Confidence</b>	5%
<b>People Management</b>	4%
<b>Time Management</b>	4%
<b>Enhancements to existing skills</b>	4%
<b>Business Planning</b>	4%
<b>Business Strategy</b>	4%
<b>Internet Marketing/Search Engine Optimisation</b>	3%
<b>HR Strategy/Management</b>	3%
<b>Improved organisation skills</b>	3%
<b>Financial planning</b>	3%
<b>Business Management</b>	3%
Base: 845 Participants who had started training/development activities	
Responses identified by more than 20 participants	

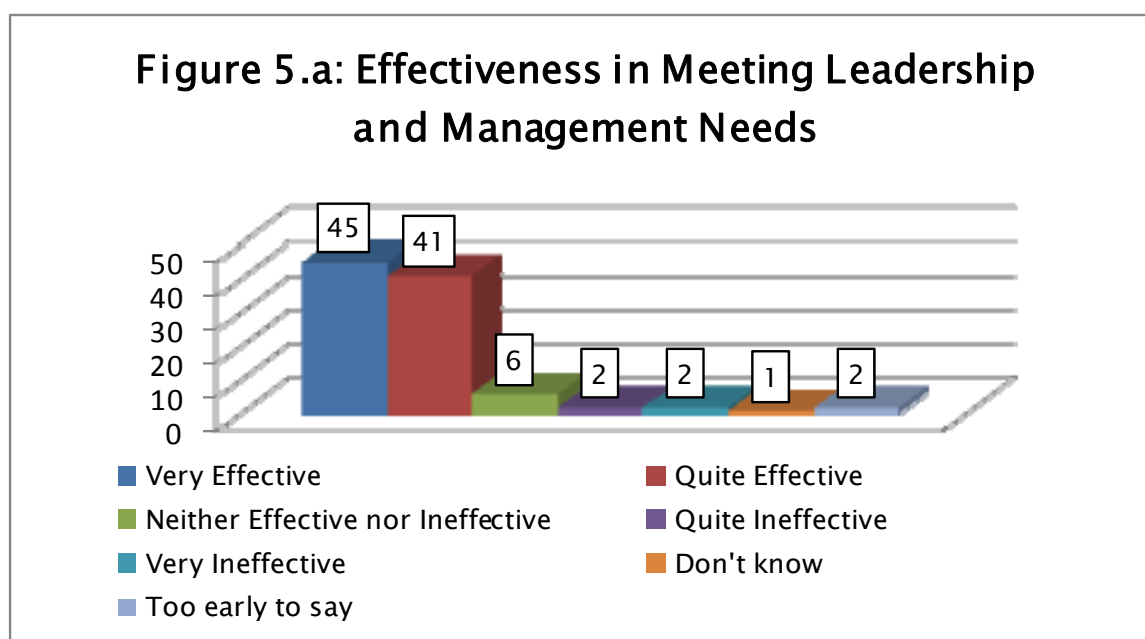
5.5 The case studies illustrate the range of skills that have been developed through the development activities. These include:

- skills in the use of business data to support operational management and planning. This has included being better able to manipulate and present data to support decision-making and to understand sensitivities in business operations;
- cross-cutting leadership skills, including setting clearer direction for the business and being seen to 'live' the direction, to ensure that staff will follow the lead;
- general management skills;
- skills in pricing and merchandising, helping to ensure that there is effective control over these aspects of the business to secure profitability;
- building proficiency in project management and the use of Microsoft Project as a tool to support it;
- improved delegation skills, freeing the participant manager to undertake other management tasks;

- the development of new “tricks and tactics” to use in managing the business;
- networking skills, supporting business development.

5.6 Not all case study consultees identified specific skills development as a result of their participation. Rather, they had seen the support received as building better understanding of aspects of their business, which had helped in building confidence in the day-to-day management of the business. In other organisations, the support had focused on changing and improving internal procedures and approaches, helping to make business operations more effective and efficient. This perhaps highlights the blurred distinction between leadership and management development activities and business support, especially in smaller businesses.

5.7 Figure 5.a illustrates that a majority of clients saw the programme as being effective in meeting their development needs. Almost half (45%) of participants indicated that the programme has been very effective in meeting their needs, with 41% regarding it as quite effective. Only 4% of participants regarded the programme as having been in any way ineffective.



5.8 As shown in Figure 5.b, the vast majority (93%) of participants have indicated that the skills gained as a result of the programme at least met their expectations. Over one-fifth of participants reported that they acquired significantly more skills through the programme than they expected at the outset.

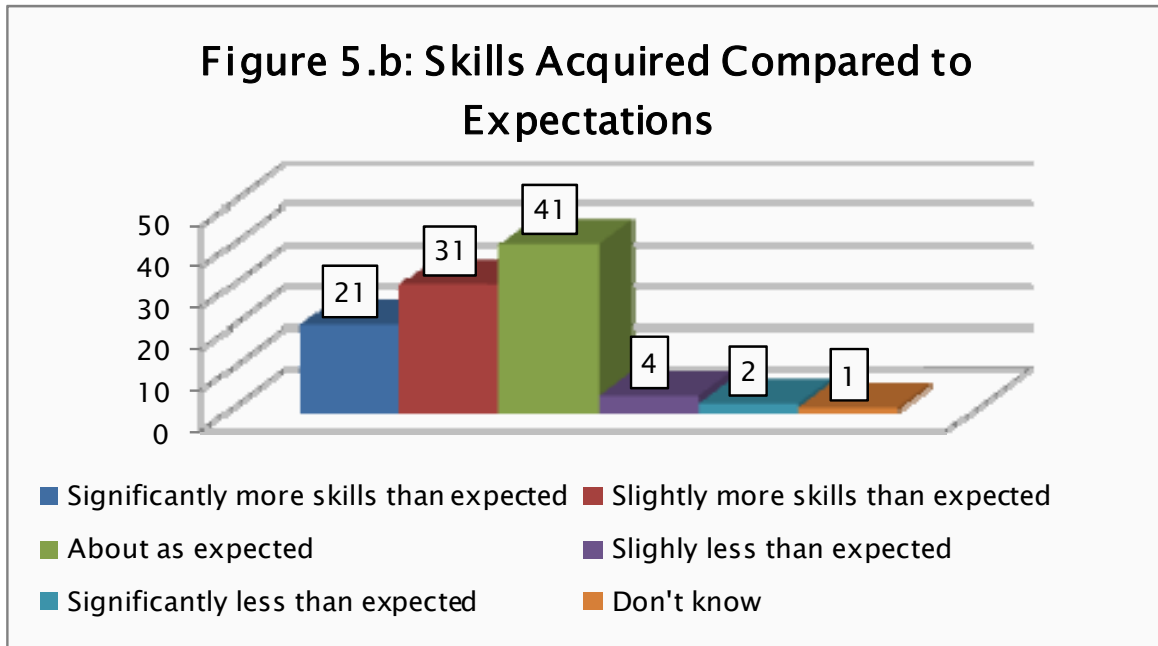
5.9 For those participants who indicated that the support had not been effective in meeting their needs, the reasons given related to the development activities undertaken. Some of these clients indicated that the development activities were of insufficient scale or duration to meet their needs. Comments included:

*“I don’t think the programme went far enough... A one-off day wasn’t enough to allow us to develop our behaviour framework. We needed more consultancy or support”*

Survey Participant

*“Too short... it would have been nice if you got a bit more value for money”*

Survey Participant



5.10 Others who found that the support had not met their needs raised a range of issues with the quality of development activities and their appropriateness to meet their needs. There were examples of participants who considered the development activities to have been outdated, not sufficiently tailored to their specific requirements or that the training delivery was not appropriate to their individual learning preferences.

5.11 In this context, it is important to consider the relationship between the support provided by the LMAS and the development activities undertaken. The LMAS support involved the identification of the participant’s development needs and the development of a PDP setting out the options through which to address these needs. The advisory service included the identification of potential development providers. However, the decision on the specific route to meet the development needs remained with the client. There was no direct contractual control over the development providers. There was no requirement that providers should have received prior approval to deliver under the programme.

5.12 The LMAS was established in a way that enabled clients to access the support of their choice in response to the priority needs in their PDPs. This provided considerable flexibility, but there was no quality assurance by the programme. The flexibility within the programme was valued by participants. In particular, where case study clients had already identified a provider to deliver their development activities, the opportunity to consider other options was welcomed, but the fact that they were not forced down a particular route

was valued. The risk with imposing limitations on the providers that can deliver within the programme is that this is perceived as creating bureaucratic restrictions on the client's choice.

5.13 The survey results indicate that issues with the quality of provision supported by the programme have been identified in only a small number of isolated cases. This suggests that there is little need for further quality assurance of development providers and delivery arrangements, which would have added further to the costs of the programme for only limited benefit to clients and programme outcomes.

5.14 Where survey participants had completed their development activities, the vast majority (84%) reported that the skills they had developed had led to changes in the way in which they lead or manage their businesses. Examples of the changes that have been made are set out in Table 5.2 below.

**Table 5.2: Changes in the ways participants lead or manage as a result of the skills developed**

	% of Participants
Improved or more focused approaches to sales/marketing	8%
More confident	8%
Better leadership/management skills	5%
More focus or direction	5%
Improved communication	4%
Development of more robust policies, procedures or systems	4%
More structured approach	4%
Helping delivery of training or staff development	4%
Better delegation	3%
More aware, supportive or understanding in management	3%
Focus more on online activity	3%
More or better planning	3%
Improved people skills	3%
More efficient management	3%
More aware of costs/improved financial control	3%
Improvements to health and safety	3%
Better time management	2%
Better team working or team building	2%
More open to new ideas or different ways of working	2%
Base: 594 participants who identified changes to leadership/management approaches as a result of skills gained, all identified by 10 or more participants	

5.15 Across all the changes that have been made, no single area was identified by more than 8% of respondents.

5.16 The case study consultations also demonstrated a range of changes that had been made to management or leadership approaches. Examples included:

- the introduction of new processes to develop the organisation's future strategy, based on evidence and analysis. The development of a clear evidence-based strategy was seen as an effective way of demonstrating the value of changes to other members of the company's senior management team, ensuring that resources would be committed to the pursuit of new market areas;
- the creation of distinct roles for each member of the management team, to ensure that business opportunities are fully capitalised upon;
- the introduction of new and more organised appraisal processes, alongside a revised staff handbook and job descriptions;
- the introduction of new project management approaches, including the use of Microsoft Project, which will allow project tasks and timescales to be clearly visible to staff members;
- improvements to internal systems and processes. The outcome of the development activities undertaken is that the Company Secretary and Managing Director are now much more focused on reviewing how the company operates, looking at all aspects of performance to identify areas where improvements can be made.

5.17 The online qualitative fieldwork also provides some specific examples of the ways in which participants have made changes to their approaches to leading or managing their businesses as a result of the development activities undertaken. These included:

- the development of what is regarded as a viable business plan, against which performance is being monitored, enabling improvements to be made where necessary;
- changes to the way in which the participant manager communicates with other companies;
- giving staff as much say in workplace affairs as possible. This has included the director giving staff more control over their working environment. The management team in this business has been restructured, which is described as "*giving more responsibility to those who are highly motivated by a certain amount of pressure*".

5.18 The survey results indicated that a small proportion of participants had become more aware, supportive or understanding in the way they manage their businesses. This was also reported by one of the participants in the qualitative research, who stated:

*“It hasn’t necessarily made me change the way I lead, but I was made aware of the changes that I was likely to see in personnel behaviour and when it did happen I was in a better position to deal with it”.*

Chief Executive, Qualitative Follow-up

5.19 Some participants will inevitably face barriers to implementing changes following on from development activities. Half (49%) of those survey participants who had completed their development activities identified barriers to putting their new skills into practice. This finding was also reflected in the case study organisations. Table 5.3 sets out the range of barriers identified by survey participants.

**Table 5.3: Barriers/Difficulties experienced in putting new skills into practice**

	% of Participants
<b>Lack of time</b>	18%
<b>Lack of resource to make the required changes</b>	8%
<b>Resistance to change from others in the company</b>	6%
<b>The need for the participant to undertake further development activities</b>	2%
<b>Impact of trading conditions on the business</b>	2%
<b>The need for others in the business to undertake further training</b>	2%
<b>Lack of confidence to implement change</b>	1%
Base: 707 participants who had completed their development activities	
All responses identified by more than 10 respondents	

5.20 The results set out above indicate the importance of having time and resources to implement changes, moving from developing new knowledge and skills to applying them in the business context. This was also identified in the case study organisations, where one Managing Director specifically stated that there were difficulties in making changes whilst running the company day to day. However, the planned changes had now been included in the business plan for this company’s next financial year, providing an explicit target against which to monitor progress.

5.21 The case study participants mentioned other barriers that were also identified by those responding to the survey. For example, the Company Secretary of one technology company indicated that whilst there were no internal barriers to them making changes within the business, the current economic climate was reported to be affecting customer confidence and demand, which therefore meant that the financial benefits to the business were being limited.

5.22 Other barriers were raised by individual businesses reflecting their specific circumstances.

5.23 Where participants reported that they had not made any changes to their leadership and management approaches, the reasons given included:

- the training undertaken was not regarded as being about leadership or management, but other specific subjects (mentioned by 22 survey participants);
- the participant had not learnt anything new or the systems/procedures were already in place (15 respondents);
- the course content was not appropriate to lead to changes (9 respondents);
- there had not been an opportunity yet to make the changes (11 respondents);
- the course undertaken was not appropriate to the individual business (5 respondents).

5.24 Whilst only a small number of participants indicated that their participation had not led to changes in management or leadership approaches, the reasons given for this lack of outcomes illustrate the importance of ensuring that the development activities undertaken are appropriate and relevant to the specific needs of the individual participant.

5.25 One of the outcomes intended to be delivered by the programme was that there should be changes in approaches to training within the participant organisations. Feedback from participants has indicated that a significant majority (87%) of participants expect to take part in further leadership and management development activities in future. Three-quarters (77%) of those who expected to undertake further development activities indicated that they would be willing to pay for them in future. This suggests that the programme has provided a stimulus to more sustained development activities, rather than simply support one-off activities.

5.26 In addition to participants' expectation of undertaking further leadership and management development activities, 39% of survey participants indicated that their involvement has already encouraged others within their organisations to seek similar development opportunities. This is most evident in responses from businesses with 21 or more employees, half of whom indicated that they expect others to take on further management development. In such businesses, the development of effective management teams is critical to success.

5.27 Almost three-quarters (71%) of programme participants indicated that they believe their involvement will stimulate others to become involved in leadership or management development in future.

5.28 These findings suggest that the programme has led to the development of significant potential momentum to strengthen leadership and management. One of the key challenges is in ensuring that this can be capitalised upon. A number of the participants interviewed during the case studies expressed the view that they had wished



to progress development activities further but did not feel they had access to the support they needed to do this. This is an area where the timing and nature of any follow-up activity is critical. It will also be important to consider whether there can be the human and financial capacity to provide further support, especially in the context of uncertainty about future support for skills and business development.

## Influences on Business Performance

5.29 We have sought to understand the extent to which the development activities undertaken through the programme and subsequent changes in behaviours have led to changes in operational performance. This has been a key element in all the participant fieldwork. Our focus has been on establishing the perceived influence of development activities. It was not feasible within the scope of the quantitative survey to gather information on the scale or values of any changes made. Whilst the case study consultations provided an opportunity to gather more detailed information, it has not been possible to isolate the specific changes attributable to programme-related changes from other influences on business performance.

5.30 In considering the influences of programme activities on organisational performance, it is important to recognise the underpinning trends in the businesses whose leaders and managers have taken part. The programme has been delivered during a period of challenging trading conditions for most organisations. One of the reasons for extending the eligibility criteria to include businesses with between five and ten employees was to help these smaller businesses in the tougher economic climate.

5.31 As shown in Table 5.4, the businesses whose managers have taken part in the programme have shown relatively solid performance over the past two years. Three-quarters of businesses have either maintained stable turnover (35%) or seen their turnover increasing (40%) over the period during which they have undertaken the support. Just over one-third (34%) of the participants reported that their profitability had grown over the past two years, whilst a further 38% had maintained their profitability.

**Table 5.4: Business Trends over the Past Two Years**

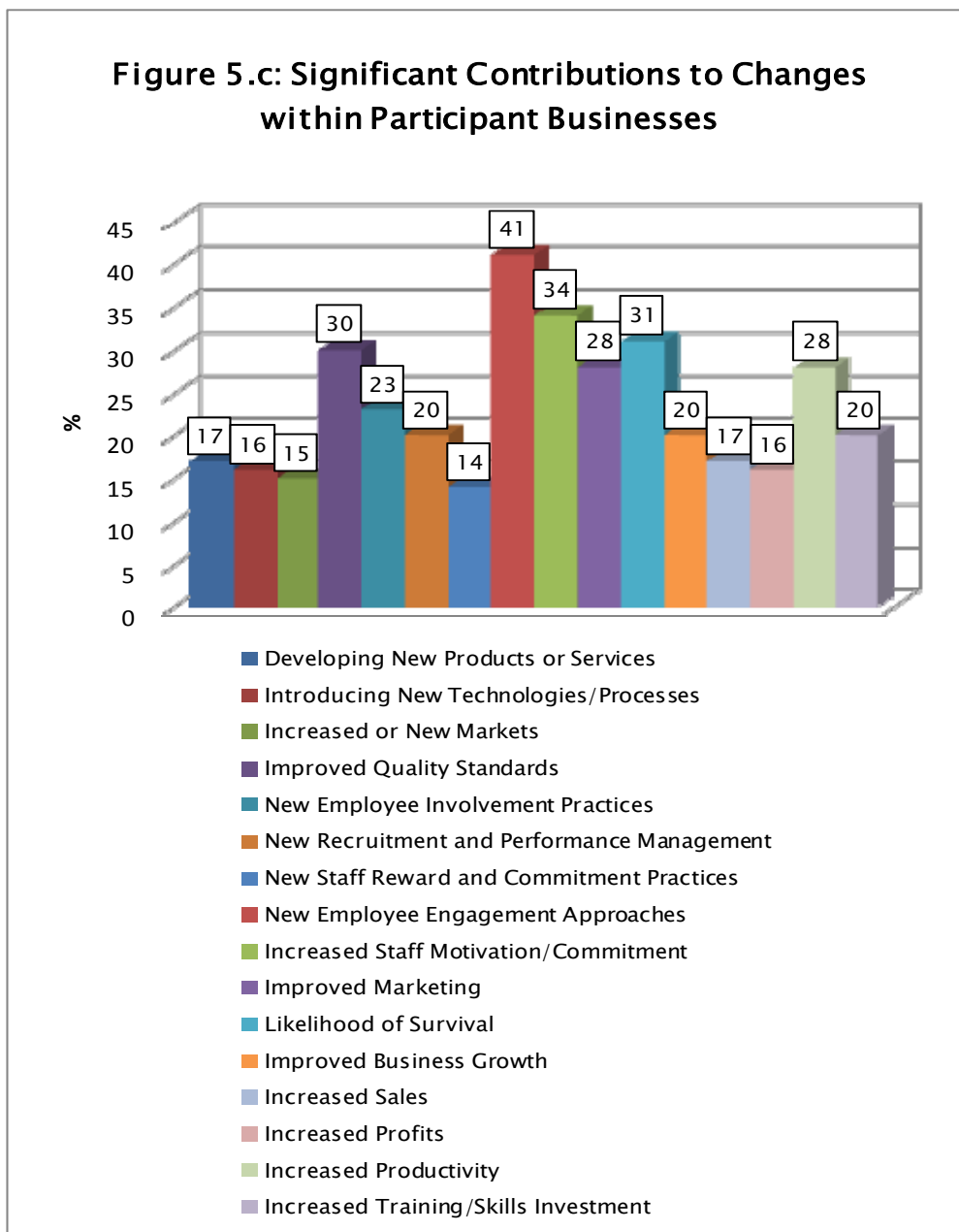
	Increasing	Static	Decreasing	No Response
Turnover	40%	35%	18%	7%
Profitability	34%	38%	17%	11%

5.32 Whilst the majority of participants reported relatively strong business performance over the past two years, a significant minority had seen reduced turnover and profitability over this period. The smallest businesses were most likely to report falling turnover, with 27% of those with less than five employees stating that this was the case, compared to just 11% of those with more than 50 employees. Smaller businesses were also more likely to have found falling profitability than larger businesses, although the difference was less pronounced than was the case in relation to turnover.



5.33 The current growth objectives of the survey participants indicate a high degree of confidence about future developments. Three-quarters of participants indicated that their objective is for their businesses to grow in future, with 14% indicating that their objective is to achieve rapid growth. One fifth of participants indicated that they expect their businesses to stay the same size. Only 1% of participants indicated that they expect to reduce in size. Clearly, the extent to which these objectives are achievable for each business will vary.

5.34 Figure 5.c shows the proportion of survey participants who indicated that their involvement in the programme had contributed 'very much' to changes in a range of business processes and performance.



5.35 Figure 5.c shows that a small but significant proportion of participants were able to identify that the activities had contributed 'very much' to changes in their businesses, both in terms of business performance and working practices.

5.36 The most frequently identified areas of change within the businesses have been in relation to approaches to engage employees more effectively in business operations, identified by 40% of survey participants. Just over one-third (34%) of survey participants indicated that their involvement in the programme had led to increased staff motivation and commitment. These employee involvement and resultant impacts on motivation and commitment are closely linked to the characteristics of high performance working practices identified in some of the most successful organisations. As noted by Ashton and Sung, high performance working practices are not new practices, but they are practices that are effective in improving organisational performance.

#### Case Study Examples: New Approaches to Employee Engagement

As a result of leadership development activities, this advertising and communications company has implemented a company-wide exercise to review values, helping to build a clearer sense of identity across all staff. Monthly breakfast meetings have been introduced, to help in communications and engagement with employees.

Following participation in the programme, this print company has now introduced a health and safety and quality group, involving line managers from all departments. This is helping to build communications across the company and engage employees from all departments in improvements in safety and quality.

5.37 The nature of development activities undertaken has, as would be expected, influenced the areas in which impacts have been observed. For example, the high proportion of participants reporting marketing related impacts reflects the large number who took part in activities that were specifically focused on marketing management. A total of 28% of participants identified that participation had impacted 'very much' on improved marketing in their business, whilst a further 15% indicated that there had been a significant contribution to extending the markets they reach.

5.38 These changes are also reflected in the feedback provided by some of the case study participants. For example, one case study participant had undertaken general management development activities alongside assistance to enable the general manager to understand how to capitalise on opportunities in a new market area, including using networking and the internet to source new sales. As a result of this, the business has launched into a completely new market area, which the General Manager indicated they would not have had the confidence to do previously. He indicated that this is expected to lead to increased profitability in future, although it is too early for this to have been achieved so far. Increasing competition in this company's core market is leading to the need for them to identify and exploit new market opportunities on an ongoing basis.

5.39 Developments of this nature were also identified by participants in the qualitative follow-up. For example, the manager in one financial services company commented that

the skills developed as a result of the support had enabled him to influence the actions and priorities of the Managing Director more effectively, commenting that:

*“This has helped to improve business performance by focusing on areas that otherwise would not have been addressed. We have a more strategic direction and results will come.”*

Manager, Online Qualitative Follow-up

5.40 Almost one-third (30%) of participants have seen improvements in the quality standards achieved by their business which are very much linked to the activities undertaken. Linked to this, 38% of participants reported that their involvement in the programme had led to them specifically introducing new standards, action statements or awards. Examples of the new standards or systems introduced have included:

- new human resources systems and approaches;
- pursuing Investors in People recognition;
- the introduction of new quality management systems;
- new approaches to business and strategic planning.

5.41 A significant proportion of participants attributed improvements in business performance to their participation in the programme. In particular, almost one-third of participants (31%) indicated that their involvement had contributed very much to an improved likelihood of their business survival, whilst 28% saw their participation linked very much to improved productivity and one-fifth (20%) indicated a significant contribution to business growth. Involvement in the programme had also been seen to contribute to increased sales (17%) and increased profits (16%).

5.42 The director of one of the businesses involved in the online qualitative follow-up attributed increased profitability to the implementation of a new business plan following the development activities undertaken, stating:

*“The business is performing much better as a result of the changes made. We are certainly more profitable now.”*

Director, Qualitative Follow-up

5.43 However, it is important to recognise that the nature of development activities undertaken and the outcomes generated will not necessarily have a direct impact on the financial performance of the business. In one transport company, the development activities focused on improving a wide range of approaches to personnel management. The Office Manager, who took part in the training, stated that there had been no impact on the bottom line of the business. However, improving staff relations, better appraisals and performance management were expected to be invaluable to the future development of the business.

5.44 The survey findings indicate that the programme was having an impact on wider training and skills development activities in the participants' organisations. One-fifth of survey participants indicated that this was the case. This has also been identified in the case study companies, as illustrated by the examples below.

#### Case Study Example: Impact on wider training and skills development

A small business with 5 employees operating in a growth sector but where profits have been affected by the recession. The owners recognised that new skills were needed to capitalise on sector developments but had not previously sought any specific support. The diagnostic process identified that development activities would be best undertaken as a team involving all members of staff. A highly flexible programme of support was delivered in-house for one afternoon every 6 weeks for a year. This pace suited the company and enabled a wide range of management topics, including Business Planning and Systems for Managing Performance to be covered. According to the company, the experience introduced current thinking into the company and provided a "fresh pair of eyes" that helped them "to put things into focus". There has been such a beneficial effect on the company's performance that they have hired the consultant on several occasions since outside of the LMAS programme. They now also have more confidence about using external support.

5.45 The extent to which participation in further development activities varied across the case study and qualitative follow-up participants. This ranged from examples of participants going on to undertake very significant further learning, including two who were now working towards an MBA. In contrast, others indicated that there had been no further progress with development activities, with lack of funding or resources available to support them. As one participant commented:

*"We still have no training budget so apart from more free training it [further investment in training] is difficult to say for us. In larger better funded organisations I would think that arranging follow-up meetings with the individual who was trained to talk about their training experience in front of management colleagues might help".*

Research Manager, Online Qualitative Follow-up

5.46 The extent to which participation in the programme was leading to impacts on business activities and performance was found to vary with business size. Changes in employee involvement and other aspects of high performance working were much more likely to be observed in larger organisations than in the smallest participants. A quarter of businesses with more than 50 employees reported that their involvement had contributed significantly to new employee involvement practices, compared to 14% of those businesses with less than five employees. Over half (53%) of respondents from businesses with more than 50 employees reported improved engagement with their employees, compared to 27% of those with less than five employees.

5.47 Conversely, participants from the smallest businesses were much more likely to report influences on increased sales than larger businesses (23% for businesses with less

than five employees compared to 11% for those with 50 employees or more), although profit effects were observed more consistently across different sized businesses. The relative scale and therefore value of any impacts achieved will depend to a significant degree on the scale of development activities undertaken in the context of the size of the businesses.

5.48 The extent to which participation in programme activities has led to impacts on business performance depends on a wide range of factors including:

- the overall size of the business and trends in size;
- the trend in individual business performance;
- the trends in the business sector;
- the nature of the development activities and how they relate to the overall operations of the business;
- the scale of development activities and how they relate to the overall scale of business activities;
- other changes and developments that are taking place within the business, including other development activities, technological changes, structural changes etc.

5.49 This therefore creates a highly complex context within which the programme has been delivered. This means that it is difficult to generalise about how a type of activity might impact on the performance of a business over time.

## Value for Money

5.50 Considering the value for money of the programme must take account of the economy, efficiency and effectiveness in the delivery of the programme:

- economy – this relates to the inputs associated with delivering the service;
- efficiency – this refers to the scale of activities delivered, compared to the value of the inputs;
- effectiveness – this refers to the outcomes generated by the support, or the changes that have taken place as a result of programme delivery.

5.51 This must be placed in the context of the overall plans for the programme and the targets that were set at the outset.

5.52 By the end of November 2010, the total costs of the programme were in the region of £53 million, broken down as follows:

- £22 million in payment to specialist contractors for the delivery of the programme;

- £31 million in grant payments to beneficiaries.

5.53 In terms of economy, it must be recognised that there has been a consistent model within which the programme has been delivered, although there have been some regional variations in the specific way in which inputs have been organised to deliver the programme. For example, this has included variations in the approaches used to undertake skills diagnostics, the diagnostic tools used and the approaches to follow-up reviews.

5.54 The maximum payment for the costs of the advisory element of the LMAS was £500 per client, covering all costs of the advice and support, but excluding grant costs or any associated costs paid by participant businesses for development activities. The cost per client of delivering the service has been relatively modest and compare favourably to the costs of the predecessor programme, where the cost per completed PDP was over £1,500, with significant variations depending on local delivery models. It should be noted that the costs of the previous programme were based on much smaller scale delivery, and therefore fixed costs of programme management were proportionately much higher, especially with local delivery contractors rather than regional contracts as has been the case with LMAS.

5.55 The estimated unit costs of the programme indicate that the LMAS has been delivered relatively economically, with relatively low costs associated with regional management, programme promotion and engagement of participants and delivering the advice, diagnostic and brokerage elements.

5.56 By the end of November 2010, an estimated 41,000 clients had drawn down grant payments, with the average grant payment being in the region of £750. This average will clearly hide significant variation in the levels of grants drawn down and therefore the value of development activities undertaken by individual participants. The survey data indicate that the financial contribution from participants has varied widely. The range of client contributions was from zero to £35,000 (although it should be recognised that only eight survey participants reported spending more than £10,000 on their development activities).

5.57 The most common financial contribution from programme participants was exactly £500, which would enable clients to draw down the maximum grant. The median financial contribution from clients has been in the region of £790, suggesting that the costs to the government of the grants have been more than matched by employers' contributions to training costs. Based on the evidence from the survey, it is estimated that the employer contributions leveraged could be in the region of £32 million.

5.58 It is important to consider whether the contributions from participating employers should be treated as costs or benefits. This depends on whether the additional expenditure by participating businesses is adding to the outputs, outcomes and impacts generated as a result of the activities undertaken. If no additional benefits are generated, the leverage of additional expenditure would simply mean that the costs of any outcomes and impacts generated have been higher.

5.59 The evidence from the evaluation indicates that the generation of outcomes, in terms of changes in leadership and management practice, and impacts on business performance are linked to a significant degree to the scale of activities undertaken.



Without additional leverage from businesses, the activities undertaken would have been less likely to have been of sufficient scale to have a significant influence on business performance. Whilst it is difficult to provide conclusive evidence on the influence of additional financial contributions on the outcomes and impacts generated, we would argue that they should be viewed as indicating benefits rather than simply treated as additional costs.

5.60 The LMAS was established with the intention of delivering support to a minimum of 45,000 clients, with up to a maximum of 60,000 clients to be engaged. This large scale of activity would therefore lead to approximately one-third of all SMEs in England receiving support from the programme. The figures for PDPs completed up to the end of November 2010 suggest that the minimum volumes set for the programme will be exceeded to a significant degree. We are aware that in some regions, the target volumes have already been achieved and therefore no further client recruitment is taking place. Elsewhere, client recruitment is continuing, with confidence that the target recruitment will be achieved by the end of March 2011.

5.61 The performance of the programme in achieving the planned high volumes of activity and significant penetration of the target market indicate that the delivery approaches have been highly efficient when compared to the expectations at the outset. This has been achieved through a generic approach to marketing, with little focus on targeting engagement and considerable volumes of take-up generated by referrals from training providers, who have a financial interest in stimulating businesses to take up the support.

5.62 In reflecting on the volumes of activity undertaken, it is important to recognise that there has been a high level of satisfaction from the majority of programme clients. Two-thirds of clients said that their expectations had been met by the programme, whilst a quarter (26%) stated that their expectations had been exceeded by the programme. Where expectations had not been met, the reasons given related to individual circumstances. The generation of high levels of satisfaction with the support is an important gate criterion. However, satisfaction alone is not sufficient to achieve value for money.

5.63 The volumes achieved through the programme, and the relatively low unit costs of delivery, both in terms of operational costs and grant payments, indicate that the programme has achieved a high level of economy and efficiency. These measures relate specifically to the inputs to the programme. In considering the overall value for money, it is essential to focus on the effectiveness of these inputs in generating outcomes and impacts, in terms of:

- changes in leadership and management behaviour;
- changes in business processes and performance as a result of these changes.

5.64 In terms of cost effectiveness, as discussed above, the support delivered through the programme has been successful in leading to changes in the way in which a significant proportion of participants are leading their businesses. These changes are also feeding through to changes in the way in which managers and leaders engage with their employees, which are linked to the high performance working practices exhibited by the

most successful businesses. A significant minority of participants have indicated that their involvement in the support has led to improved performance in terms of turnover, profitability and likelihood of business survival.

5.65 There is evidence that the support has stimulated further investment in skills development, in terms of additional activities by the participant leader, activities by other members of the management team and other staff development. This therefore indicates that there is a multiplier effect from the programme investment, building on the leverage generated through participant businesses' matching contributions, therefore adding value to the government's investment.

5.66 The vast majority (87%) of survey participants indicated that they will take part in further leadership and management development, with three-quarters (77%) of these stating that they would be willing to pay for these future activities. Around two-fifths (39%) of participants indicated that the programme has encouraged others in their business to seek similar development opportunities. One-fifth of participants indicated that their involvement had a significant influence on increased training and skills investment by their business.

5.67 The scale and value of development activities undertaken through the LMAS have generally been relatively modest. Whilst there have been a small number of examples of very large scale development activities, the value of activities most frequently reported was in the region of £1,500 (£1,000 grant plus £500 from the participant business). This reflects a relatively modest investment in the context of the values of even the smallest businesses.

5.68 The survey evidence indicates that the scale of development activities undertaken influences their effectiveness in addressing participants' leadership and management needs. Those participants who had spent the most time in undertaking development activities were most likely to report that they were effective in meeting their needs. Two thirds of survey participants (65%) who had undertaken development activities lasting 200 hours or more indicated that the development activities had been 'very effective' in meeting their needs, compared to 30% of those who had spent only 5-9 hours in learning.

5.69 In considering the cost effectiveness of the programme, it must be recognised that no clear expectations were identified at the outset regarding the scale of outcomes anticipated. In our view, it is important to reflect on whether the approach to delivering the support on a high volume/low intensity model has been most effective in generating outcomes. The high volume approach to programme delivery has meant that the scale of activities undertaken by some clients have been too small to have a significant impact on business leadership, management and performance. Similarly, the scope of some activities has been too narrow to generate significant bottom line benefits and added value for the businesses.

5.70 Recent research by the Centre for Business Performance at Cranfield School of Management has identified the link between improved managerial performance and improvements in quality, service and customer satisfaction. These improvements are ultimately seen to improvements in perceived business and ultimately in reported profitability. As reported in the Leitch review, differences in management practices can be seen to account for 10-15% of the gap in manufacturing productivity between UK and USA



businesses. Improved management skills were identified as important drivers of productivity growth.

5.71 It has not been possible within the scope of the evaluation to isolate the specific value of the benefits gained by participant businesses. This reflects the significant variation in scale of activities undertaken by participants and also the wide variation in business size and nature. This means that the significance of any impact on value added within the participant businesses will be highly diverse.

5.72 The impacts of the changes in leadership or management approaches as a result of the activities undertaken will also be influenced to a significant degree by other developments affecting the business. It has not been possible to control for changes in market conditions, demand, technologies, other skills investment etc, to be able to isolate the value generated by the investment in management and leadership skills. For example, one of the case study companies had undertaken development activities to enable a response to lack of sales due to a falling market. In the period while the development activities were being undertaken, demand for their services was seen to increase due to an upturn in the sector. They saw no link between the increased sales and the activities undertaken. However, it is possible that the new skills and plans developed will mean that they are better equipped to take advantage of the opportunities created by a rising market, or to compete more effectively should there be a further downturn.

5.73 The findings that the support has led to new skills development impacting on a wide range of performance parameters in a significant number of participant businesses indicate that the programme has been cost effective. However, the evidence that activities of a more significant scale lead to greater impacts on participant businesses suggests that cost effectiveness could be further improved by more targeted approaches, focusing on encouraging more intensive development activities, rather than supporting small scale activities with less potential to lead to significant changes in leadership or management approaches contributing to business performance.

## Deadweight

5.74 The value for money generated by the programme must reflect on potential deadweight - those activities that participants would have undertaken even if the support had been not been available. The deadweight in relation to this programme presents a complex issue. This needs to take account of the factors that stimulated take-up of the support, the way in which the programme was delivered impacted on the activities undertaken and, significantly, the effects of the grant on programme participation.

5.75 At a simplistic level, the components of a deadweight assessment would need to consider:

- the proportion of participants who would have undertaken the development activities anyway, even if the programme had not been available;
- the proportion of participants who gained no added value from the advisory elements of the programme support;

- the proportion of participants who would have gone ahead with their activities even if the grant had not been available.

5.76 It is always difficult in hindsight to gain a conclusive view on what would have happened if the programme had not been available. Whilst a proportion of participants would state that they would have undertaken the activities anyway, it is important to recognise that, at the point at which they engaged in the support, they had not done so. The availability of the programme had therefore had an influence on the timing of the activities undertaken.

5.77 Similar issues come into consideration in relation to the advisory elements and the grant. At a basic level, one third (34%) of participants indicated that they already knew of most or all of the development areas identified by the diagnostic process, which suggests potentially significant levels of deadweight. However, the advisory support influenced the type of development activities undertaken and the providers that clients have worked with. There is, therefore, a qualitative aspect to the advisory support.

5.78 Just over a quarter (28%) of survey participants indicated that they would have been likely to have gone ahead with their development activities, even if the grant support had not been available. However, the grant has also had an impact on the pace and scale of activities undertaken. Only 30 clients indicated that, in their view, the grant had made no difference at all to the activities they undertook.

5.79 In considering deadweight, the timing of activities must also be taken into account. This affects the point at which outcomes are generated and therefore the point at which there is the potential for changes to impact on business performance. By stimulating earlier development activities, it could be argued that the present value of the impacts generated is increased, therefore reducing the level of deadweight.

5.80 In any programme of support there will inevitably be some elements of deadweight. Whilst this is the case with the LMAS support, we believe the evidence from the evaluation suggests that deadweight has been limited. Considerable additional research would be required to quantify accurately the level of deadweight.

### Key Points

The vast majority of programme participants have indicated that their participation in the programme has led them to developing new or improved skills across a range of management and leadership areas. The programme has been highly effective in meeting skills development needs and addressing clients' expectations.

The vast majority of clients who had completed their development activities reported that the skills they acquired had led to changes in the way in which they lead or manage their businesses. Where participants had faced barriers in putting their learning into practice, these most frequently related to a lack of time, but also included a lack of resources and resistance to change among others in the company.

Involvement in the programme is leading to changes in approaches to training and development in the participant organisations. This has included stimulation of further participation in leadership and management development for the participant themselves and for other managers, and increased training for other members of staff.

The development activities undertaken as a result of the programme have been seen to lead to a range of changes in practice and performance in the participant businesses. These have included specific influences on the development of approaches to employee engagement linked to high performance working practices reflected in increases in staff motivation and commitment.

One-fifth of programme participants have reported that the activities undertaken through the programme have contributed significantly to business growth, whilst 17% have reported contributions to increased sales and 16% to increased profits.

The programme has been highly cost effective. This is reflected in the relatively low unit costs of the support provided, the leverage of additional investment in training and development generated and the outcomes that have been stimulated by the activities undertaken. However, we would suggest that the value for money achieved could have been further improved through more targeting and focused delivery.

# 6 Conclusions and Recommendations

## Conclusions

6.1 The Leadership and Management Programme has been successful in delivering against the aims that were set out. This is reflected in the engagement of significant numbers of SME managers in support, with the target volumes of participants being achieved.

6.2 The achievement of target levels of take-up is not sufficient in itself to guarantee the achievement of impacts. What is most important is that a significant proportion of participants have seen their involvement in the programme as having led to changes in the way in which their businesses are managed, which have then influenced improvements in business performance in terms of turnover, profitability and the perceived likelihood of business survival. Whilst the activities undertaken have contributed to business impacts, it is difficult to specifically quantify and isolate these impacts in the context of changing economic and market conditions.

6.3 The levels of take-up of the support reflect two key characteristics of the programme:

- the availability of the grant for development activities;
- the significant flexibility in the types of activity for which participants have been able to use the grant.

6.4 The availability of the grant has been a significant selling point for participants. It has helped to open doors to businesses that would not perhaps have committed resources to management development otherwise. There has also been significant leverage of investment by businesses, at least matching the levels of grant received.

6.5 In considering the optimal grant level, there is a need to balance the potential stimulus that the grant provides to increased investment in development activities against the potential deadweight of contributing grants towards high value activities that would have been taken forward anyway. A higher level of grant would support more extensive development activities, which would therefore have greater potential to address leadership and management needs, especially if there was also a requirement for the grant to be wholly matched by the business.

6.6 Maintaining the maximum grant at £1,000, but requiring all grant contributions to be matched by the employer would have the effect of increasing the value of development activities supported by a minimum of 33%.

6.7 The generation of take-up of the support has been assisted to a significant degree by training providers who promoted the opportunities for support to their clients. This had

the advantage of building interest in the programme and developing momentum which, in some regions, has meant that demand has exceeded the capacity of the programme. The downside of this push by training providers has been that the scope for the regional contractors to control the targeting of potential participants and the messages communicated has been limited.

6.8 The role played by training and development providers in the programme must be considered in relation to their promotion of the service and in their delivery of development activities. The involvement of development providers in promoting the support available needs to be coordinated effectively, to ensure that appropriate messages are communicated and potential clients' expectations are appropriate. In particular, there is a need to ensure that clients are aware that they have the choice of provider and development approach. The use of service level agreements between the service and providers has been effective in ensuring that the messages communicated are appropriate.

6.9 The role of providers in delivering development activities has been effective for the vast majority of service users, although there are a small number of instances where clients have not been satisfied with the support received. The high levels of client satisfaction already observed do not suggest that there is a need for additional approaches to quality assurance of training delivery. There is a risk that introducing further quality assurance requirements would reduce the flexibility of the programme to respond to clients' needs, whilst adding cost for only marginal improvements in service delivery.

6.10 There is only very limited evidence from current participants that take-up of the support has been stimulated by either suppliers or customers of their businesses. The relationships between businesses and their suppliers and customers vary to a significant degree, depending on the nature of the business. In many cases, this will limit suppliers' and customers' knowledge of a business and its needs, in order to be able to suggest appropriate development opportunities. The survey evidence suggests that business networks and membership organisations would provide a more appropriate means of reaching potential beneficiaries.

6.11 Involvement in the programme has stimulated additional investment in skills development, or plans to invest in skills development in future, within participant businesses. The follow-up reviews undertaken by the LMAS were intended to support links into further development activities, but it is not clear that this has been consistently achieved with all clients. This is an important area that needs to be strengthened in developing future support.

6.12 The flexibility of the programme in responding to clients' specific needs, as identified through the diagnostic process and reflected in PDPs has been reflected in a highly diverse range of development activities being undertaken. This diversity is in terms of both the subject area of development activities and the scale of activities taking place. The implication of this diversity is that the changes that can be expected to take place as a result of the development activities will vary significantly across participants.

6.13 The support delivered through the programme has included activities that have been very clearly focused on developing specific leadership and management skills and others that could be regarded as business advice, with a less explicit skills development

component. At the margins, the programme has support a small number of activities that do not appear to meet the eligibility criteria. There is a need for more clarity about the skills focus of the programme, improving the capacity of managers to lead and manage their businesses more effectively and therefore to sustain improvements over time.

6.14 The programme has generated high levels of satisfaction with the both the advisory elements and the development activities undertaken, with the majority of participants indicating that their expectations have been met or exceeded. What is most significant, however, is that the development activities have been generating outcomes, in terms of changes in management approaches, systems and processes. For a significant proportion of clients, these changes have been reported to have contributed to improvements in a range of different aspects of business performance.

6.15 The programme has provided a good level of value for money, in terms of both cost efficiency and cost effectiveness. The economy of the programme is reflected in relatively low unit costs associated with programme management and delivery.

6.16 The cost effectiveness of the programme is demonstrated by the significant proportion of clients who have made changes within their businesses that have been reported as contributing to improvements in business performance, employee engagement and business growth. It has not been possible within the scope of this evaluation to quantify the specific contribution of programme activities to business performance. This reflects the very wide range of potential influences on business performance, the lags between development activities and the benefits generated and, in most cases, the relatively modest scale of development activities in the context of the overall scale of participant businesses.

6.17 However, we believe that cost effectiveness has not been maximised. The survey evidence shows that the potential for development activities to impact on leadership or management practices, and therefore on business performance, is directly linked to the scale of activities undertaken. This therefore suggests that a move from supporting small-scale activities in a large number of businesses to larger scale activities in a smaller number of businesses may be justified.

6.18 More targeting of participants and a clearer focus on the specific outcomes to be generated through the programme would be beneficial, especially in the context of a smaller scale programme. In doing this, it will be important to consider how it will be possible to retain the responsiveness of the support to clients' specific needs.

## Recommendations

6.19 The recent Skills White Paper "Skills for Sustainable Growth" announced that support for leadership and management development will continue from April 2011, with a specific priority placed on supporting SMEs with growth potential. We make the following recommendations based on our findings from the evaluation:

- clear criteria must be developed to underpin the targeting of the support in future. These criteria should be explicit about the characteristics which will demonstrate

growth potential, to ensure that support is focused on building the skills necessary to achieve this potential;

- there should be more clarity about the way in which the support is expected to impact on the businesses whose managers are receiving support. This should reflect the fact that the investment in the programme is intended to lead to changes in approaches to leadership and management. In this way, there should be a clear basis against which to compare progress both in terms of the development activities undertaken and their outcomes on the businesses supported;
- the review element of any support should be linked more explicitly to updating PDPs and encouraging further engagement in development actions to help ensure that changes in skills development are sustained and embedded in participant businesses;
- in order to maximise the value of future grant funding, all grant contributions should be matched by participants. If the maximum grant of £1,000 were to be retained, this would increase the minimum levels of leverage by one-third, and would help to stimulate more extensive development activities, increasing the potential to generate direct outcomes and impacts and to support further investment in skills development;
- the consistent programme delivery model should be retained, to ensure that there are minimal geographic variations. The programme should continue to capitalise on the potential of training and development providers to attract clients. However, their involvement should be controlled to ensure that the messages they communicate are accurate and that clients' expectations are appropriate. This is essential in maintaining client satisfaction and the fitness for purpose of the programme.





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