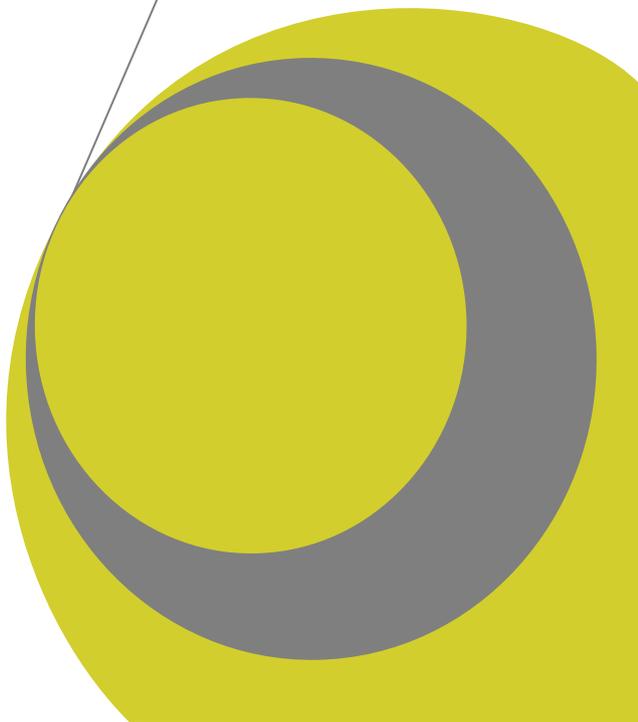


**CAPABILITY DEVELOPMENT SOLUTIONS (INCL. PSS) &
LEADERSHIP TEAM PROGRAMME**

EVALUATION – FINAL



18th January 2018



**CAPABILITY DEVELOPMENT SOLUTIONS (INCL. PSS) & LEADERSHIP TEAM
PROGRAMME**

EVALUATION

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List of Abbreviations

| Abbreviation | Definition |
|--------------|--|
| AGP | Accelerating Growth Programme |
| BA | Business Advisor |
| CDS | Capability Development Solutions |
| CE | Client Executive |
| CIPD | Chartered Institute of Personnel and Development |
| DfE | Department for the Economy |
| EAM | Economic Appraisal Methodology |
| EC | Equality Commission |
| ELAG | Employment Law and Guidance Service |
| FTE | Full-Time Equivalent |
| GB | Great Britain |
| GVA | Gross Value Added |
| HM | Her Majesty's |
| HMT's | Her Majesty's Treasury |
| IM | Interim Manager |
| Invest NI | Invest Northern Ireland |
| LRA | Labour Relations Agency |
| LTP | Leadership Team Programme |
| NED | Non-Executive Director |
| NI | Northern Ireland |
| NIGEAE | Northern Ireland Guide to Expenditure Appraisal and Evaluation |
| PPE | Post Project Evaluation |
| PSA | People Solutions Advisors |
| PSM | Private sector Median |
| PSS | People Solutions Service |
| SMART | Specific, Measurable, Achievable, Realistic and Time-bound |
| SMEs | Small and Medium Sized Enterprises |
| TOR | Terms of Reference |
| The UK | The United Kingdom |

Description of Statistics

In this report, proportions may be described as percentages, common fractions and in more general quantitative terms. Where more general terms are used, they should be interpreted as follows:

| | |
|--------------------------------|---------------|
| Almost/nearly all | more than 90% |
| Most | 75%-90% |
| A majority | 50%-74% |
| A significant minority | 30%-49% |
| A minority | 10%-29% |
| Very few/a small number | less than 10% |

EXECUTIVE SUMMARY

Introduction

Invest Northern Ireland (Invest NI) has commissioned Cogent Management Consulting LLP ('Cogent' or the Evaluation Team) to undertake an independent evaluation of:

1. **The Capability Development Solutions (CDS)** covering the period October 2013 to December 2016, including the People Solutions Service (PSS) covering the period April 2013 to December 2016; and
2. **The Leadership Team Programme (LTP)** covering the period September 2014 to December 2016.

Both interventions are considered to have commonality insofar as they aim to enhance the leadership capability and skills of participating businesses to increase competitiveness and sustainable business growth.

In addition to completing an Evaluation of the CDS, PSS and LTP interventions in line with the Terms of Reference (TOR) established by Invest NI, it was agreed in conjunction with the Evaluation Steering Group that the Evaluation Team would also undertake a high-level review of activity delivered through the Accelerating Growth Programme (AGP), as well as clients' satisfaction with, and views of, the Programme.

The Capability Development Solutions (CDS) Programme

Programme Overview

CDS was established in 2013 with the overarching aim to “contribute to the enhancement of the capability, productivity and skill-sets of client companies and the wider business base in Northern Ireland, by providing focused/time-bound access to specific and tailored interventions and expertise.” It was anticipated that by accessing external knowledge and expertise, the programme would support businesses to address specific issues, which were inhibiting their growth and competitiveness, which may not otherwise be addressed in a timely and effective manner.

CDS was established as a suite of five interventions, four of which provided Invest NI client businesses with financial support towards the cost of accessing external expertise, on a one-to-one basis, from a Non-Executive Director (NED), Interim Manager (IM), Consultant and/or Mentor. The remaining intervention (CDS Workshops), which was open to both Invest NI client businesses and the wider business base, sought to deliver knowledge and skills-based learning to NI businesses on a group/one-to-many basis.

In addition to the core CDS interventions, the Pilot AGP was introduced in January 2015 to support client businesses to accelerate their growth and development (particularly in overseas markets), by providing them with the skills and capability to drive export growth in their business. The Programme was established in direct response to a need identified by Invest NI Regional Managers to deliver an integrated programme to address a number of barriers to growth facing Invest NI Client micro businesses. These barriers include the presence of skills and expertise gaps amongst businesses in relation to finance, people solutions, marketing and strategy development. Typically, AGP participants (typically the owner/manager within the business) are required to complete a Growth Diagnostic, attend a series of workshops and develop a Growth Action Plan.

Strategic Context and Rationale

At the time of approval, Invest NI's Corporate Plan 2011-2015 had recognised a need to invest in skills and capability, to drive productivity and growth within its business base. As a result, the CDS suite of interventions was developed with a focus on enhancing the capability, productivity and skill-sets of client companies and the wider business base in Northern Ireland, by providing focused/time-bound access to specific and tailored interventions and expertise. It was anticipated that by accessing external knowledge and expertise, the programme would support businesses to address specific issues, which were inhibiting their growth and competitiveness, which may not otherwise be addressed in a timely and effective manner. The specific market

failures underpinning the need for intervention were multi-faceted and included information asymmetries, growth and labour market externalities and coordination failures.

It is the Evaluation Team's view that there was and continues to be, clear alignment between the aims and objectives of CDS and the strategic imperatives of the NI Government (including with DfE and Invest NI's Corporate Plans).

Operation and Delivery

The CDS' model of delivery was based around providing Invest NI clients with financial support towards the cost of accessing external expertise on a one-to-one basis and knowledge and skills-based learning to all NI businesses on a group/one-to-many basis.

At an overarching level, a total of 366 interventions (including CDS Workshops) were actually delivered during the period under review, 39% lower than anticipated. In total, £2.52m of financial assistance was offered to 261 unique businesses through 297 one-to-one interventions with £1.65m of this financial assistance (equating to 66% of the value of assistance offered) actually drawn down by 219 unique businesses through 248 interventions. A significant majority of CDS one-to-one projects focused on sales and marketing and/or business strategy.

The combined number of CDS projects completed (N=248) was 31% lower than anticipated at the outset. Levels of activity were lower than anticipated across three of the four interventions (IM, NED and Mentoring) but most pronounced in terms of the IM and mentoring programmes, with the latter being attributed, at least in part, to the limitations associated with the maximum thresholds of support available. The number of Consultancy projects was 25% higher than anticipated at the outset.

A total of 1,704 attendees participated in 118 CDS Workshops focused on areas including Business Direction, Finance and People. On the basis of falling attendances at the CDS Workshops and, potentially related to this, the availability of similar support being delivered to the wider business base by local councils, a decision was taken to reduce the number, and ultimately discontinue the delivery, of the business direction and finance workshops. It was agreed that future workshops should be packaged together to meet the specific needs of businesses in a more holistic manner (ultimately anticipated to be met through the Accelerating Growth Programme). 5 cohorts of businesses, consisting of 64 unique businesses took part in the AGP pilot during the period under review.

CDS and AGP are, on the whole, highly regarded by recipients of the support and Invest NI stakeholders alike. Reflecting the high levels of satisfaction with the support received, nearly all businesses were of the view that the support was effective in meeting their needs, would recommend it to other businesses and, in instances where they were required to contribute to the support, provided value-for-money.

Based on the feedback from businesses, we consider that the interventions were, in general, managed and delivered in a proactive and efficient manner by Invest NI.

The full economic cost of delivering the CDS suite of interventions during the period under review was c. £4.4m, 39% (or £2.8m) less than anticipated at the outset.

The majority of the underspend related to lower than anticipated programme costs which were 43% (or £2.6m) lower than anticipated. Whilst the lower than anticipated levels of activity across the IM and mentoring has driven the majority of the underspend in programming costs, the average financial award for NED and consultancy projects were considerably below (27% and 19% below respectively) that anticipated at the outset. Similarly, the average award was significantly below the maximum levels of support eligible under each of the CDS interventions.

Stakeholders identified a number of opportunities to enhance the delivery and effectiveness of the interventions. These included broadening access of the support to additional Invest NI client cohorts, raising the aid ceilings for certain cohorts and reviewing the CDS application and assessment process (including the role played by client-facing staff in this process) to ensure that it is proportionate in respect of the levels of assistance being requested.

Performance and Impact

The feedback from business indicates that the CDS interventions have served to address their skills and capability needs. Positively, almost all businesses were of the view that they have either wholly or partially achieved the aims, objectives and targets that were established at the outset of their respective project. For those businesses that indicated that they had only partially achieved their aims, objectives and targets, most felt that they were still on target to achieve all or most of these. Similarly, all respondents, with the exception of a minority of Consultancy support recipients, stated that they had either ‘partially’ or ‘wholly’ achieved the factors/objectives that had led to their application for support. Typically, these included to access external skills, knowledge and expertise that was not held elsewhere in the business, address strategic and/or operational issues that were inhibiting the growth and competitiveness of the business and/or bring a specialised skill set into a project (most frequently cited as the most important factor for recipients of IM support).

The calculated levels of activity additionality (ranging from 63% to 78%) should be viewed positively and indicate that each of the CDS interventions has played a strong role in encouraging businesses to access the external skills and capability support.

The analysis provides an indication that a number of market failures, typically in the form of asymmetric information and risk aversion, are combining to prevent businesses from accessing skills and capability support independently from benefiting from CDS type support. There are also indications that other non-market failure factors, typically in the form of affordability, are also playing an important role in preventing business from accessing this support. We are of the view that the existence of these issues provides a continuing rationale for Government intervention.

Respondents reported that they have achieved a wide variety of outputs as a result of the support received through their CDS intervention(s) including enhanced market intelligence, the development of a new strategy, the introduction of a new system, process and/or procedure within the business and/or the addressing of operational inefficiencies. Notwithstanding the widely reported difficulties in businesses being able to quantify the monetary impact of skills and capability interventions, there is evidence from our survey sample indicating that businesses have achieved tangible business outcomes. In addition to additional sales and employment and reduction in costs, CDS participant businesses reported that they had derived a number of other benefits as a result of the support received, with the most frequently cited being increased productivity, improved skills amongst their workforce and increased business competitiveness.

The Evaluation Team notes that there were mixed views as to whether a business’ continued usage of a CDS external expertise (which had been retained by circa half of businesses), such as an IM or consultant, ‘defeated the capability development argument’. That is, whether the business was appropriately using the intervention to build its long-term skills and capability. Indeed, and linked to this, a small number of consultees raised the more strategic question as to what the overt focus of the CDS is, and should be. These consultees were of the view that the interventions should be about developing the skills and capabilities of the business so that they can potentially address similar business issues in the future i.e. about embedding a more long-term sustainable approach independent of the need for external expertise. However, it was the view of a number of different Invest NI consultees that the CDS interventions were more about accessing specialist advice and expertise and the acquisition of capability was a secondary, albeit important, outcome from the intervention. Given the contrasting views expressed, in our view greater clarity should be given to identifying the primary aim of the suite of interventions and also to better defining the situations whereby a CDS intervention is utilised.

Duplication

Our review indicates that whilst the interventions offer the potential to complement a number of existing Invest NI interventions, there is an ongoing risk of duplication with a number of programme/interventions including the specialist consultancy strand of GAP and any new capability interventions that may be created/established to support the implementation of any new Invest NI International Trade strategy.

Return-on Investment

Notwithstanding the significant amount of empirical evidence that exists (including the findings of this Evaluation report), which highlights the difficulties in quantifying the impact of skills and capability interventions in monetary terms, we note that the gross monetary sales impacts (£5.94m) reported by the small sample of businesses (that were willing and able to quantify the impact of their respective CDS project (N=14¹)) are in excess of the full economic costs (£4.4m) that were incurred in delivering the CDS suite of interventions during the period under review. Taking account of deadweight and displacement, this equates to c. £3.3m of net additional sales being achieved by the 14 businesses.

Value-for-Money (including Economy, Efficiency & Effectiveness)

In considering the economy, efficiency and effectiveness relating to the CDS suite of interventions we note the following:

| Economy, Efficiency & Effectiveness Indicators | |
|---|---|
| Indicator | Evaluation Team's Commentary |
| Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost | It is noted that the average financial award for NED and consultancy projects were considerably below (27% and 19% below respectively) that anticipated at the outset. Similarly, the average award was significantly below the maximum levels of support eligible under each of the CDS interventions. |
| Efficiency relates to measures that are concerned with achieving the maximum output from a given set of inputs | <p>In terms of efficiency, we note that there was a high level of achievement of project targets and motives for participation by businesses and the average award (per CDS project) was significantly below the maximum levels of support eligible under each of the CDS interventions.</p> <p>Whilst it is also noted that that the CDS suite of interventions was managed at a lower cost (14% or £133k) lower than was anticipated at the outset, given the scale of programme expenditure reduced disproportionately more than staff costs, the programme was relatively costlier to deliver from Invest NI's staff cost perspective.</p> <p>Notwithstanding this, the Evaluation Team is broadly content that Invest NI achieved the maximum output from its given set of inputs.</p> |
| Effectiveness measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved | Of the 16 targets/objectives established for CDS for the period under review, 11 were wholly achieved, 1 was partially achieved and 4 were not achieved. Positively, all targets relating to the effectiveness of the support in meeting business' needs and all targets relating to customer satisfaction were achieved. |

It is the Evaluation Team's view, based on all available evidence, that the CDS suite of interventions delivered VFM in respect of the costs incurred, during the period under review.

¹ Of the 79 businesses that engaged in the primary research, 54 businesses indicated that they had achieved an increase in their sales/revenue. Only 14 of these businesses were willing and able to quantify the impact of their respective CDS project.

Recommendations

Capability Development Solutions

The Evaluation Team's key recommendations relating to the CDS suite of interventions are detailed below:

1. Invest NI should continue to administer support through the CDS to enhance the skills and capabilities of its client businesses. Given their ability to provide discreet and valuable skills and capability support in various types of scenarios, the Consultancy, NED, IM and Mentoring CDS interventions should be retained.
2. Consideration should be given to the operational 'fit' of the Consultancy strand of CDS within the wider portfolio of available consultancy interventions (including GAP) and vice versa. More specifically, consideration should be given to the merging of the two consultancy offerings or, where Invest NI deems there to be a unique differentiator between the offering, clear guidance is communicated across the organisation as to the circumstances in which one should be utilised over the other. Allied to this, consideration should be given to the operational 'fit' of the CDS suite of interventions with any new capability development focused interventions created to support the implementation of any new Invest NI International Trade strategy.
3. Given the contrasting view expressed by Invest NI consultees, Invest NI should identify the primary strategic focus of each of the CDS programme strands. In doing so, clarity should be provided as to whether the strand is focused on:
 - Supporting businesses to develop their skills and capability, through the transfer of knowledge from an external resource, with a view to embedding a more long-term sustainable approach to growth independent of the need for future external support; or
 - Supporting business to access specialist advice and expertise, with the development of skills being a secondary, albeit important, consideration.

The agreed focus should be reflected in a redefined overarching aim for the Programme and communicated across the organisation.

4. In respect to the mentoring intervention, consideration should be given to increasing the level of financial support (by up to £1.5k) available to client businesses. Linked to this, CEs/BAs should ensure that the maximum aid ceilings (currently 100% permissible under De minimis rules) are fully utilised for specific types of businesses (HPSUs), where it is deemed required and appropriate in the specific context of the business and their individual growth plan.
5. By way of potentially maximising levels of VFM, consideration should be given to removing the maximum number of days support criterion currently established under the Consultancy and Interim Manager programme strands.
6. Invest NI should ensure that all CEs/BAs are aware that, should they identify a change in the performance of tracked clients, their status under the client segmentation groupings can be amended and CDS assistance potentially provided to support their growth aspirations, where appropriate.
7. Invest NI should undertake a review of the CDS application and assessment process to ensure that it is proportionate in respect of the levels of assistance being requested (on an individual project basis). In doing so specific consideration should be given to the roles and responsibilities of CEs/BAs and the nature of the information being requested as part of the assessment process, amending where necessary. This should be clearly articulated within the Programme's guidelines and shared with all client-facing staff.
8. Responsibility for the promotion for the promotion of the CDS suite of interventions, as a 'specialist advice service', should lie with CEs/BAs, with the onus on them to recommend the appropriate specific type of CDS intervention that best meets the specific capability requirement of a client business where appropriate.

Accelerating Growth Programme

The Evaluation Team's key recommendations relating to AGP are detailed below:

1. Invest NI should continue to administer support through its AGP to enhance the skills and capabilities of client businesses to drive growth particularly export growth where possible.
2. Consideration should be given to providing businesses with a number of days mentoring and coaching support to both provide additional support and challenge during the development of their growth plan and the implementation of actions arising out of this plan. CE/BAs should also be encouraged to take a more proactive role in encouraging and supporting client businesses to complete a Growth Action Plan.
3. Clarity should be provided to the 'fit' of the support available through the AGP (and specifically the Growth Diagnostic and Growth Action Plan) with the wider toolkit of interventions (e.g. Business Health Checks, Account Development Plans (ADPs)) being utilised by CEs/BA to identify client business' needs and deliver upon the objectives of the organisation's associated Customer Management Programme. Where appropriate, steps should be taken by Invest NI to ensure that appropriate complementary linkages are established between each of the tools.
4. By way of garnering higher levels of commitment to, and participation on, the Programme consideration should be given to requiring businesses to make a financial contribution to participating in the programme. The merits of such a contribution should be carefully weighed up against the potential impact on levels of demand and the costs associated with administering the system.
5. In setting all future activity targets for the AGP, cognisance should be taken of the potential demand that may result from any newly established start-up programme which covers export startups and HPSUs.

Other Recommendations

1. Consideration should be given to the creation of a strategic marketing focused programme/intervention. The intervention should reflect contemporary delivery and learning styles and the content (potentially incorporating one-to-one mentoring, networking and use of keynote speakers) should be reflective of current models of business growth and development. Allied to this, consideration should be given to:
 - Where best the intervention should sit within the organisation given the fact that such an intervention is likely to be more overtly focused on generating more tangible business outcomes (e.g. sales in external and export markets) as opposed to the development of skills and capability;
 - How the delivery of such an intervention might impact upon the levels of demand for CDS support given the potential requirement of participants to avail of additional strategic guidance and support the implementation of their strategic marketing growth plan developed as part of programme participation;
 - The 'fit' of the intervention with any new capability development focused intervention created to support the implementation of any new Invest NI International Trade strategy, GAP consultancy, as well as the suite of current Trade offerings (in particular the Trade Advisory Services, EDS); and
 - Whether businesses should be required to make a financial contribution to their participation in the intervention/programme.

The People Solutions Service

Programme Overview

The People Solutions Service provides impartial practical advice and guidance to Invest NI clients on all aspects of human resource (HR) management. The Service is currently managed and delivered by Invest NI's People Solutions Advisors (PSAs). The PSA acts as company-independent, impartial honest broker responsible for delivering HR support on a one-to-one basis and/or, when it is required, signposting businesses to other forms of people solutions support.

A key tenet of the Service is that, in addition to providing practical advice and guidance to support businesses to address the immediate HR issues that are constraining its operations, the Service also seeks to provide business with the knowledge and confidence to encourage them to address HR issues at an earlier stage in the future. The Service is free to Invest NI clients and it is offered through a number of delivery channels including:

| Support delivered through the PSS | |
|---|---|
| Intervention | Overview |
| 1:1 Advice and Guidance Service | Delivered by Invest NI's PSAs, the 1:1 Advice and Guidance Service provides practical independent and impartial advice and guidance on a one-to-one basis on a range of HR/people issues including recruitment and selection, contracts of employment, performance management etc. Where required the Service also signposts businesses to other forms of HR support including the Labour Relations Agency (LRA) and Equality Commission (EC). |
| Employment Law and Guidance (ELAG) Service | Currently delivered by an NI-based solicitor firm with expertise in the area of employment law, the ELAG Service provide Invest NI clients with current employment law advice on people management issues to meet short-term/immediate needs. Specifically, the service offers up to 30 minutes of free legal advice with a qualified legal professional. The emphasis of the ELAG is on offering practical options including an assessment of risk to assist clients' decisions. This service is flexible and seeks to support businesses across sectors, categories and life-cycle stages. |
| Employers' Handbook | The Invest NI Employers' Handbook provides support to businesses on the legalities of employing people in NI, as well as advice and guidance on effective management practices to enable employees to make the maximum contribution to business success. |

The PSA also play a role in managing and delivering one of the CDS workshops (People Solutions).

Operation and Delivery

The PSS model of delivery is based on providing impartial practical advice and guidance, to Invest NI clients on all aspects of human resource (HR) management. The Service is currently managed and delivered by Invest NI's PSAs who acts as company-independent, impartial honest broker responsible for delivering HR support on a one-to-one basis and/or, when it is required, signposting businesses to other forms of people solutions support.

During the period under review 1,023 1:1 Advice and Guidance Service interventions were delivered to 740 unique businesses. The targets established for the Service were exceeded on an annual basis, resulting in the cumulative target being exceeded by 8%. Businesses received advice and guidance relating to a diverse range of HR issues/areas, with support primarily focused on recruitment and selection and contracts of employment.

The number of PSAs currently delivering PSS support reduced significantly during the period under review to its current complement of two part-time PSAs. Each of the members of the PSS team possessed their own specific areas of HR knowledge and expertise and the subsequent loss and non-replacement of these staff members have inevitably resulted in the reprioritisation of resources to those areas aligned with the knowledge and expertise of its remaining members. We are of the view that, by way of avoiding any dilutions in the effectiveness of the Service, further consideration needs be given to the modus operandi of the Service and its PSAs.

During the period under review 98 ELAG interventions were delivered. It is understood that key legal HR advice was provided in a diverse range of areas including contracts of employment, disciplinary and grievance matters, managing absenteeism, performance management and redundancies. The emphasis of the support has been on offering practical options including an assessment of risk to assist clients' decisions. It is the view of Invest NI's PSS team and shared by the Evaluation Team, that the ELAG service provides an invaluable service to its client base and the appointed EDOs have successfully delivered against all contractual requirements.

In addition to the aforementioned support, additional HR advice and guidance was provided through the Invest NI Employers' Handbook which was distributed in hardcopy format to Invest NI clients and made available to all businesses through the nibusinessinfo web portal.

Businesses uniformly expressed high levels of satisfaction in relation to the support delivered through the 1:1 Advice and Guidance Service and Employers' Handbook including the support provided by Invest NI's PSAs. Reflecting the high levels of satisfaction with the support provided through the Service, a significant majority of businesses indicated that the support was effective in term of addressing their needs and would recommend the Service to other businesses to assist them to address their HR-related issues.

The full economic cost of delivering the PSS during the period under review was c. £1.2m.

Performance and Impact

The majority of businesses indicated that they had undertaken actions, to address the HR-related issues, following the receipt of advice and support from their Invest PSA. Encouragingly, in nearly all cases, businesses indicated that they had either wholly resolved the HR-related issue that they were facing with the advice that was provided and the support had ultimately served to enhance the businesses' ongoing operations.

Levels of programme/activity additionality have been calculated at 66%, indicating that the PSS has played a positive role in encouraging business to access external expertise to address the HR issues/needs. We consider that this is a high level of additionality, in the context that there are many forms that HR development can take and many options for businesses to potentially adopt. The analysis provides an indication that a number of market failures, typically in the form of asymmetric information, are combining to prevent businesses from accessing the HR support independently from the PSS. However, there are also indications that other non-market failure factors, typically in the form of affordability, are also playing an important role in preventing business from accessing this support.

All businesses, that had utilised the Employers' Handbook, indicated that the resource had increased their understanding of good employment practice, the statutory rights of both the business and its employees and supported them to resolve HR-related issues.

Discussions with the PSS team indicates that a key focus of the PSS during the period under review, and in particular the 1:1 Advice and Guidance Service, has been to encourage business owner/managers to take forward a more strategic and proactive rather than reactive approach to addressing HR issues which, more often than not, receive a lower level of priority/attention by leadership teams vis-à-vis other business priorities. By providing businesses with the knowledge, skills and importantly confidence to tackle and resolve HR issues at an earlier stage, it is anticipated that the support will serve to both minimise the impact of the issues on the business' operations and the need to engage external support to address the issues. This support has been delivered through the provision of both mentoring and coaching support to businesses, underpinned by a non-judgmental honest broker ethos. Whilst the feedback from businesses indicates that the support has been successful in implementing such practices in a number of recipients of support, our discussions with the PSS team indicate that too few businesses are adopting such an approach and that a wider cultural and mindset change will need to be adopted by a significant cohort of Invest NI's clients.

Duplication

Whilst it is concluded that the Service complemented, rather than displaced, the support provided by other organisations (e.g. LRA and the Equality Commission), it was the view of the other external organisations that a lack of clarity continues to exist in the marketplace in relation to the specific expertise retained within, and support available from, each of the respective agencies which had served to reduce the complementary nature of the supports available. It was recommended that, where possible, Invest NI should ensure to maximise opportunities to raise awareness amongst its client base of the services of other agencies, for example through providing platforms for these agencies to present to businesses during client events.

Value-for-Money (including Economy, Efficiency & Effectiveness)

In considering the economy, efficiency and effectiveness relating to the PSS we note the following:

| Economy, Efficiency & Effectiveness Indicators | |
|---|---|
| Indicator | Evaluation Team's Commentary |
| Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost | Key actions undertaken by Invest NI to ensure that project inputs were obtained at least cost included: <ul style="list-style-type: none"> • Corporate recruitment processes were utilised to identify and subsequently recruit the appropriate levels of resources (PSAs) that were perceived to be required at that time; • The EDO that delivered the ELAG was appointed following a competitive procurement process; and • It is understood that Invest NI sought quotations for the design and production of the Employers' Handbook. |
| Efficiency relates to measures that are concerned with achieving the maximum output from a given set of inputs | Based upon the number of businesses supported (especially when considered in the context of the available number of PSAs), the high levels of satisfaction with the support and the impact made by the Service, we consider that Invest NI has achieved the maximum output from a given set of inputs. |
| Effectiveness measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved | Targets were established in relation to the 1:1 Advice and Guidance Service only. The targets established for the Service were exceeded on an annual basis, resulting in the cumulative target being exceeded by 8% (1,023 1:1 Advice and Guidance Service interventions were delivered against a target of 944). |

It is the Evaluation Team's view, based on all available evidence, that the PSS suite of interventions delivered VFM in respect of the costs incurred, during the period under review.

Equality Considerations

The Evaluation Team has identified no negative equality impacts and considers the interventions to be accessible to all Section 75 groupings and people with disabilities.

Recommendations

The Evaluation Team's key recommendations relating to the PSS suite of interventions are detailed below:

1. Invest NI should continue to administer support through the PSS to address the HR needs of its client businesses. Each of the core elements of the Service (i.e. 1:1 Advice and Guidance Service, the ELAG Service and Employer's Handbook) should be retained and championed at senior levels.
2. Given the current staff complement, careful consideration should be given to the operational remit of the Service and its PSAs. This will require Invest NI to identify and communicate, both internally and externally to other organisations (e.g. the LRA, Equality Commission) what the Service is, and importantly is not, responsible for.
3. Linked to Recommendation 1 and 2, all opportunities to disseminate HR-related advice and guidance through electronic means should be explored. However, the Evaluation Team recognises that given the potential sensitivities and unique nature of some HR issues, it may not be feasible to cover all HR related issues through this medium.
4. Given the advisory nature of the support delivered through the PSS, and the complex and often sensitive nature of HR issues, Invest NI should ensure that appropriate time and finance is available to support the CPD needs of its PSAs.

The Leadership Team Programme

Programme Overview

The Invest NI Leadership Team Programme (LTP) is focused on transforming the skills, behaviours and relationships of top management teams (with on average, three participants per company) in order to achieve business growth. The Programme’s overarching aim was stated as being *“to improve the efficiency, competitiveness and innovative capability of participating companies through the development of leadership and management competencies and its application in the business planning process”*.

The focus on a top leadership team of 3 people was unique in the NI marketplace, with the design considered to address market failure in the provision of strategic leadership and capability development for top teams within NI SMEs.

It is delivered by a partnership involving Dublin City University Business School, Wilson Sloan Consulting and Invest NI. The programme combines the following key elements over a 10-month period:

| Key element of the LTP | |
|----------------------------|--|
| Intervention | Description |
| Executive Education | Access to global best practice in leadership and international growth is delivered by Dublin City University Business School. The sessions are specifically geared towards SMEs with high growth potential, focusing on strategy, leadership, people, sales and marketing and finance. They are brought to life through case studies, practical business activities and guest speakers. |
| Business Coaching | Tailored business coaching is managed by Wilson Sloan Consulting and provides the leadership team with a specialist business coach to help challenge, support and translate learning from the programme into a plan for growth. The teams are also challenged to build leadership competencies and drive effective changes through the use of specialist business and behavioural diagnostics. |
| Peer Networks | Business to Business learning provides an opportunity for similarly ambitious leadership teams from a range of sectors to engage, share experiences, learning and potential business growth opportunities throughout the programme. |

By the end of the Programme, it is anticipated that participants will have:

- A deeper understanding of how to develop and implement strategies that drive sustainability and international growth;
- A stronger and more effective management team, ready to develop and implement their revised strategy;
- Tools and techniques to ensure all aspects of their business are aligned with their strategic plans;
- Had exposure of one-to-one support from experienced business coaches to support the development and implementation of a new strategic plan;
- An opportunity to participate in a sustainable business network that will enable sharing of best practice and provide support with business issues;
- Stronger companies capable of retaining skilled professional managers in the region, and;
- Developed a business growth plan.

Subsequent to their participation in the programme, it is anticipated that participating businesses will take advantage of the full range of existing solutions-based products and services available from Invest NI that are appropriate to their specific business needs.

Programme Activity & Management

The Preferred Option featured in the Economic Appraisal for the LTP anticipated that the Programme would recruit 36 companies and up to 108 managers over four years. However, following the launch of the programme during September 2014, Invest NI has found that demand amongst its customer base has outstripped the activity that had been projected in the Economic Appraisal, leading to Invest NI seeking (and receiving) approval during December 2016 to recruit a second cohort of participant businesses (each with 3 senior team participants) during Year 4.

The table below shows the timing and composition of the different LTP cohorts over the course of the programme to May 2018:

| Original Projected LTP Activity v Revised Projected Activity (at December 2016) | | | | | |
|--|-----------------------------|-------------------------------------|-------------------------------|--|-------------------------------|
| Cohort | Start & End date | Projected - Per EA | | Projected – Per Dec 2016 Casework | |
| | | No. of Teams/ Businesses | Total Participants | No. of Teams/ Businesses | Total Participants |
| 1 | Sept 14 / June 15 | 9 | 27 | 8 | 24 |
| 2 | Sept 15 / June 16 | 9 | 27 | 12 | 36 |
| 3 | Sept 16 / June 17 | 9 | 27 | 15 | 45 |
| 4 | Apr 17 / Dec 17 | | | 12 | 36 |
| 5 | Sept 17 / May 18 | 9 | 27 | 12 | 36 |
| Total | | 36 | 108 | 59 | 177 |

Participants' Satisfaction with, & Views of, the LTP

As part of the Evaluation exercise, Cogent consulted with 16 of the businesses that have participated in the first four LTP cohorts. Amongst those consultees, participant feedback is almost universally positive, with almost all the LTP participants indicating that they were either satisfied or very satisfied with the various aspects of the Programme. Indeed, participants' endorsement of the LTP is particularly strong, with one respondent describing it as 'transformative'.

Perhaps unsurprisingly given the extent of the positive feedback received, all the respondents agreed that the contribution that they were required to make had represented value for money and all would recommend the programme to other businesses.

LTP's Impact

Key findings relating to the impact made by the LTP include:

- All the respondents were of the view that the support received through the LTP had been effective in addressing their business' needs. More specially, all (100%) of the respondents stated that they had either 'partially' or 'wholly' achieved the objectives that had originally encouraged them to participate in the LTP, which were stated as including:

- To achieve a stronger and more effective management team, ready to develop and implement their revised strategy (100% of respondents, N=16). Indeed, just over four-fifths (81%, N=16) of respondents cited this as the single most important factor that influenced their decision to participate;
- To develop a business growth plan (81%, N=16);
- To achieve a deeper understanding of how to develop and implement strategies that drive sustainable international growth (50%, N=16);
- To develop the tools and techniques to ensure all aspects of their business were aligned with their strategic plans (50%, N=16);
- To develop enhanced management skills and techniques ensuring all aspects of the business are aligned with and delivering against strategic plans (38%, N=16).

- The analysis of participants' responses indicates that there is a high level of additionality (72%) associated with the LTP relating to businesses' decision to develop their leadership team or where relevant, to undertake these activities to a similar scale and/or within a similar timescale.
- Respondents reported that they have achieved a wide variety of outputs because of participating in the LTP. However, the main outputs reported include:
 - The respondent considering that they are now more able to manage others (94%, N=16) and themselves (88%, N=16);
 - Businesses now having a stronger and more effective management/leadership teams, ready to develop and implement a revised strategy (81%, N=16); and
 - The respondent has been inspired to think and act differently (75%, N=16).
- Perhaps unsurprisingly (given that many respondents reported that the LTP Growth Action Plans had a 3 to 5-year focus) only 8% (N=16) of respondents stated that they had 'wholly achieved' the aims, objectives and targets that were established within their Plan. Most (77%, N=16) respondents instead suggested that they had partially achieved the aims, targets and objectives that were established, but were still on target and all were likely to be fully achieved. The remaining 15% stated that their Plans' aims and objectives had been partially achieved but they were largely on target and most would likely still be achieved.
- Encouragingly, even though most respondents were continuing to implement their Growth Action Plans (and indeed some were continuing to develop theirs), many respondents reported that they had already successfully achieved some form of business outcome because of the support received through the LTP. These included:
 - Almost two-thirds (63%, N=16) of businesses indicated that they had achieved growth in their sales. However, only 4 of the 10 businesses that indicated that they achieved sales increases because of their participation in the LTP considered that they were able to quantify those sales. On a cumulative basis, the 4 businesses that were able to quantify the sales increases reported total (gross) increases of £10.4m.
 - The same proportion (63%, N=16) of respondents indicated that they had achieved growth in their employee numbers because of the support received through the LTP. The 10 businesses that reported an impact on their employment levels, suggested that they had increased employment by 44 full-time equivalent employees (FTEs) and circa three-fifths (61%) of these new employees had salaries greater than the PSM.
 - One-quarter (25%, N=16) of respondents suggested that there had been an impact on their operating profit. None of those businesses was able to quantify the impact.
- In addition to the actual outcomes achieved to date, nearly all (94%, N=16) of the respondents were of the view that their participation in the LTP will have a positive impact on both their turnover and employment over the next three years. A fifth (19%, N=16) of respondents also anticipated a reduction in their costs.

LTP Summary Conclusions

The Evaluation Team's key conclusions relating to the LTP are detailed below:

The Extent to which LTP's Objectives & Targets are being Met

Invest NI's Corporate Plan 2011-2015 had recognised a need to invest in skills, but particularly management and leadership development to drive productivity and growth within its business base. As a result, the LTP was developed with a focus on transforming the skills, behaviours and relationships of top management teams to achieve business growth.

Our consultations with businesses (see Appendices XV and XVI for full details) illustrate that participation in the LTP has had a profound and varied range of impacts upon its participants, and for most the experience has been 'transformative'. It is well recognised that measuring and attributing the impact of management and leadership development activities is fraught with methodological difficulties. However, we consider, based

upon participants' feedback that the LTP has proven to be a powerful springboard for participant businesses to envision their business' future growth, to develop action plans and subsequently to implement changes that are anticipated to drive productivity and growth. On this basis, we consider that there is clear evidence that the LTP is achieving its core objectives and participants will have, by the end of the Programme:

- Gained a deeper understanding of how to develop and implement strategies that drive sustainability and international growth;
- A stronger and more effective management team, ready to develop and implement their revised strategy;
- The tools and techniques to ensure all aspects of their business are aligned with their strategic plans;
- Become stronger companies capable of retaining skilled professional managers in the region, and;
- Developed business growth plans.

However, as illustrated in section 4.6, some targets that have been established have either not been achieved and/or the extent to which they have been achieved cannot be measured (or at least cannot be measured at this juncture, and without a sophisticated statistical analysis conducted over a longer period and the use of appropriate control groups). To this end, the Evaluation Team would caution against the use of some form of SMART targets for programmes such as the LTP, and encourage the use of more nuanced targets that can more readily be measured.

The Success of LTP's Delivery Model & Management and Operating Structures

The feedback provided to the Evaluation Team from participants is overwhelmingly positive. Indeed, in the Evaluation Team's experience, it is rare to find an economic development programme that receives such consistently positive feedback from its beneficiaries (albeit, we recognise that larger sample sizes would facilitate greater surety on this point). Participants welcome the multidimensional yet integrated approach to strategic leadership development that is employed with endorsement of both the executive education and action-oriented team coaching provided.

To this end, we consider that there is little in the programme's delivery model, and in its management and operating structures that merits any substantial change. Our conclusion encompasses, for the most part, inter alia the appropriateness of the application and appraisal processes, engagement with participating businesses and the delivery bodies, financial management and output monitoring arrangements. Albeit, we consider that monitoring relating to the financial management of the programme would benefit from substantial streamlining and simplifying. A key goal for Invest NI should be to reduce the number of Excel workbooks utilised relating to the programme's financial management to one.

However, one change that should be considered is allowing access to the programme for the senior teams of externally owned businesses (including small FDI businesses) that are operating with NI. Our consultations with Invest NI personnel (including a grouping of Client Executives whose clients include that cohort of businesses) made a strong argument that such individuals would elicit many benefits from participation in a leadership development programme which may be based on the Leader Programme Model or LTP. LTP, and in turn, the NI economy would have much to gain. The consultees suggested that the senior teams of such businesses need to have strong confident leadership locally to enable them to influence and negotiate at a Group level or at meetings within their parent companies. It was noted that some NI businesses are acquired by businesses based outside NI for technical or functional reasons (such as IP ownership, customers served etc.). However, without strong leadership, the NI operation can ultimately become, over time, vulnerable.

At the operational level, a consultee noted:

- That some keynote speakers that were utilised in the Executive Education elements of the Programme had used somewhat dated materials and recommended that they are encouraged to use 'fresh' and 'current' materials. The Evaluation Team concurs;
- Some aspects of the peer learning sessions were not as successful as might have been the case, advising that such sessions often require a 'facilitator' to ensure that the sessions prove productive for all in attendance. Again, the Evaluation Team considers that there is merit in this suggestion.

Approach to Risk Management

At the outset of the programme, the types of potential risk that were considered (with the EA and Casework) might pose the most substantial threat to the programme included:

- Risks relating to insufficient demand;
- A failure to achieve the programme's anticipated outcomes and value for money;
- Poor quality executive education and coaching provision;
- Budgetary overruns;
- Failures in governance and oversight.

Based on the information available to the Evaluation Team, none of these potential risks appear to have materialised and Invest NI has taken appropriate steps to ensure that this was the case. Nonetheless, such risks could occur at any juncture in a programme such as the LTP, and should accordingly be kept under review on an ongoing basis.

A risk that was not reflected in the EA, but had the potential to arise (albeit it did not) is that the contractors under the two separate Lots (Executive Education and Business Coaching) did not work cohesively. The relationship between the providers of both Lots is vital to the success of the programme, so Invest NI should have mitigation strategies in place should contractors under any subsequent programme find difficulties in their working relationship.

Evidence of Market Failure

Feedback from participants provides some evidence of continuing market failure (e.g. asymmetric information), with participants suggesting that, in the absence of LTP, they would not have been aware of where they could access similar skills and capability support to develop their leadership team or would not have sought to develop their leadership teams in a similar manner without knowing more about the potential benefits.

Comparison with Equivalent Services Elsewhere

Our review of activity in other regions indicates that like Invest NI, economic development agencies elsewhere recognise the need to develop the leadership capabilities of their client businesses. However, it is similarly evident that there is a spectrum in terms of duration, scale of activity (executive education workshops, coaching and other activities), cost to businesses (from as little as £400 for Scottish Enterprise's Leadership Development Programme up to €21,300 for an SME for Enterprise Ireland's Leadership 4 Growth Programme) and calibre of providers.

Unfortunately, information relating to the performance and impact of the benchmark interventions is not available that would allow the Evaluation Team to definitively assess whether they offer any particular merit for exploring augmentations to the existing LTP delivery model and content (including payment structures, save perhaps if a need was identified to reduce costs).

LTP's Overall Economic & Wider Impacts

A business' leadership pervades all aspects of a business' operation and performance. Consequently, participation in the LTP has resulted in the achievement of many numerous forms of impact both at the level of the individual participants and for their businesses. Such impacts are both tangible (e.g. impacts upon sales and employment) and intangible (e.g. upon knowledge, ambition, confidence etc).

Some of the more prevalent impacts that businesses reported included:

- Being more able to manage others and themselves;

- Having a stronger and more effective management/leadership team, ready to develop and implement a revised strategy; and
- Being inspired to think and act differently.

In addition, and what should be particularly encouraging given that most respondents were continuing to implement their Growth Action Plans (and indeed some were continuing to develop theirs), many respondents reported that they had already successfully achieved some form of more tangible business outcome because of the support received through the LTP including both sales and employment growth because of the LTP.

LTP's Economy, Efficiency & Effectiveness

In considering the economy, efficiency and effectiveness relating to the LTP we note the following:

| Economy, Efficiency & Effectiveness Indicators | |
|---|--|
| Indicator | Evaluation Team's Commentary |
| Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost | The respective LTP contractors were appointed following a formal OJEU procurement process managed by Central Procurement Directorate (CPD), providing assurance that the LTP secured the necessary inputs at least cost. |
| Efficiency relates to measures that are concerned with achieving the maximum output from a given set of inputs | <p>Key points to note in relation to LTP's efficiency include:</p> <ul style="list-style-type: none"> • Compared to the position projected at the outset (September 2013), the number of businesses (and individual participants) that will participate in the LTP will have increased by two-thirds (64%); • However, the cost of the Programme (inclusive of VAT) will have increased by only 25%; • On an overall basis, participants' contributions have increased (by 64%) in line with their increasing numbers. However, Invest NI's contribution has only increased by 16%. <p>Therefore, Invest NI has leveraged much greater value from the Programme (both in terms of cost per business received from the contract and their own staff time per participant business) than was originally anticipated. This latter point is reflected in our chosen cost-effectiveness indicators, whereby the full economic cost per business has reduced by 24% (from the £44,539 projected at the outset to £33,849 now), and by the same percentage for individual participants (from £14,846 per individual to £11,283). To this end, we consider this to provide clear evidence the maximum output has been secured from a given set of inputs.</p> |
| Effectiveness measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved | Participant feedback provides strong evidence to indicate that LTP's aims and objectives are being achieved. That is the majority of respondents to our consultation exercise indicated that participation in the LTP has led to improvements in the efficiency, competitiveness and innovative capability of their businesses through the development of leadership and management competencies and its application in the business planning process. |

LTP's Return on Investment & Value for Money

Implementing the 5 LTP cohorts over its first 4-years is anticipated to incur a full economic cost of just under £2m of which Invest NI will contribute £1.5m.

Over this period, a total of 59 businesses will have participated in the programme. The Evaluation Team consulted with 16 of those businesses, with two-thirds (63%) indicating that they had achieved growth in their sales. Of those, 4 were able to quantify those sales. On a cumulative basis, the 4 businesses² that were able to quantify the sales increases reported total (gross) increases of £10.4m.

² However, it should be noted that one of the four business (representing an outlier) reported a sales increase of £9.5m, of which £8.1m was in the NI market and £1.4m were in the GB market.

The Evaluation Team has calculated the level of additionality associated with LTP's sales impacts at c48% and displacement at the NI level of 12%, which would provide net additional sales of £4.4m on the gross sales of £10.4m. Applying NI's average level of GVA (i.e. 30%) to the net additional turnover figure provides a net additional GVA figure of £1.32m, which provides a net additional return on Invest NI's investment of just under £1 for every £1 in GVA terms. It is emphasised that the benefit value here is based on the 4 companies surveyed that were in a position to put a value on the impact the programme has had on their business, although 63% or ten companies surveyed stated the programme had had an impact which equates to 28 businesses across the whole programme to date, whilst the costs represent the full costs to deliver the programme to date.

This result, for a small sample of the participants, provides a strong indication that the LTP has the potential to deliver a large return on investment and considerable value for money on a monetary return basis (notwithstanding the many other positive benefits that the LTP has delivered).

Equality Considerations

Section 75 of the Northern Ireland Act 1998 (the Act) requires public authorities, in carrying out their functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Act.

Invest NI has published its Equality Scheme which sets out how it proposes to fulfil the Section 75 statutory duties, and the Disability Discrimination Act 1995.

Participation in the LTP is open to all Invest NI client businesses and is understood to be compliant with all equality policies and procedures that govern how the organisation operates.

LTP Summary Recommendations

The Evaluation Team's key recommendations relating to the LTP are detailed below:

1. Invest NI should continue to fund the LTP in its current guise (or in one broadly similar to that currently delivered) for those businesses that can demonstrate a need for, or have the potential to significantly benefit from, such support;
2. Given the success of the Programme, demand for the LTP should be carefully considered, and if it is established to be sufficient, consideration should be given (similar to the current Year 4) to running two cohorts per annum, or two cohorts every second year with a single cohort in the intervening period (i.e. 6 or 8 cohorts over 4 years);
3. Where suitable levels of demand are evident, Invest NI should continue to operate separate 'Ambition to Scale' (i.e. pre-scaling) cohorts within the overall scheme of the Programme, given the likely homogeneous issues that they are facing/will face. However, should levels of demand not materialise to facilitate a bespoke cohort, those businesses that adhere to the 'Ambition to Scale' entry requirements should be allowed to participate in the standard LTP cohorts (with the coaching element catering for any distinct requirements);
4. Invest NI should consider allowing access to a leadership development programme for the senior teams (including the 'site lead') of externally owned businesses and smaller FDI businesses that are operating within NI. Ideally, such businesses would be catered for through a separate programme that's design and content allow for differences³ in their operation/focus from those where the business owner is able to take part;
5. Given the importance of the coach to ensuring that learning is embedded and actioned, consideration should be given to reintroducing the coaching provision during all executive education workshops.
6. Keynote speakers that are utilised in the Executive Education elements of the Programme should be encouraged to use 'fresh' and 'current' materials'.

³ Such differences including a potential focus on developing their ability to influence within (potentially global) group structures etc.

7. Consideration should be given to allocating more budget to the ‘facilitation’ of the peer learning sessions to ensure that the sessions prove productive for all in attendance;
8. To maximise contributions from participant businesses (and without jeopardising the support provided to businesses), Invest NI should aim to have between 12 and 15 business participate in each cohort.
9. Given the complexities that exist in relation to measuring the impact of leadership focussed interventions, careful consideration should be given to the most appropriate type of indicators that should be applied to the LTP (at the programme level). In particular, the Evaluation Team considers that there is merit in discontinuing the setting of SMART objectives that relate to operating profit in any future iteration of the LTP. However, it should be recognised that some businesses may wish to set such targets within their individual Growth Plans.

Should Invest NI wish to continue to maintain targets such as a percentage growth in sales and/or export sales (presumably as a result of participation in the Programme), consideration should be given as to how such targets would be measured in practice. For example, if Invest NI was to choose a methodology that compares the performance of LTP participants with non-LTP participants, it should be mindful that (in the Evaluation Team’s view) that complex multivariate analysis would be required which involves observation and analysis of more than one statistical outcome variable at a time e.g. comparison of businesses’ growth trajectory before the time period of participating on the programme, sectoral analysis, size of businesses (turnover and employment), other supports received during or just before the time period considered. Instead of such an approach (given its evident complexities and cost/resource implications), the Evaluation Team would recommend utilising an approach that monitors participants’ average sales/export performance and applies an appropriate degree of additionality to those results and then utilising such an average figure per participant business over a period of time to the specific number of participant businesses. For example, if the sales/export sales performance of the businesses that have participated in the programme to date is tracked over time, assessed for additionality, the resulting average figure per business could be used as the basis for setting sales projections for the programme going forward.

10. In relation to programme monitoring, a key goal for Invest NI should be to reduce the number of Excel workbooks utilised relating to the programme’s financial management to one.

1. INTRODUCTION AND BACKGROUND

1.1 Introduction

Invest Northern Ireland (Invest NI) has commissioned Cogent Management Consulting LLP ('Cogent' or the Evaluation Team) to undertake an independent evaluation of:

1. The **Capability Development Solutions (CDS)** covering the period October 2013 to December 2016, including the **People Solutions Service (PSS)** covering the period April 2013 to December 2016; and
2. The **Leadership Team Programme (LTP)** covering the period September 2014 to December 2016.

Both interventions are considered to have commonality insofar as they aim to enhance the leadership capability and skills of participating businesses to increase competitiveness and sustainable business growth.

In addition to completing an Evaluation of the CDS, PSS and LTP interventions in line with the Terms of Reference (TOR) established by Invest NI, it was agreed in conjunction with the Evaluation Steering Group that the Evaluation Team would also undertake a high-level review of activity delivered through the Accelerating Growth Programme (AGP), as well as clients' satisfaction with, and views of, the Programme⁴. The key objectives of the evaluation are outlined in Appendix I.

1.2 Background to CDS, Pilot AGP and the PSS

1.2.1 Capability Development Solutions (CDS)

CDS was established in 2013 with the overarching aim to *"contribute to the enhancement of the capability, productivity and skill-sets of client companies and the wider business base in Northern Ireland, by providing focused/time-bound access to specific and tailored interventions and expertise."* It was anticipated that by accessing external knowledge and expertise, the programme would support businesses to address specific issues, which were inhibiting their growth and competitiveness, which may not otherwise be addressed in a timely and effective manner.

CDS was established as a suite of five interventions, four of which provided Invest NI client businesses with financial support to access external expertise, on a one-to-one basis, from a Non-Executive Director (NED), Interim Manager (IM), Consultant and/or Mentor. The remaining intervention, which was open to both Invest NI client businesses and the wider business base⁵, sought to deliver knowledge and skills-based learning to NI businesses on a group/one-to-many basis. Further details on each of the CDS interventions are provided in the table below:

Key common features underpinning the four one-to-one CDS interventions include:

- Financial support is only available for projects that:
 - Provided businesses with specialist knowledge, expertise or experience not otherwise available in-house;
 - Would otherwise not happen within the timeframe agreed without external resources; and
 - Are self-sustaining after Invest NI support ends
- Financial support was available to client businesses of all sizes;
- It was the role of the business to select and appoint the external service provider (ensuring, where relevant, the external service provider has appropriate Professional Indemnity Insurance)⁶, negotiate all terms and contracts of engagement, issue and retain a formal letter of engagement and make all payments under such contracts.
- It was anticipated that each of the CDS interventions could result in financial benefits (e.g. increased sales or reduced costs), skills development through the knowledge transfer activities and increased levels of innovation.

⁴ The Evaluation Team was not required to undertake a full Evaluation of the Programme in-line with the Terms of Reference established for the Evaluation of the other interventions.

⁵ The Wider Business Base are customers not meeting criteria for some of Invest NI solutions in line with the organisation's intervention principles.

⁶ Invest NI holds a list of candidates that the company can consult, but Invest NI does not validate the list, and it is recommended that each company speaks to at least three to four potential candidates to ensure that they get the best match for their company's needs. It is understood that the majority of businesses will have an IM, NED or Consultant in mind that they want to use.

Table 1.1: Overview of CDS interventions

| CDS intervention | Overview of support | Nature of businesses eligible for support | Financial Assistance available ⁷ |
|-------------------------------|---|--|--|
| One-to-One support | | | |
| Non-Executive Director | The Non-Executive Director (NED) programme provides funding towards the costs of working with an experience NED over a maximum period of two years. The NED will not have managerial or executive responsibilities for day-to-day operations and will instead provide advice, guidance, challenge and knowledge transfer at board level to help the business maintain its competitive advantage and grow over the longer term. This solution may be appropriate for projects that focus on capability development at board level (typically strategic direction), monitoring executive performance, communications and corporate governance, including succession issues in family-owned businesses. | Account Managed Invest NI Clients that are a Limited Company based in NI | <ul style="list-style-type: none"> £15k or 49% of total eligible project costs, whichever is the lesser, over a two-year period |
| Interim Manager | The Interim Manager (IM) programme provides funding towards the cost of working with an experienced manager on a short-term contract to tackle a specific business issue. Unlike the other CDS interventions, the IM is required to be based in the business for the duration of the project. This solution may be appropriate for projects such as implementing a strategy or a business or marketing plan, identifying blockages and implementing solutions, introducing a new product or service or achieving specific goals or objectives that improve the export capability and competitiveness of the business. The Interim Manager will have hands-on management responsibility for delivering the project and will facilitate the transfer of expertise, knowledge and experience to embed new methods. | Account Managed Invest NI Clients | <ul style="list-style-type: none"> 60 days engagement over a 9-month period £15k or 49% of total eligible project costs, whichever is the lesser |
| Consultancy | The Consultancy support programme provides funding towards the costs of working with an experienced Consultant. This solution may be appropriate for projects such as formulating a business or marketing strategy, identifying or setting goals or delivering a specific project that improves the capability and competitiveness of the business. Consultants will not have day to day managerial roles but may be responsible for delivering a specific project. | Pre-revenue, Entry and Account Managed Invest NI Clients | <ul style="list-style-type: none"> 20 days engagement over a 12-month period £7.5k or 49% of total eligible project costs, whichever is the lesser, over a two-year period |
| Mentoring | The Mentoring support programme provides funding towards the costs of working with a Mentor to provide companies with appropriate advice and guidance, personal challenge and development at a strategic level that will benefit their business. This solution may be appropriate for projects which focus on strategic direction, executive and management performance, communications and corporate governance, including succession matters in family-owned businesses. Mentors should not have any managerial or executive responsibilities for day to day business operations. The focus should be on bringing to bear independent external knowledge and expertise on learning outcomes for the mentee. | Pre-revenue, Entry and Account Managed Invest NI Clients | <ul style="list-style-type: none"> £1.5k or 49% of total eligible project costs, whichever is the lesser, over a 12-month period |
| One-to-many support | | | |
| Workshops | The CDS workshops deliver knowledge and skills-based learning to NI businesses on a group/one-to-many basis. Topics covered within the workshops included financial management, business direction, performance management, recruitment and selection and family business. Businesses were not required to pay a fee for attending the workshops. | All Invest NI clients and wider business base SMEs | <ul style="list-style-type: none"> No financial assistance provided |

⁷ Eligible project costs relate to the daily rate agreed between the business and the external service provider excluding all expenses and taxes such as VAT, NIC etc. The daily rates charged vary and this is managed by having a maximum capped amount of support. CDS interventions do not support: activity which is continuous or periodic or relates to the business' usual operating costs, the preparation of business plans specifically for submission to Invest NI for financial support, the re-engagement of staff that left the business within the previous 12 months, shareholders or family members, services of fee earning partners/salaried staff of professional service firms already affiliated with the business, repeat or follow-on projects using the same service provider or in areas supported by Invest NI in the previous 12 months and expenditure incurred before approval or issue of a LoO.

1.2.2 Pilot Accelerating Growth Programme (AGP)

The Pilot AGP was introduced in January 2015 to support client businesses to accelerate their growth and development (particularly in overseas markets), by providing them with the skills and capability to drive export growth in their business. The support, which focuses on challenging, supporting and coaching each business, is currently delivered free of charge and a maximum of 15 businesses are invited to participate as part of any given Programme cohort.

The Programme was established in direct response to a need identified by Invest NI Regional Managers to deliver an integrated programme to address a number of barriers to growth facing Invest NI Client micro businesses. These barriers include the presence of skills and expertise gaps amongst businesses in relation to finance, people solutions, marketing and strategy development.

AGP participants (typically the owner/manager within the business) are provided with the following support as part of the Programme:

| Table 1.2: Support delivered through the AGP | |
|---|---|
| Growth Diagnostic | At the outset of the Programme, businesses are required to complete a Growth Diagnostic which involves the business completing a short online questionnaire in order to identify (inter alia) the business' key strengths and areas for improvement ⁸ . The outcomes of the Growth Diagnostics are utilised to tailor the content of the subsequent Programme Workshops to better address the growth needs of participating businesses. |
| Workshops | On completion of the Growth Diagnostic, businesses will attend five half-day workshops, over a 2 to 3-month period ⁹ , which are delivered by external subject experts and focus on key business development topics which aim to equip participating businesses with the skills and knowledge to accelerate their growth and competitiveness. Key workshops currently delivered through the AGP include Planning to Grow, Get set to Export, Financing for Growth, Building the Team and Making it Happen. As part of each workshop, businesses are encouraged to identify the top three actions that are required to accelerate their growth in that topic area. Businesses are also provided with the opportunity to hear guest speakers from local companies discuss the actions that they had taken to accelerate their growth, followed by a networking lunch. |
| Growth Action Plan | During the programme, the business will work in conjunction with its CE/BA to develop a Growth Action Plan, incorporating the key development actions that have been identified during the workshop programme to take the business forward and accelerate its growth. On completion of the Plan, it was anticipated that each business' CE/BA would support it to implement the plans. |

1.2.3 People Solution Service

The People Solutions Service provides impartial practical advice and guidance to Invest NI clients on all aspects of human resource (HR) management. The Service is currently managed and delivered by Invest NI's People Solutions Advisors (PSAs). The PSA acts as company-independent, impartial honest broker responsible for delivering HR support on a one-to-one basis and/or, when it is required, signposting businesses to other forms of people solutions support.

A key tenet of the Service is that, in addition to providing practical advice and guidance to support businesses to address the immediate HR issues that are constraining its operations, the Service also seeks to provide business with the knowledge and confidence to encourage them to address HR issues at an earlier stage in the future.

⁸ Please note, during the period under review, the Growth Diagnostic changed from the Business Health Check to an online diagnostic.

⁹ As noted in Section 2, the AGP workshops initially consisted of 9 workshops being delivered over a 5-6month period. However, by way of streamlining delivery and maximising the attendance at the workshops, the number of workshops delivered as part of the Programme was reduced from 9 to 5 (from April 2016 onwards).

The Service is free to Invest NI clients and it is offered through a number of delivery channels including:

| Table 1.3: Support delivered through the PSS | |
|---|---|
| Intervention | Overview |
| 1:1 Advice and Guidance Service | <p>Delivered by Invest NI’s PSAs, the 1:1 Advice and Guidance Service provides practical independent and impartial advice and guidance on a one-to-one basis on a range of HR/people issues including recruitment and selection, contracts of employment, performance management etc. Where required the Service also signposts businesses to other forms of HR support including the Labour Relations Agency (LRA) and Equality Commission (EC).</p> |
| Employment Law and Guidance (ELAG) Service | <p>Currently delivered by an NI-based solicitor firm with expertise in the area of employment law, the ELAG Service provide Invest NI clients with current employment law advice on people management issues to meet short-term/immediate needs. Specifically, the service offers up to 30 minutes of free legal advice with a qualified legal professional.</p> <p>The emphasis of the ELAG is on offering practical options including an assessment of risk to assist clients’ decisions. This service is flexible and seeks to support businesses across sectors, categories and life-cycle stages.</p> |
| Employers’ Handbook | <p>The Invest NI Employers’ Handbook provides support to businesses on the legalities of employing people in NI, as well as advice and guidance on effective management practices to enable employees to make the maximum contribution to business success. More specifically, the handbook seeks to develop businesses’ knowledge and understanding of:</p> <ul style="list-style-type: none"> • What good employment practice looks like; • The statutory rights of its employees and businesses; and • How to better resolve HR-related issues. <p>The Handbook covers a range of HR-related areas including recruitment and selection, leave, pay and benefits, health and safety, staff performance etc. The Handbook also provides a range of reusable and editable (when viewed online) HR documents and templates including sample HR forms, letters, contracts, policies, procedures and checklists on a range of topics, from recruitment, through to people management and staff exits.</p> <p>The content of the Employers’ Handbook has been developed and managed by Invest NI’s PSAs. The external provider of the ELAG Service is also responsible for reviewing and providing information for the Employers’ Handbook¹⁰.</p> <p>At present, the Employers’ handbook is disseminated by Invest NI PSAs in hardcopy format and businesses can access the Handbook (and its reusable resources) through the nibusinessinfo portal¹¹.</p> |

The PSA also play a role in managing and delivering one of the CDS workshops (People Solutions).

The key aims and objectives of the CDS and PSS and the extent to which they are achieving them is discussed in Section 2.

¹⁰ This support is provided at no additional cost to Invest NI over and above what is paid to the external provider for the delivery of the ELAG service.

¹¹ See <https://www.nibusinessinfo.co.uk/content/invest-northern-ireland-employers-handbook>

1.3 Background to the Leadership Team Programme

1.3.1 Programme Development

Invest NI's Corporate Plan 2011-2015 had recognised a need to invest in skills, but particularly management and leadership development to drive productivity and growth within its business base. By 2013, Invest NI had a suite of offerings which sought to promote and develop skills within businesses. These included¹²:

- **Awareness Raising and Improved Accessibility** - Best Practice Events and collaboration with the Department for Employment and Learning (DEL) which aimed to raise awareness of the importance of leadership and management amongst NI business and development of a single knowledge and support access point;
- **The Skills Growth Programme** - Prioritised support for companies seeking to develop leadership and management capability;
- **Leadership and Management Support Framework** - This framework included **The Leader Programme** aimed at the owner-manager and included business mentoring, executive leadership coaching and business leader peer networks (shared learning and access to best practice).

However, Invest NI's engagement with its SME clients had identified a need for a further team-based programme that would complement its pre-existing Leader Programme. The Leadership Team Programme (LTP) was the response to that identified need.

The Economic Appraisal of the LTP¹³ identified that the Programme was anticipated to deliver a bespoke leadership and management development initiative to management teams (with on average, three participants per company) in participating client SMEs, with a focus on the effective working of SME management teams. The Programme's overarching aim was stated as being *"to improve the efficiency, competitiveness and innovative capability of participating companies through the development of leadership and management competencies and its application in the business planning process"*.

The focus on a top leadership team of 3 people was unique in the NI marketplace, with the design considered to address market failure in the provision of strategic leadership and capability development for top teams within NI SMEs.

It was anticipated that the programme would focus on improving a number of management competencies, with the primary competencies to be targeted being:

- Managing self;
- Managing others; and
- Managing the business.

The LTP was provided under State Aid Article 39, Training Aid.

1.3.2 Programme Overview

The Invest NI Leadership Team Programme (LTP) is focused on transforming the skills, behaviours and relationships of top management teams in order to achieve business growth. It is delivered by a partnership involving Dublin City University Business School, Wilson Sloan Consulting and Invest NI. The programme combines the following key elements:

¹² Economic Appraisal of the Leadership Team Programme (September 2013).

¹³ Economic Appraisal of the Leadership Team Programme (September 2013).

| Tale 1.4: Key element of the LTP | |
|----------------------------------|--|
| Intervention | Description |
| Executive Education | Access to global best practice in leadership and international growth is delivered by Dublin City University Business School. The sessions are specifically geared towards SMEs with high growth potential, focusing on strategy, leadership, people, sales and marketing and finance. They are brought to life through case studies, practical business activities and guest speakers. |
| Business Coaching | Tailored business coaching is managed by Wilson Sloan Consulting and provides the leadership team with a specialist business coach to help challenge, support and translate learning from the programme into a plan for growth. The teams are also challenged to build leadership competencies and drive effective changes through the use of specialist business and behavioural diagnostics. |
| Peer Networks | Business to Business learning provides an opportunity for similarly ambitious leadership teams from a range of sectors to engage, share experiences, learning and potential business growth opportunities throughout the programme. |

1.3.3 Programme Eligibility

As noted, LTP was developed in line with Invest NI's Corporate Plan 2011–2015 where there was an identified need to improve management and leadership within small and medium enterprises (SMEs). It was targeted at Account Managed clients that:

- Had a clear requirement for the programme;
- Had up to date accounts;
- Had the potential for growth;
- Were willing to commit to the programme.

The programme is open to Invest NI client companies who are able to demonstrate that they meet the following criteria:

- Able to clearly demonstrate their strategic imperative and willingness to make change in the company;
- Able to demonstrate their commitment and time available to work with the Business Coaches, attend workshops and participate in Networks;
- Has demonstrated a clear customer need and demand for their products/service with turnover ideally greater than £1m and a recent record of profitable trading; and
- Has an existing robust business model and can readily identify potential for recurring revenue streams.

Invest NI is responsible for recruiting participant businesses onto the programme.

1.3.4 Programme Structure

The programme operates over a 10-month period, with each team availing of:

- 1 x business diagnostic per company;
- 1 x leadership diagnostic tool per person;
- 4 x 2-day executive education modules on a range of topics (including strategy, leadership, communication, finance, sales & marketing, people and international growth);
- 2 x overnight residentials;
- 3.5 days of business coaching per team.

The four 2-day executive education modules are preceded by a one-day programme launch and culminate in a one-day programme finale hence, a total of 10 days. The implementation of learning is supported by experienced business coaches who provide practical execution support over a 10-month period, in applying the best practices learnt, to grow the participating companies faster.

It is anticipated that the blend of executive learning and action-oriented team coaching will help participants increase their knowledge, and allow them to translate this into tangible actions to support business growth in areas including strategy, top team cohesion, people development, communication, business development, export sales and innovation. Each element of the programme is discussed further below:

| Table 1.5: Elements of the LTP | |
|--|--|
| Element | Description |
| Individual company pre-programme diagnostic assessment | <p>The purpose of the diagnostic is to capture baseline data and fully understand the company's current and future position. It uses the existing Invest NI business diagnostic, modified to reflect the programme inputs.</p> <p>This takes the form of a structured survey covering a range of subject matters including strategy and plans for growth; a PEST analysis and SWOT analysis; leadership and management; differentiation and sales. It leads to the development of a company Growth Action Plan.</p> |
| Early use of psychometric tools | <p>Psychometric tools are used to aid the diagnostic assessment. Psychometric tests include personality profiles, reasoning tests, motivation questionnaires, and ability assessments.</p> |
| Executive Education Learning Modules | <p>A series of lectures and presentations delivered by world-class experts (both regional and international experts) in selling, finance, leadership and strategy for SMEs.</p> <p>Key topics for these lectures and presentations are as follows although the specific content is ultimately determined by the selected provider and based on the initial diagnostic work with the companies, Training Needs Analysis (TNA) information arising from the initial recruitment phase and the findings from the psychometric profiling:</p> <ul style="list-style-type: none"> • Strategy: what is it and how to develop an appropriate strategy? • Leadership: business and personal leadership styles and their impact • Building high-performance teams and team working • Developing a compelling Value Proposition • Understanding customers' needs and wants • An appropriate "Go to Market" strategy • Understanding the competition • Attracting, recruiting, rewarding and managing the right salespeople • Financing growth. <p>The modules involve group work where the participants reflect on the module content and consider how the learning/lessons acquired can be applied to their business/business challenges. It is anticipated that this action learning approach will help companies to consolidate their learning and apply it to their business.</p> <p>In addition, Business Coaches (see below for further details) also participate in this group work.</p> |
| The allocation of an industry-specific Business Coach to each participating company | <p>A Business Coach is appointed to each company and works directly with the management team and relevant individuals to apply tools and techniques to improve the leadership of the business.</p> <p>This approach is considered to offer a holistic approach and ensures an effective link between the content of the workshops and the application of learning back to the workplace, with a focus on a positive change in behaviour.</p> |
| Peer Networks | <p>Peer networks are developed to encourage knowledge transfer among companies of different sectoral backgrounds. The purpose of these Peer Networks is to form relationships among businesses that are anticipated to be sustained after the Programme had finished.</p> |
| Wider Networks | <p>Companies are encouraged to participate in wider Invest NI network events, e.g. Invest NI Best Practice events as a collective group.</p> |

1.3.6 Programme Deliverables

It is anticipated that the LTP will deliver a cohort of senior teams with the capability to drive the growth of their businesses through the development of the key capability areas to be addressed by the programme, namely:

- **Envisioning the Future Growth of the Company** – it is anticipated that participants will acquire a clear roadmap for the pivotal role that they as the senior team have in shaping the future of their companies and learn how to envision future international growth scenarios particularly focused on Route to Market Strategy;
- **Building, Leading and Mobilising the Team** – the senior teams are exposed to best practice company leadership thinking and organisational development frameworks for fast growing, companies with modest resources. The programme also aims to enhance the communications skill-set of the senior team to inspire their teams with their ‘story’ – their ambition and vision for the future of the company and to communicate with impact within their company, with customers, influencers and the investment community.
- **Sales Capability** – it is anticipated that the businesses will gain a deep appreciation for the vital importance of having world class selling skills in the business and be equipped with best practice approaches to selling – to maximise the effectiveness and professionalism of the sales team led by the senior team; and
- **Generating and Managing Cash in the Business** – each senior team will gain a practical best practice toolkit to manage working capital, but in particular cash - and will demonstrate a greatly enhanced confidence in interpreting and communicating with stakeholders/ customers/ investors in relation to key financial statements and indicators of the financial health of the company.

Underpinning these four programme deliverables, it is anticipated that the programme will provide each participant with deep insight into the behavioural dimensions of company leadership to facilitate a clear understanding of the impact of their own personal attributes as leaders.

1.3.7 Anticipated Programme Outcomes

By the end of the Programme, it is anticipated that participants will have:

- A deeper understanding of how to develop and implement strategies that drive sustainability and international growth;
- A stronger and more effective management team, ready to develop and implement their revised strategy;
- Tools and techniques to ensure all aspects of their business are aligned with their strategic plans;
- Had exposure of one-to-one support from experienced business coaches to support the development and implementation of a new strategic plan;
- An opportunity to participate in a sustainable business network that will enable sharing of best practice and provide support with business issues;
- Stronger companies capable of retaining skilled professional managers in the region, and;
- Developed a business growth plan¹⁴.

Subsequent to their participation in the programme, it is anticipated that participating businesses will take advantage of the full range of existing solutions-based products and services available from Invest NI that are appropriate to their specific business needs.

The key aims and objectives of the LTP and the extent to which it is achieving them is discussed in Section 4.

¹⁴ An agreed output of the programme is a company growth plan. Rather than having a prescriptive template, the business coach uses a structured methodology to assist the participant with this process. The Growth Plan covers the following topics: Leadership and Team; Strategy/Value Proposition/Competition; Product Definition; Sales/Channels to market; Finance: business model/Funding plans/Measuring progress in financial terms; and Making it Happen.

1.4 Methodology

In conducting the evaluation, Cogent employed a methodology that included:

- A robust desk-based analysis of pertinent materials relating to each of the interventions during the period under review and benchmarked interventions;
- Telephone and face-to-face consultations with the Invest NI Programme Managers and external Programme providers (where relevant) of each of the interventions¹⁵;
- Facilitation of two focus groups with Invest NI CEs/BAs (17 individuals in attendance);
- Facilitation of a focus group with Invest NI Regional Managers;
- A telephone survey with:
 - 79 recipients of CDS NED, IM, Consultancy and Mentoring support;
 - 26 recipients of AGP support;
 - 83 recipients of PSS 1:1 Advice and Guidance Service support; and
 - 16 recipients of LTP support.

Appendices IV to XVI provide a summary of the feedback derived from the primary research, including all associated response rates and confidence intervals.

Please note, due to data protection issues, Invest NI was unable to provide the Evaluation Team with the contact details for businesses that took part in CDS Workshops. As such, the Evaluation Team's review of this aspect of the CDS intervention has been limited to reviewing Evaluation Sheets that were completed by workshop participants. Similarly, given the potentially sensitive nature of issues being addressed through the PSS ELAG, it was agreed that primary research should not be undertaken with these recipients of support.

¹⁵ Appendix II provides a summary of the consultees that were engaged in the primary research.

2. THE CAPABILITY DEVELOPMENT SOLUTIONS

2.1 Introduction

Section 2 provides a detailed analysis of the key Evaluation findings relating to the CDS suite of interventions during the period under review (1 October 2013 to 31 December 2016).

2.2 Programme Activity

As detailed within the 2013 Economic Appraisal, and subsequent Casework documents, it was anticipated 742 CDS interventions would be delivered across all 5 CDS programme elements, over a four-year period. The targets and actual activity delivered during the period under review are detailed in Tables 2.1 and 2.2 below with further detail provided in the succeeding paragraphs.

| Intervention | Year 1 Oct 13 – Sept 14 | | | Year 2 Oct 14 – Sept 15 | | | Year 3 Oct 15 - Sept 16 | | | Year 4 (3months) Oct 16 - Dec 16 | | | Total Oct 13-Dec 16 | | |
|------------------|----------------------------|------------|-------------|----------------------------|------------|-------------|----------------------------|-----------|-------------|-------------------------------------|-----------|-------------|------------------------|------------|-------------|
| | Target | Actual | Variance | Target | Actual | Variance | Target | Actual | Variance | Target ¹⁶ | Actual | Variance | Target | Actual | Variance |
| NED | 10 | 10 | 0% | 10 | 13 | 30% | 10 | 6 | -40% | 3 | 1 | -60% | 33 | 30 | -8% |
| IM | 60 | 32 | -47% | 60 | 27 | -55% | 60 | 24 | -60% | 15 | 3 | -80% | 195 | 86 | -56% |
| Mentoring | 7 | 4 | -43% | 10 | 4 | -60% | 13 | 2 | -85% | 4 | 0 | -100% | 34 | 10 | -71% |
| Consultancy | 30 | 33 | 10% | 30 | 38 | 27% | 30 | 46 | 53% | 8 | 5 | -33% | 98 | 122 | 25% |
| Sub-total | 107 | 79 | -26% | 110 | 82 | -25% | 113 | 78 | -31% | 29 | 9 | -69% | 359 | 248 | -31% |
| Workshops | 74 | 64 | -14% | 74 | 35 | -53% | 74 | 12 | -84% | 19 | 7 | -62% | 241 | 118 | -51% |
| Total CDS | 181 | 143 | -21% | 184 | 117 | -36% | 187 | 90 | -52% | 48 | 16 | -66% | 600 | 366 | -39% |

| | Offers of Assistance | | | | Draw down of Assistance ¹⁷ | | | |
|--------------|----------------------|-------------------|---------------|-------------------|---------------------------------------|-------------------|---------------|-------------------|
| | No. of interventions | Total Value | Average Value | Unique businesses | No. of interventions | Total Value | Average Value | Unique businesses |
| NED | 36 | £436,010 | £12,111 | 36 | 30 | £262,268 | £8,742 | 30 |
| IM | 101 | £1,284,998 | £12,723 | 99 | 86 | £881,688 | £10,252 | 84 |
| Mentoring | 10 | £11,652 | £1,165 | 10 | 10 | £10,829 | £1,083 | 10 |
| Consultancy | 150 | £783,134 | £5,221 | 139 | 122 | £492,282 | £4,035 | 112 |
| Total | 297 | £2,515,794 | N/A | 261 | 248 | £1,647,067 | N/A | 219 |

¹⁶ Year 4 targets have been prorated to reflect the three-month period (Oct 16 - Dec 16) within the period under review.

¹⁷ During consultation Invest NI confirmed that all projects that received the offers of assistance above are now closed and hence are ineligible to draw down any further CDS financial assistance as part of those offers.

Salient points to note include:

- At an overarching level, it was anticipated that 600 CDS interventions would be delivered during the period under review. A total of 366 interventions were actually delivered, 39% lower than anticipated.
- In terms of the CDS interventions providing financial assistance (NED, IM, Mentoring and Consultancy) we note that:
 - c. £2.52m of financial assistance was offered to 261 unique businesses through 297 interventions. The highest number of offers of assistance was made under the Consultancy programme (150 or c. 51% of total number of offers), whilst the highest value of assistance was offered through the IM programme (c. £1.28m or c. 51% of total value of offers).
 - 32 businesses (or 12% of the total number of unique businesses receiving an offer of assistance) received more than one offer of assistance (all of which were offered 2 offers of assistance).

Table 2.3: Nature of CDS interventions offered and drawn down by businesses

| Intervention | | Unique businesses receiving an offer of assistance | Unique businesses drawing down an offer of assistance |
|----------------------------------|---------------------|--|---|
| Single CDS Intervention | NED only | 25 | 22 |
| | IM only | 85 | 74 |
| | Mentoring only | 9 | 9 |
| | Consultancy only | 110 | 88 |
| Combination of CDS Interventions | NED and IM | 3 | 1 |
| | NED and Mentoring | 1 | 1 |
| | NED and Consultancy | 7 | 6 |
| | IM and Consultancy | 10 | 8 |
| | IM x 2 | 1 | 1 |
| | Consultancy x 2 | 10 | 9 |
| Total unique businesses | | 261 | 219 |

- Four-fifths (80%, N=261) of businesses in receipt of financial assistance were small businesses (with 35% of the total offers of assistance received by micro businesses), whilst the remainder of offers were provided to medium (14%) or large businesses (6%). The disaggregation of offers of assistance was broadly reflective of the wider Invest NI client base.

Table 2.4: Size of businesses offered and drawing down CDS financial support

| Size of business | Unique businesses | | Invest NI Client Base ¹⁸ | |
|---------------------------|-------------------|--------------------|-------------------------------------|-----|
| | Offered Support | Drawn down support | No. | % |
| Micro (<10 employees) | 93 (35%) | 73 (79%) | 575 | 34% |
| Small (10-49 employees) | 117 (45%) | 105 (90%) | 705 | 42% |
| Medium (50-249 employees) | 36 (14%) | 29 (81%) | 307 | 19% |
| Large (250+ employees) | 15 (6%) | 12 (80%) | 87 | 5% |
| Total | 261 | 219 (84%) | 1,674 | |

- c. £1.65m of financial assistance (equating to 66% of the value of assistance offered) was actually drawn down by 219 unique businesses through 248 interventions. Per Table 2.5, the drawdown level is broadly in-line or better with other Invest NI grant-comparable interventions.

¹⁸ Please note that the disaggregation of the Invest NI client base by size is reflective of the Invest NI client base as at September 2017 and may not be reflective of the client base at the time of the period under review. We do note however that the composition of the client base is unlikely to have change materially between the two time periods. Invest NI Client base figures exclude 'Tracked' clients and the wider business base.

Table 2.5: Benchmarking of CDS draw down level vis-à-vis other Invest NI interventions

| Intervention | Drawdown rate |
|---|-------------------|
| CDS | 66% |
| E-business Management Information Systems (MIS) grant | 66% ¹⁹ |
| Selective Financial Assistance (SFA) | 60% ²⁰ |
| Growth Accelerator Programme (GAP) | 59% ²¹ |
| Business Improvement Training Programme/Skills Growth Programme | 54% ²² |

- Whilst a full disaggregation of the focus of projects supported was not available at the time of evaluation, a review of a sample of IM, consultancy and mentoring projects (for the period April 2015 - September 2016) undertaken by Invest NI indicates that just over half (52%) of these projects were sales and marketing, with almost a further quarter of projects (23%) focused on business strategy.

Table 2.6: Nature of IM, Consultancy and Mentoring project (April 2015 – September 2016)

| Nature of project | % of total projects supported |
|----------------------|-------------------------------|
| Sales and Marketing | 52% |
| Business Strategy | 23% |
| Operational/lean | 10% |
| Financial management | 7% |
| Other | 8% |
| Total | 100% |

- The combined number of CDS projects completed (N=248) was 31% lower than anticipated at the outset. Levels of activity were lower than anticipated across three of the four interventions (IM, NED and Mentoring) but most pronounced in terms of the IM and mentoring programmes. The number of Consultancy projects was 25% higher than anticipated at the outset.
- Consultation with Invest NI indicates that the lower than anticipated level of Mentoring programme uptake, which was 71% lower than anticipated, may have resulted from a combination of the following:
 - Prior to the period under review, a significant number of mentoring projects had focused on the mentor undertaking training needs analysis on behalf of businesses. However, it is understood that, during the period under review, specific training needs analysis support was delivered through the Invest NI Skills Growth Programme. As such, this resulted in a fall in demand for mentoring support to complete this type of business development activity;
 - A lack of awareness (particularly in the Regions) of the availability of the intervention, within the suite of CDS interventions, amongst CEs/BAs. We do however note that, during the period under review, the Invest NI CDS Programme Manager delivered a series of roadshows within the Regions to raise awareness of the interventions (including when and how these should be practically utilised);
 - A lack of confidence amongst a small number of CEs/BAs in the quality of mentors currently available within NI and particularly for scaling businesses²³. This may have resulted in CEs/BAs being reluctant to refer their client businesses to the mentoring element of CDS, especially given the maximum levels of support available (discussed further in Section 2.3); and

¹⁹ Source: Evaluation of the eBusiness Service, Cogent Management Consulting (2015). Drawdown level reflects the historic drawdown level of closed MIS supported projects.

²⁰ Source: An Evaluation of Selective Financial Assistance in Northern Ireland 2004/05 to 2010/11, SQW (2013)

²¹ Source: Evaluation of the Growth Accelerator Programme, Cogent Management Consulting LLP (2017)

²² Source Invest NI. Drawdown level reflects the historic drawdown level of closed BITP/Skills Growth Programme supported projects from 2007/08 to 2014/15 inclusive.

²³ As noted, Invest NI does not recommend the external expertise that should be utilised by the business. Whilst Invest NI can provide a list of potential external providers, it is the role of the businesses to select and engage this expertise.

- A lack of understanding both amongst the NI business base and potentially some CEs/BAs of the specific role played by mentoring and how the nature of support and its associated aims and objectives differ from that being provided by a consultant. It was suggested that this may have inadvertently resulted in RDS' being raised for consultancy support in instances where mentoring support may have been more appropriate, and vice versa.

In addition, contrasting views were expressed by Invest NI consultees in relation to potential impact that the provision of mentoring support by local councils (which often did not require a financial contribution to be made by businesses) had on CDS Mentoring Programme uptake. It was the view of a number of Invest NI consultees in the Regions that the availability of such council support is likely to have little or no impact on levels of uptake on the basis that Invest NI clients were ineligible to receive the council support following the transfer of local economic development responsibilities to these councils. However, whilst acknowledging the eligibility criteria that had been implemented, it was the view of other Invest NI consultees that they were aware of a number of instances of individual Councils seeking to encourage Invest NI Clients to avail of council-delivered mentoring support and this was likely to have resulted in Invest NI clients availing of this council support (thereby potentially reducing levels of demand for CDS Mentoring support).

- In relation to the lower (by 56%) than anticipated levels of IM programme uptake the feedback from Invest NI indicates that this is likely to have resulted from a combination of the following:
 - The targets established for the IM programme was based on historic levels of activity delivered as part of the IM programme between 2007/08 and 2009/10 (when IM formed part of the Business Networking suite of interventions). At this stage, the IM programme was open to all Invest NI companies regardless of size and stage of development. However, during the period under review a reprofiling of Invest NI's client base and support offering was undertaken which had the impact of reducing the pool of companies eligible to avail of IM financial support;
 - The implementation of a more robust process to assess project applications²⁴ which resulted in fewer projects being approved than previously was the case.

Allied to this, it was suggested that this enhanced assessment process had also resulted in the identification of a number of RDS', that had been raised by CEs/BAs as possible IM projects, actually requiring advice and support to address a range of short term issues, as opposed to requiring a dedicated 'hands-on' resource based in the business. As such, this resulted in these businesses being offered (and subsequently drawing down) CDS consultancy, rather than IM, support. The impact of this redirection of support is also likely to be reflected within the number of consultancy projects that were completed (with the number of these projects being 25% higher than anticipated at the outset).

²⁴ This enhanced assessment process sought to provide a stronger challenge in relation to the additionality of the project, greater assurance that the IMs would be providing a hands-on management role in the company and the project was focused on maximising the potential for longer-term capability development.

- A total of 1,704 attendees participated in 118 CDS Workshops during the period under review (Table 2.7)²⁵.

| | Year 1 (Oct 13 - Sept 14) | | Year 2 (Oct 14 - Sept 15) | | Year 3 (Oct 15 - Sept 16) | | Year 4 (Oct 16 - Dec 16) | | Total | |
|---------------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|------------------|-----------------------------|------------------|------------------|------------------|
| | No. of workshops | No. of attendees | No. of workshops | No. of attendees | No. of workshops | No. of attendees | No. of workshops | No. of attendees | No. of workshops | No. of attendees |
| Business Direction | 24 | 294 | 9 | 159 | 3 | 30 | - | - | 36 | 483 |
| Finance | 25 | 527 | 11 | 155 | 3 | 45 | - | - | 39 | 727 |
| People of which: | 15 | 164 | 15 | 170 | 6 | 67 | 7 | 93 | 43 | 494 |
| - Performance Management | 4 | 51 | 5 | 59 | - | - | - | - | 9 | 110 |
| - Recruitment & Selection | 7 | 58 | 7 | 63 | 5 | 41 | 6 | 56 | 25 | 218 |
| - Family Business | 4 | 55 | 3 | 48 | 1 | 26 | 1 | 37 | 9 | 166 |
| Total | 64 | 985 | 35 | 484 | 12 | 142 | 7 | 93 | 118 | 1,704 |

- The workshops focused on three core business development areas including Business Direction, Finance and People (which included 3 separate workshops on recruitment and selection, performance management and family business)²⁶.
- On the basis of falling attendances at the CDS Workshops and, potentially related to this, the availability of similar support being delivered to the wider business base by local councils, a decision was taken to reduce the number, and ultimately discontinue the delivery, of the business direction and finance workshops. It was agreed that future workshops should be packaged together to meet the specific needs of Invest NI clients (identified in Section 1) in a more holistic manner (ultimately anticipated to be met through the Accelerating Growth Programme).

²⁵ As noted in Section 1, due to data protection issues, Invest NI was unable to provide the Evaluation Team with the names of businesses that took part in CDS Workshops. As such we are unable to determine the number of business attendances or unique businesses that participated on the workshops during the period under review.

²⁶ With the exception of the Recruitment and Selection and Performance Management workshops, which were delivered by Invest NI PSAs, all workshops were delivered by an external provider.

- Salient points relating to the delivery of the Accelerating Growth Programme Pilot during the period under review include:
 - 5 cohorts of businesses, consisting of 64 unique businesses took part in the AGP pilot. The programme was delivered at different venues across the 5 Invest NI office regions²⁷.
 - Consultation with Invest NI indicates that c. 90% of businesses engaged on the Programme completed a Business Health Check/Growth Diagnostic²⁸;
 - There were 325 business attendances across the suite of workshops, equating to an average of c. 8 businesses per workshop.

Table 2.8: AGP Activity December 2014 and

| Year | Location | No. workshops | Attendees | Business Attendances | Unique Businesses |
|---------------------------|---------------|---------------|------------|----------------------|-------------------|
| 2014/15 | Belfast | 5 | 58 | 47 | 12 |
| 2015/16 | Belfast | 4 | 37 | 30 | |
| | Ballymena | 9 | 110 | 100 | 15 |
| | Omagh | 8 | 42 | 39 | 9 |
| | Newry | 4 | 40 | 39 | 14 |
| 2016/17 (Apr-Dec 2016) | Newry | 5 | 34 | 34 | 14 |
| | Derry~L/derry | 5 | 42 | 36 | |
| Total | | 40 | 363 | 325 | 64 |

- By way of streamlining delivery and maximising the attendance at the workshops, the number of workshops delivered as part of the Programme was reduced from 9 to 5 (from April 2016 onwards);
- Consultation with Invest NI indicates that between 40% and 50% of businesses completed a Growth Action Plan as part of the Programme. Whilst a number of Invest NI's CEs/BAs queried whether the relatively low numbers of completed Growth Action Plans was a reflection of the degree to which businesses were 'bought into' the Programme, this view has not been reflected within the feedback from businesses who (as detailed in Sections 2.3 and 2.4), expressed, in the main, a high level of satisfaction in relation to the structure and content of the Programme. Indeed, the feedback from businesses and a cohort of Invest NI consultees suggested that the relatively low number of completed Growth Action Plans was more a reflection of businesses having a lack of capacity and/or capability to develop a meaningful plan which could ultimately contribute to accelerating their growth. As discussed later, businesses indicated that they would have welcomed support from a business mentor or coach during the programme to both provide additional support and challenge during the development of their growth plan and the implementation of actions arising out of this plan. Whilst a number of CEs/BAs also suggested this would be a welcomed addition, a cohort of consultees were of the view that, based on their own observations, more support could have been provided (and should be in the future) by CEs/BAs to client businesses to encourage the completion of these Plans.

In addition, and potentially related to these points, a number of CE/BAs queried where the Growth Diagnostic and Growth Action Plan 'fits' within the wider toolkit of interventions (e.g. Business Health Checks, Account Development Plans (ADPs) being utilised by CEs/BA to identify business' needs and deliver upon the objectives of the organisation's associated Customer Management Programme.

²⁷ That is, the Eastern, North Eastern, Southern, North Western and Western regions.

²⁸ Initially, as part of the Programme businesses were required to complete a Business Health Check (BHC). However, it is understood that as part of the last three workshops (in Newry (N=2) and Derry~Londonderry (N=1)) Invest NI introduced a programme specific online Growth Diagnostic

- In terms of equality considerations, we note that Section 75 of the Northern Ireland Act 1998 requires that Invest NI shall, “*in carrying out its function relating to Northern Ireland, have due regard to the need to promote equality of opportunity*” between the following nine Section 75 groups:
 - Persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
 - Men and women generally;
 - Persons with a disability and persons without; and
 - Persons with dependents and persons without.

In addition, and without prejudice to these obligations, in carrying out its functions, Invest NI is also committed to promoting good relations between persons of different religious belief, political opinion or racial group.

The Evaluation Team’s review of CDS and AGP activity, monitoring information provided during the evaluation process and our discussions with recipients of support has identified:

- No evidence of higher or lower participation or uptake of different groups;
- No evidence to indicate that different groups had different needs, experiences, issues and priorities in relation to CDS and AGP activity;
- No opportunities to better promote equality of opportunity or better community relations by altering the work of CDS and AGP;
- No accessibility issues that might run contrary to the Disability Discrimination Act 1995.

On this basis, the Evaluation Team concludes that whilst the CDS and AGP interventions were not specifically targeted at any specific Section 75 categories, it does not appear to have had an adverse impact on any Section 75 group.

2.3 Participants’ Satisfaction with, & Views of, CDS

2.3.1 CDS Interventions

As part of the Evaluation process, Cogent consulted with 79 of the 241 unique businesses that drew down CDS grant-based support (i.e. through the NED, IM, Mentoring and Consultancy interventions) during the period under review. Appendix IV provides the detailed findings emerging from those consultations relating to business recipients’ satisfaction with, and views of, the CDS. A summary of the key findings emerging from the primary research is detailed below:

- Participant feedback is almost universally positive in relation to each of the four interventions, with almost all recipients of support indicating that they were either ‘satisfied’ or ‘very satisfied’ with any assistance that had been provided by their Invest NI Client Executive/Business Advisor (where this was required) to:
 - Develop a project outline explaining the need for a potential NED/IM/Consultant/Mentor;
 - Develop a person specification for the external expertise;
 - Develop targets and objectives for the CDS project; and
 - Assist in identifying potential candidates.

- Across the four CDS support interventions, nearly all businesses (94%+) indicated that they were satisfied with the support that was provided by the external expertise secured through the CDS. In terms of their:
 - Understanding of the issues facing their business and its requirements;
 - Ability to identify areas for improvement within the business and appropriate solutions;
 - Ability to transfer knowledge and expertise appropriate to their business; and
 - Levels of commercial awareness.

Of note, all (100%, N=15) of the recipients of NED support agreed with each of these statements.

- On an overall basis, across the four CDS support interventions, most (89%, N=79) beneficiaries reported that they were either satisfied or ‘very satisfied’ with the support provided by their NED/IM/Consultant/Mentor (as applicable). Of particular note, all businesses that received NED or Mentoring support indicated that they were satisfied with the support provided by their NED/mentor.
- Across the four CDS interventions, almost all (93%, N=79) respondents stated that the support they received was either ‘effective’ or ‘very effective’ in terms of addressing their business’ needs.
- As noted, as part of each of the four strands of CDS support, participant businesses contributed towards the cost of the support received. Positively, all (100%) recipients of NED, IM and Mentoring support agreed that the contribution that they were required to make had represented value for money. However, almost one in five (17%, N=30) of Consultancy recipients disagreed that the contribution that they had made represented value for money. Key reasons cited by these respondents included:
 - The support provided primarily represented advice and guidance rather than more practical action points which could be implemented to address business issues; and/or
 - The actual support received not aligning with their expectations (in terms of the extent of expertise of their NED/IM/Consultant/Mentor (as applicable) or the duration across which the support was provided).
- Reflecting the high levels of satisfaction with the support received, across each of the four CDS support interventions, nearly all (90%+) businesses indicated that they would recommend each of the respective interventions to other businesses.
- Given the high levels of satisfaction, respondents provided only a small number of suggestions as to how the individual strands of the CDS might be improved. Their recommendations included:

| | |
|--------------------------------------|---|
| NED Programme | <ul style="list-style-type: none"> • Simplify the claim process (N=1); • Allow businesses to apply for support back to back, or increase the time period over which a business can receive NED support (N=1); and • Extend the programme to help businesses develop a full advisory board, as opposed to a singular NED (N=1). |
| Interim Manager Programme | <ul style="list-style-type: none"> • Increase the time period over which a business can receive IM support (N=1); • Simplify the application process (N=1); and • Offer more support to help businesses find the right interim manager (N=2). |
| Consultancy Support Programme | <ul style="list-style-type: none"> • Simplify the application process (N=1); and • Offer follow-on support to help the business implement the consultant’s recommendations (N=2). |

- During consultation, a number of Invest NI consultees questioned whether CDS support should be weighted, either in terms of the number of projects delivered and/or the level of financial support offered, towards smaller businesses. However, based upon the uptake of CDS interventions by

different sized business within the context of the Invest NI client base and the feedback from businesses, the Evaluation Team has identified no evidence to suggest that such an approach should be adopted.

- There was a broad spectrum of opinion as to the appropriateness of some daily rates being utilised across the CDS interventions. For example, whilst some consultees queried that value-for-money being provided from a consultancy daily rate of, for example, £750 others were of the view that this could represent value-for-money depending on the skills and experience of the consultant and/or the nature of consultancy being provided.

Linked to this, a number of Invest NI CEs/BAs queried whether the £1.5k limit (towards a potential project cost of £3k) currently available under the mentoring programme was sufficient to attract a suitably qualified mentor and consequently deliver a mentoring project that would have a meaningful impact on a business. For example, it was noted that whilst some very high calibre mentors can charge significantly more (upwards of £1,250 per day). It was the view of these consultees that the daily rate charged by such mentors operating in highly specialist areas, may provide considerable value-for-money and their impact could be potentially significantly greater than those of a lower calibre mentor potentially charging a lower daily rate.

- It was noted by a number of consultees that many fast-growing start-up/HPSUs may not have the financial reserves to contribute towards the costs of accessing external expertise. These businesses should potentially be able to access this skills and capability support without necessarily contributing to its cost. It was suggested that this could be particularly pertinent in the context of the mentoring programme whereby 100% of financial assistance could be provided under De Minimis rules. However, the Evaluation Team is conscious that Invest NI currently offers programme type support that includes mentoring to HPSUs (e.g. through Propel and Ignite). In this context, should the provision of additional mentoring to HPSUs be considered (over and above that provided through these programmes), a robust assessment of its need/additionality should be taken.
- Discussions with Invest NI indicate that the identification of a maximum number of days supported as part of the Consultancy (20 days) and IM (60 days) CDS interventions, and an accompanying maximum aid threshold (of £15k), may be resulting in artificially high daily rates being charged by external expertise (e.g. £750 under Consultancy) for the purpose of securing the maximum levels of financial support available under the interventions. It was the view of these consultees that this maximum number of days support criterion should be removed to avoid this potential issue as part of any future programme.
- There was a broad consensus of opinion that the NED and IM interventions should be made available to other Invest NI client groups e.g. Pre-revenue, Entry Invest NI Clients. However, differing opinion was expressed in relation as to whether CDS support should be made available to 'tracked' businesses (those businesses that currently do not meet the Invest NI Account Managed criteria and are currently only monitored by Invest NI). One cohort of Invest NI consultees was of the view that, in an environment of increasing budgetary constraints, Invest NI's Corporate focus should continue to be placed on providing financial support to those businesses that offer the opportunity to provide the greatest contribution to the development of the NI economy. However, a number of other Invest NI consultees were of the view that support through a CDS intervention could potentially provide the stimulus for growth within a 'tracked' business and hence consideration should be given to opening the programme up to this target audience on the proviso that a CE/BA can clearly articulate the potential benefit that would be derived by the business including its potential to redefine the status of the business within Invest NI's client segmentation.
- During consultation, some members of the CDS team noted that the volume of work required to manage the delivery of the CDS programme can, on occasions, be excessive owing to the work required to assess programme applications; particularly in instances when the project has not been appropriately defined/scoped by the CE/BA that has raised the RDS.

However, it is noted that a number of CEs/BAs were of the view that they would welcome greater levels of responsibility and trust being placed upon them to define the need for support, negotiate the appropriate level of support that should be offered and subsequently develop CDS applications. Indeed, this cohort of CEs/BAs drew parallels with Invest NI Technical Development Incentive (TDI) scheme.

In any such case, given the relatively low levels of support that are available on an individual project basis, we are of the view that it is essential that the programme is underpinned by a process-proportionate application and assessment process that captures the essential information required to inform the decision-making process in relation to individual applications. Given their client-facing role, this should require CEs/BAs (as opposed to the CDS programme management team) to have sole responsibility for ensuring that potential projects are appropriately defined/scoped and that the levels of assistance being requested have been appropriately challenged. To facilitate this process, Invest NI should undertake a review of the appropriateness of information currently being requested as part of the assessment process, amending where necessary. This should be clearly articulated within the Programme's guidelines and shared with all client-facing staff.

2.3.2 CDS Workshops & Pilot AGP

CDS Workshops

The succeeding paragraphs provide a summary of the feedback derived in relation to the CDS Workshops that were delivered during the period under review. Please note that, in agreement with the Evaluation Steering Group, the analysis is limited to examining the feedback provided by workshop participants through Evaluation Sheets (N=1,417) completed following their participation on each of the workshops.

Appendix VI provides the detailed findings emerging from the consultations relating to business recipients' satisfaction with, and views of, the CDS Workshops. A summary of the key finding emerging from the primary research is detailed overleaf:

- Almost all (92%+) attendees of the Business Direction and Finance CDS workshops rated the various workshop elements as being 'high', including the:
 - Value of the workshops;
 - Relevance of the workshops content to current/future work;
 - Degree to which the course met attendees' expectations/ objectives;
 - Structure of the workshops, including the course duration, the venue and the catering/hospitality;
 - Quality of presenters including their knowledge of the subject, style and delivery and their responsiveness to the group; and
 - Quality of materials, including the training presentation/visual aids and the training handouts.
- On an overall basis, 96% of Business Direction and 95% of Finance workshop attendees expressed a high level of satisfaction with the support delivered through the workshops.
- Similar high levels of satisfaction were expressed by attendees of the People Solutions Workshops, with almost all (99%) attendees stating that the workshops had met their expectations.
- Notwithstanding the general falling number of business attendances at the CDS workshops, a number of Invest NI CE/BAs noted that attendance at the Family Business workshop was consistently high and that this workshop should continue to be delivered moving forward, perhaps as an optional workshop within the AGP. Whilst noting the positive feedback derived in relation to this workshop, the high level of attendances is likely to reflect, at least in part, the fact that the workshop was open to the wider business base.

Pilot AGP

In addition to ascertaining business' views on the CDS Workshops, the Evaluation Team also consulted with 26 of the 74 businesses that had participated on the pilot AGP. Appendix VII provides the detailed findings emerging from the consultations relating to business recipients' satisfaction with, and views of, the pilot AGP. A summary of the key finding emerging from the primary research is detailed below:

- All business (100%) indicated that they were 'very satisfied' or 'satisfied' with the process involved in completing the Growth Diagnostic including its ease of completion, the amount of time/staff input required and the effectiveness of the Assessor completing the Growth Diagnostic;
- Nearly all businesses expressed a high level of satisfaction with the structure and content of workshops that were delivered through the Programme. Specifically, 92% or more of respondents indicated that they 'very satisfied' or 'satisfied' with the ease of completion of any pre-workshop materials, the number of workshops²⁹ and topics covered (e.g. sales and marketing, financial management, people solutions etc.), the structure of workshops including opportunities to network with other businesses, as well as the quality of workshop materials and any guest speakers in attendance.
- The feedback from participating businesses suggests that as a result of completing the Growth Diagnostic and attending the Programme's workshops:
 - Just under half of all business (46%, N=26) created a written Growth Action Plan, which contained action aimed at accelerating their growth, with the support of their CE/BA; and
 - A further 40% (N=26) of businesses identified actions that could accelerate their growth, albeit these businesses suggested that they were not articulated in the form of a written Growth Action Plan.

Of the businesses that had suggested that they had identified actions to accelerate their growth (N=22), either articulated within a written Growth Action Plan or not, 59% indicates that they had implemented all or some of the actions that they had identified.

Key reasons cited by businesses that had not implemented all (N=9) or some (N=10) of the actions that had been identified during the Programme included the business not having the time and/or skills and/or the human resources to take forward the activities to address the actions.

As part of the consultation process, businesses were asked if they would have liked to have received support from a business mentor or coach during the programme to both provide additional support and challenge during the development of their growth plan and the implementation of actions arising out of this plan. Most businesses (88%, N=26) indicated that they would have welcomed this support, suggesting that this would potentially have supported them to implement a greater number of actions, which were identified during the Programme, to accelerate their growth. This view was supported by CEs/BAs and Regional Managers who suggested that potentially c. 2 days of mentoring or coaching should be provided as part of any future AGP.

- Encouragingly, nearly all businesses (90%, N=26) stated that the support they received through the AGP was 'very effective' (61%) or 'effective' (29%) in terms of addressing the business' needs.
- Reflecting the high levels of satisfaction with the support provided through the Programme, almost all (92%, N=26) respondents would recommend the AGP to other businesses to assist them to access external expertise and capabilities to enhance their growth and competitiveness in export markets.

²⁹ Initially 9 and reduced to 5 from April 2016.

- Given the reported high levels of satisfaction, respondents provided only a small number of suggestions as to how the AGP might be improved. Their recommendations included:

- Providing support from a business mentor or coach during the programme to both provide additional support and challenge during the development of their growth plan and the implementation of action arising out of this plan (discussed previously);
- Amending the timing of the workshops with a small number of businesses suggesting that multiple workshops should be delivered on a full-day basis (as opposed to a half-day) (N=2); whilst other businesses suggested that the workshops should be delivered outside core working hours (in the evenings or weekends);
- Extending the duration of workshops; and
- Segregating workshops for young and more established companies.

- A number of Invest NI Regional Managers recommended that the requirement for businesses to attend all AGP workshops should be removed, thereby allowing businesses to attend those workshops that offer the potential to meet their specific needs. However, in our view, the removal of this requirement may inadvertently undermine the holistic and integrated nature of the support being provided through the programme (which has been tailored to the specific needs of the programme participants) resulting in lower levels of ‘buy-in’ and business impacts/outcomes.
- During consultation, it was further recommended that the criteria³⁰ for participating on the AGP should be better defined. Specifically, it was suggested that businesses should be required to have a management structure in place in advance of their participation as relatively smaller business may not be able to commit the time to fully engage on the programme. However, practically we note that this may not be possible, as early stage businesses may not have fully developed management structures in place. Given the potential benefits that could be derived by businesses from their engagement on the programme, we would not advocate the exclusion of these businesses from the programme due to the absence of these management structures.
- A number of consultees recommended that workshops should be delivered on a more localised basis (e.g. in each Council area as opposed to Invest NI Regional Office area) to encourage greater levels of engagement. However, we note that this may not be practical in all cases, as each programme cohort will require a sufficient quantity and quality of businesses, which may be inadvertently reduced in the event that a more localised model of delivery is adopted. In such a scenario, the overall cost of delivery would increase and may result in a reduction in the value-for-money provided by the programme.
- It was also recommended that businesses are required to make a financial contribution to their participation on the AGP to encourage commitment and buy-in. In advance of taking this decision the Evaluation Team recommends that the merits and demerit adopting a model of charging should be carefully considered and any charging model, if adopted, fully aligns with any agreed corporate framework for charging.

It is the Evaluation Team’s view that the primary rationale for the introduction of charging for businesses that receive AGP support should be to:

- Increase levels of Programme additionality (the extent to which an activity takes place at all, or is undertaken on a larger scale, or earlier, or to a higher standard, or within a policy target area, *as a result* of public sector intervention.);
- Increase businesses commitment and engagement in the programme and the associated quality of actions that are taken forward by businesses to accelerate their growth in export markets; and/or
- Reduce NI businesses reliance on public sector support.

The associated merits of successfully introducing a model of charging would be:

³⁰ During consultation, Invest NI indicated that, historically, businesses were typically required to be micro or small businesses who had the potential to stimulate their growth through export markets.

- Reducing the cost (to Invest NI) of delivering services; and in turn
- Raising revenues that could be utilised to deliver further services focused on enhancing economic development within NI.

However, it is also the Evaluation Team’s view that the introduction of charging for businesses that receive AGP support may also present several demerits, as follows:

- The introduction of charges may result in a reduction in the level of demand for the support as businesses may be unable to pay for the support and/or are reluctant to pay for the support in the absence of knowing more about the benefits of undertaking the skills and capability business development activities (i.e. asymmetric information);
- The introduction of charging may negatively impact on the dynamic of the relationship between Invest NI and the NI business base, with the former potentially no longer being viewed as an objective independent and impartial ‘honest broker’ that is primarily focused on supporting the needs of businesses;
- Its introduction will require additional administrative resource to be allocated to support the distribution of letters of offer and collection of the charges (which may exceed the potential level of income that would be derived from implementing the charging structure); and
- Its introduction is likely to require an administrative mechanism to be put in place to track time allocations and may require amendments to Invest NI’s standard Terms and Conditions.

Notwithstanding the above, we note that a model of charging for AGP support has not yet been market tested and hence the impact (either positive or negative) of introducing a charging model is speculative at this time. That is to say, until the model is market tested, it is unclear as to whether the aforementioned merits and demerits transpire and the degree of impact that they have on, amongst other things, levels of Programme demand.

Furthermore, it is the Evaluation Team’s view that a number of important contingency/mitigation steps can be taken to mitigate against any potential decrease in demand through the:

- Varying of the structure of charging so that those who are more likely to be affected by the introduction of charging (e.g. micro and small businesses), pay relatively less;
- Adoption of a graduated approach to the introduction of charging, whereby the model (and associated rates) evolves over time. This may serve to reduce any sharp decrease in demand during the initial period of introducing charging; and
- Effective marketing of the Service including the nature and level of benefits that can be potentially gained from engaging with the Service (supported by up-to-date case studies) and the degree to which the support is being subsidised by Invest NI (if relevant).

2.4 CDS’s Impact

2.4.1 CDS Interventions

Appendix V provides the detailed analysis of the feedback from recipients of CDS grant support in terms of the impact that the support had on their business. A summary of the key findings emerging from the primary research is detailed below.

- **Focus of the CDS projects supported** - Respondents indicated that their CDS projects covered a wide range of business functions and operational areas. However, for a majority (69%, N=64) of the IM/Consultancy/Mentoring respondents, a focus on their business’ strategic direction formed a key focus, whilst a focus on sales and/or marketing play a key role in 61% of IM/Consultancy/Mentoring projects.

Table 2.9: The nature of the project/assignment that was undertaken by the External Expertise

| Nature | IM | Consultancy | Mentoring | Total |
|--|------------|-------------|-------------|------------|
| Strategic Direction/Business Strategy | 67% | 73% | 50% | 69% |
| Marketing | 47% | 43% | 75% | 47% |
| Sales | 53% | 27% | 75% | 42% |
| Sales or Marketing – Sub-Total | 70% | 47% | 100% | 61% |
| General operations | 40% | 40% | 75% | 42% |
| Leadership | 30% | 13% | - | 20% |
| Supporting functions (e.g. HR, IT, legal, administration etc.) | 23% | 27% | 25% | 25% |
| Finance | 23% | 17% | 25% | 20% |
| Production | 17% | 27% | 25% | 22% |
| Distribution | 17% | 7% | - | 11% |
| Research and Development | 13% | 7% | 25% | 11% |
| Customer service support | 10% | 7% | - | 8% |
| N= | 30 | 30 | 4 | 64 |

- **Achievement of motives/objectives for participation** - Businesses indicated that a variety of factors influenced their decision to engage in a CDS project with the most important factors for businesses including to:
 - Access external skills, knowledge and expertise that was not held elsewhere in the business (most frequently cited as the most important factor for recipients of consultancy support)
 - Address strategic and/or operational issues that were inhibiting the growth and competitiveness of the business (most frequently cited as the most important factor for recipients of NED and mentoring support)
 - Bring a specialised skill set into a project (most frequently cited as the most important factor for recipients of IM support)

Other key objectives cited by recipients of CDS support included to:

| | |
|---------------------------|---|
| NED | <ul style="list-style-type: none"> – Constructively challenge and contribute to the development of the company's strategy/strategic direction – Scrutinise the performance of management and identify opportunities to improve its functioning – Avail of the NED's network of contacts – Gain general, sectoral or functional knowledge, experience and expertise |
| IM and consultancy | <ul style="list-style-type: none"> – Obtain an objective/impartial assessment of the issues facing the business and develop solutions to address them – Provide management support to take forward a change or transformation project – Test an idea without committing to a full-time employee |
| Mentoring | <ul style="list-style-type: none"> – Constructively challenge and contribute to the development of the company's strategy/strategic direction – Gain general, sectoral or functional knowledge, experience and expertise – 'Sound-out' new ideas that your business was in the process of developing – Support the business as it moved through a process of transition |

All respondents, with the exception of a minority of Consultancy support recipients, stated that they had either 'partially' or 'wholly' achieved' the factors/objectives that had led to their participation.

- **Progress towards project targets** - Encouraging, across the four individual CDS interventions, nearly all (97%+) of respondents indicated that they have either wholly or partially achieved the aims, objectives and targets that were established at the outset of their respective project.

| Intervention | Extent to which aims, targets and objectives were achieved | | |
|-------------------------|--|------------|-----------|
| | Wholly | Partially | None |
| NED (N=15) | 80% | 20% | 0% |
| IM (N=30) | 57% | 40% | 3% |
| Consultancy (N=30) | 64% | 33% | 3% |
| Mentoring (N=4) | 75% | 25% | 0% |
| Total CDS (N=79) | 65% | 32% | 3% |

Key reasons why some participants suggested that they had only partially achieved the aims, objectives and targets that were established for their CDS project included:

- The project was taking longer to complete than anticipated;
- The business did not have the time to fully commit to the project; and
- The External Expertise provider did not have the capability to fully deliver the project.

For those businesses that indicated that they had only partially achieved their aims, objectives and targets, most felt that they were still on target to achieve all or most of these.

- **Activity Deadweight / Additionality and market failure** - The calculated levels of activity additionality (ranging from 63% to 78%) indicate that each of the CDS interventions have played a strong role in encouraging businesses to access the external skills and capability support. We consider that these are high levels of additionality, especially when viewed in the context of the many forms of internal and/or external capability development support and activities that a business could have adopted to address its needs.

| Intervention | % level of Additionality |
|-------------------------|--------------------------|
| NED (N=15) | 66% |
| IM (N=30) | 78% |
| Consultancy (N=30) | 63% |
| Mentoring (N=4) | 75% |
| Total CDS (N=79) | 70% |

The analysis provides an indication that a number of market failures, typically in the form of asymmetric information and risk aversion, are combining to prevent businesses from accessing skills and capability support independently from receiving support.

Indeed during consultation a number of CEs/BAs indicated a view that too much of an overt focus was being placed upon a business' cash reserves when assessing the need for a project. These consultees suggested that this was often to the detriment of businesses where asymmetric information market failures were often evident in their discussions with the business insofar that the business fail to understand the potential benefits that external expertise could bring to their business. On a related point the CEs/BAs also noted that businesses often have many competing pressures for their cash reserves and that a small CDS project can provide the foundation for a more significant investment project within the business.

The factors that would have prevented respondents from undertaking the activities that were supported by the CDS Programme independent of the CDS, included a range of:

- **Market failure factors** (e.g. lack of knowledge of the potential benefits of skills and capability support and/or lack of knowledge of where to access support (i.e. assymetric information) and risk aversion); and
- **Non-market failure factors** (e.g. lack of time and/or affordability).

The Evaluation Team analysed the degree to which market failure played a role in businesses' decision to take part in the CDS Programme. This analysis involved categorising a business' motives for participation based on:

1. **No Market failure** - The business felt they 'definitely' or 'probably' would have undertaken the activities, or undertaken them in a similar manner in the absence of the CDS or stated only a 'non-market failure factor';
2. **Partial Market failure** - The business' decision not to undertake the activities that were supported, or undertake them in a similar manner (either at all or to the same scale or within the same timeframe) in the absence of the CDS related to a combination of market failure and 'non-market failure factors';
3. **Full Market Failure** - The business' decision not to undertake the activities, or undertake them in a similar manner in the absence of the CDS related solely to market failure factors.

The analysis indicates that non-market failure factors, typically in the form of affordability, are also playing an important role in preventing business from accessing this support.

| Table 2.12: Impact of market failure on the CDS Programmes | | | | | |
|---|-----------------------|----------------------|-------------------------------|----------------------------|-----------------------------|
| | NED (N=15) | IM (N=30) | Consultancy (N=30) | Mentoring (N=4) | CDS Total (N=79) |
| No Market Failure | 67% | 53% | 50% | 25% | 53% |
| Partial Market Failure | 27% | 30% | 40% | 50% | 34% |
| Full Market Failure | 6% | 17% | 10% | 25% | 13% |
| Total | 100% | 100% | 100% | 100% | 100% |

- **Achievement of business outputs** - Per Table 2.13, respondents reported that they have achieved a wide variety of outputs as a result of the support received through their CDS intervention(s) ³¹. However, the most frequently cited outputs reported included:
 - An increase in company/brand awareness;
 - Enhanced market intelligence;
 - Development of a new strategy;
 - Introduction of a new system, process and/or procedure within the business; and
 - Addressing of an operational inefficiency.

| Table 2.13: Outputs Achieved by recipients of CDS support | | | | |
|---|-----------|--------------------|------------------|--------------|
| Output | IM | Consultancy | Mentoring | Total |
| Increase in brand awareness | 63% | 57% | 50% | 59% |
| Developed market intelligence | 60% | 50% | 75% | 56% |
| Introduced a new system, process and/or procedure within the business | 57% | 43% | 50% | 50% |
| Addressed an operational inefficiency | 53% | 40% | 75% | 48% |
| Developed a new strategy | 50% | 57% | 100% | 56% |
| Increased customer satisfaction | 50% | 33% | 50% | 42% |
| Entry into new geographical markets | 40% | 10% | 25% | 25% |
| Increased employee morale | 37% | 40% | 50% | 39% |
| Developed a new process | 30% | 33% | 25% | 31% |
| Supported organisational/cultural change | 27% | 33% | 50% | 31% |

³¹ It should be noted that these findings related to all respondent businesses, regardless of whether they cited original objectives relating to these specific areas.

| Output | IM | Consultancy | Mentoring | Total |
|--|-----------|-------------|-----------|------------|
| Developed a new product or service | 27% | 20% | - | 22% |
| Adapted an existing product or service | 23% | 3% | 50% | 16% |
| Developed a prototype | 17% | 10% | - | 13% |
| Entry into new sectoral markets | 17% | 10% | - | 13% |
| Adapted an existing process | 10% | 10% | 25% | 11% |
| Total | 30 | 30 | 4 | 64 |

Where applicable, the majority (69%+) of businesses indicated that they were able to wholly integrate any new processes, practices and/or procedures, that were developed during their respective CDS project, within their business.

- **Achievement of business outcomes** - A wealth of evidence exists which suggests that there is a strong positive correlation between the quality of the human capital of a region and its economic growth and prosperity. However, as noted within Invest NI's Economic Appraisal Framework for skills, capability and training interventions, quantifying the impact of skills and capability interventions in monetary terms is, in practice, difficult to undertake.

Whilst a significant amount of evidence exists which demonstrates that, in general, there is a positive return from formal education as higher levels of skills are linked to higher levels of profitability for companies, higher wages for individuals and as a result, increased output and productivity within the broader economy; what is less clear, are the returns from less formal skills, capability and training activities that do not lead to a qualification. This issue is pertinent to the CDS interventions (as well as LTP), where the majority of training and skills development activities that are undertaken by NI businesses do not lead to employees within a business gaining a formal qualification.

In addition, the Evaluation Team notes that whilst many of the various CDS projects had a focus on sales and/or marketing, not all of them did and hence may not have been overtly focused on generating tangible outcomes such as additional sales.

Notwithstanding this issue, the Evaluation sought to assess and quantify, as far as possible, the monetary outcomes derived by businesses in receipt of CDS support. A summary of these impacts is provided in the table overleaf.

| | NED | IM | Consultancy | Mentoring | CDS Total |
|--------------------------------|-------------------|-------------------|-----------------|----------------|-------------------|
| Survey Sample | 15 | 30 | 30 | 4 | 79 |
| Sales/revenue increases | | | | | |
| No. achieving impact | 13 (87%) | 23 (77%) | 14 (47%) | 4 (100%) | 54 (68%) |
| No. able to quantify | 4 (31%) | 7 (30%) | 2 (14%) | 1 (25%) | 14 (26%) |
| Value | £1,430,000 | £3,674,000 | £815,000 | £25,000 | £5,944,000 |
| Cost Savings | | | | | |
| No. achieving impact | 2 (13%) | 5 (17%) | 4 (13%) | 1 (25%) | 11 (14%) |
| No. able to quantify | 0 | 3 (60%) | 2 (50%) | 0 | 5 (45%) |
| Value | - | £350,000 | £412,000 | - | £762,000 |
| Employment created | | | | | |
| No. achieving impact | 11 (73%) | 18 (60%) | 10 (33%) | 3 (75%) | 42 (53%) |
| No. able to quantify | 10 (91%) | 16 (89%) | 9 (90%) | 3 (100%) | 38 (90%) |
| No. of new FTEs | 95 | 177 | 36 | 5 | 313 |
| FTEs > PSM | 82 (86%) | 139 (79%) | 26 (72%) | 0 | 247 (79%) |
| Employment safeguarded | | | | | |
| No. achieving impact | 3 (20%) | 14 (47%) | 5 (17%) | 1 (25%) | 23 (29%) |
| No. able to quantify | 0 | 2 (14%) | 3 (60%) | 0 | 5 (22%) |
| No. of FTEs | - | 4 | 6 | - | 10 |

In summary, businesses that were able to quantify the tangible impact that the support had made suggested that they had:

- Increased their sales/revenues by £5.94m. Circa £3m (or 50%) of these sales were reported as being achieved in markets outside NI (i.e. in external and export markets).
- Made £762k of cost savings;
- Created 313 new FTE jobs, four-fifths (79% or 247 FTEs) of whom had salaries in excess of the NI Private Sector Median (PSM); and
- Safeguarded a further 10 FTE jobs.

We note that relatively different proportions of respondents were willing and/or able to quantify the impact of the support on their turnover/sales and employment. As such, caution should be taken on assessing the extent to which the reported sales impacts could support the reported employment impacts. In considering this further, the Evaluation Team notes that 10 businesses within its survey sample reported deriving both an increase in sales and employment and were able and/or willing to quantify these impacts. These businesses indicated that they had increased their sales by c. £5.3m and their employment by 51 FTEs. The application of the NI sectoral levels of GVA (31.3%)³² and associated proportion of GVA allocated to wages and salaries (63%) to the increased turnover, suggests that the average salary level of the employees was c. £20.3k (which is broadly equivalent to the current NI PSM (of £20,800³³)).

| | Sample of businesses (N=10) ³⁴ |
|---|---|
| Turnover/sales increase | £5,335,000 |
| Employment increase | 51 FTEs |
| Turnover per job | £104,608 |
| GVA per job (@31.3%) | £32,742 |
| GVA potentially available to support (per job) employment costs (@63% of GVA per job) | £20,300 |

The analysis indicates that to support the 313 reported FTE jobs, would have required a substantially higher level of increased sales/turnover than was reported by the sample of businesses (£c 5.9m reported by the 14 businesses) that engaged in the primary research.

In addition to additional sales and employment and reduction in costs, CDS participant businesses reported that they had derived a number of other benefits as a result of the support received, with the most frequently cited being increased productivity (53%), improved skills amongst their workforce (49%) and increased business competitiveness (48%).

| Impact/outcome | NED | IM | Consultancy | Mentoring | CDS Total |
|--------------------------------------|-----------|-----------|-------------|-----------|-----------|
| Increased productivity/efficiency | 47% | 57% | 47% | 100% | 53% |
| Improved the skills of the workforce | 33% | 67% | 40% | 50% | 49% |
| Increased business competitiveness | 60% | 30% | 57% | 75% | 48% |
| Impact on the business' survival | 27% | 50% | 30% | 50% | 38% |
| Increased expenditure on R&D&I | 27% | 30% | 27% | 25% | 28% |
| Other | 20% | - | 3% | - | 5% |
| Total (N=) | 15 | 30 | 30 | 4 | 79 |

³² Per the NIABI (November 2017), NI average sectoral GVA was 31.3% in 2016. Office for National Statistics (ONS) data indicates that, in 2013, compensation for employees made up c. 63% of total GVA (with the remainder (37%) relating to profits).

³³ Source: NI ASHE. Salary data relates to 2016.

³⁴ Please note that these 10 businesses had achieved the reported sales and employment impacts for a c.1.1 year period.

In addition to the actual outcomes achieved to date, many businesses that received CDS support stated that they anticipated achieving further turnover, costs savings and employment impacts over the next three years as a result of their CDS project (Table 2.16).

| Table 2.16: Anticipated Impacts over the next 3 years | | | |
|--|--|-------------------------------|---------------------------|
| Intervention | % of businesses anticipating impact | | |
| | Increase in turnover | Increase in employment | Reduction in costs |
| NED (N=15) | 73% | 47% | 27% |
| IM (N=30) | 73% | 60% | 40% |
| Consultancy (N=30) | 53% | 47% | 30% |
| Mentoring (N=4) | 50% | 50% | 25% |

- **Impact Deadweight / Additionality**- The net impact of the CDS support (i.e. its additionality) on recipient businesses' sales, costs, employment or other outturns can only be measured after making allowances for what would have happened in the absence of the intervention. That is, the impact must allow for deadweight. 'Deadweight' refers to outcomes that would have occurred without the intervention.

The analysis of individual survey responses and application of the same 'participant self-assessment' methodology used to assess 'activity additionality', results in the following levels of 'impact deadweight and additionality':

| Table 2.17: CDS Programme - Impact Additionality | | |
|---|----------------------|-------------------|
| Intervention | Additionality | Deadweight |
| NED (N=15) | 53% | 47% |
| IM (N=26) | 64% | 36% |
| Consultancy (N=22) | 69% | 31% |
| Mentoring (N=4) | 77% | 23% |
| Total CDS | 64% | 36% |

The Evaluation Team's benchmarking of the interventions levels of 'impact additionality' with other interventions that seek to develop skills and capability indicates that, with the exception of the NED intervention, each of the other CDS interventions are performing relatively better than these.

| Table 2.18: Benchmarking of impact additionality/deadweight | | | |
|--|-------------------------------|---------------------------|------------------------|
| Location | Nature of intervention | Mean additionality | Mean deadweight |
| UK Regional | All interventions | 57.0% | 43.0% |
| | Programme interventions only | 65.2% | 34.8% |
| | Workforce/skills development | 61.4% | 38.6% |
| Invest NI | NED (N=15) | 53% | 47% |
| | IM (N=26) | 64% | 36% |
| | Consultancy (N=22) | 69% | 31% |
| | Mentoring (N=4) | 77% | 23% |
| | All CDS interventions | 64% | 36% |

- **Displacement** - On an overall level, the Evaluation Team's analysis suggests that the displacement factor at the NI level is 13%; whilst at the GB level, it is 17%.
- **Sustainability of the External Expertise** - Across the four CDS interventions, over half (57%, N=72) of businesses indicated that they have continued to employ the external expertise following the completion of the project which they were initially recruited for.

The Evaluation Team notes that there were mixed views as to whether a business' continued usage of a CDS specialist advisor such as an IM or consultant 'defeated the capability development argument'. That is, whether the business was appropriately using the intervention to build its long-term skills and capability. Indeed, and linked to this, a small number of consultees raised the more strategic question as to what the overt focus of the CDS is, and should be. These consultees were of the view that the interventions should be about developing the skills and capabilities of the business so that they can potentially address similar business issues in the future i.e. about embedding a more long-term sustainable approach independent of the need for external expertise.

However, it was the view of a number of different Invest NI consultees that the CDS interventions were more about accessing specialist advice and expertise and the acquisition of capability was a secondary, albeit important, outcome from the intervention. Given the contrasting views expressed, we recommend that greater clarity is given to identifying the primary aim of the suite of interventions and also to better defining the situations whereby a CDS intervention is utilised. We do however note that providing precise definitions and lines of demarcation may be difficult in practice given the fact that all CDS interventions are focused on developing skills and capabilities albeit the method by which this is achieved differs.

Related to the issue of continue use of the external expertise, it was noted by other consultees that the retention of the external expertise and/or repeat usage of a CDS intervention was more reflective of the range of areas for which a business may require skills and capability development support and hence the retention and/or repeat usage of external expertise was a reflection of the positive impact that it was having on the business.

In addition, it was noted that given the specialist advice and guidance required by many businesses (which may require an IM or consultant years to accumulate the skills and knowledge to address) it would be unrealistic to anticipate that a business would be sufficiently upskilled following a short period of support to take forward similar projects themselves in the future.

In any such case, we note that around half of businesses that engaged in the primary research, reported that the external expertise had supported the transfer of knowledge and the increase of their skill sets.

By way of illustrating the impact made by the CDS, the Evaluation Team undertook a number of case studies. Whilst individual case study information can be found in the tables overleaf³⁵, the research indicates:

- The CDS support provided a tailored suite of support to address the specific needs faced by businesses;
- Businesses were of the view that the support provided by the External Expertise was of a high standard, allowing them to apply the advice, knowledge and expertise wholly within their business;
- As a result of the aforementioned operational improvements, businesses reported realising a range of monetary and non-monetary outcomes including increased turnover, increased employment, increased competitiveness and enhanced knowledge and skills etc.

³⁵ Please note that the business names have been removed to preserve their anonymity.

| | |
|--------------------------------|--|
| <p><i>NED Case study 1</i></p> | <p>Company A is an established medium sized mineral and quarry processing business, employing over 100 people in the Mid and East Antrim Borough Council area. The Company sought NED support to address strategic issues that were inhibiting the growth and competitiveness of the business, and to access an independent view and external skills, knowledge and expertise that were not held elsewhere in the business. The NED challenged the Board and Senior Executives and helped the Company to develop a strategic 5-year plan. The Company noted that the NED fully understood the industry and provided guidance on how to address its barriers to growth.</p> <p>On an overall basis, Company A reported that the support provided through the NED Programme was effective in terms of addressing its business’ needs. The Company emphasised the value it gained from an independent perspective and noted that it continues to employ both the NED for whom they received CDS support, as well as another NED.</p> <p>Company A advised that the aims and objectives that were established at the outset of the project were “wholly achieved”, and as a result of the NED, the business has:</p> <ul style="list-style-type: none"> • Increased sales by 7% in NI and 2% in both external and export markets; • Increased employment by 14 FTEs; 12 of which have salaries above the NI private sector median (PSM) level; • Improved the skills of its workforce; and • Developed its strategic direction for future growth. <p>At an overarching level Company A suggested that the NED support had served as a catalyst for business growth and that the impacts achieved probably would not have occurred in the absence of the NED support.</p> |
| <p><i>NED Case study 2</i></p> | <p>Company B is a provider of IT hardware based within the Belfast area. The Company has a wide range of clients including government, private enterprises and data centres. Prior to receiving the NED support, the Company indicated that it was still in the early stages of its development and required an impartial view to challenge the Board to bring its products to market. It reported that it also required support to address operational issues that were inhibiting its growth potential. The NED contributed to the development of a sales and marketing plan and helped the Company to appoint marketing sales staff. Company B reported that the support provided through the NED Programme was very effective in terms of addressing its business’ needs.</p> <p>Company B advised that the aims and objectives that were established at the outset of the project were “wholly achieved”, and as a result of the NED, the business has:</p> <ul style="list-style-type: none"> • Increased sales by £80k in external and £500k in export markets; • Increased employment by 16 FTEs; all of which have salaries above the NI PSM level; • Increased expenditure on R&D&I by £2.5m; and • Increased competitiveness through an improved marketing strategy. <p>The company suggested that the impacts probably would not have been achieved in the absence of receiving the NED support.</p> |

| | |
|--|---|
| <p>Interim Manager Case study 1</p> | <p>Company C is an SME specialising in the manufacturing of high quality recycled PVC plastering and rendering products, located in the Fermanagh and Omagh District Council Area. Prior to receiving IM support, the Company indicated that it lacked sufficient business development skills and that it required specialised skill sets to address operational issues within its financial and production processes. Company C anticipated that the capability development support would enable it to test new products, secure financial assistance and ultimately to enable it to achieve growth projections. The IM provided external expertise on raising finance (and in particular, relevant grant funding from Invest NI) and supported the business to produce a prototype. Following the development of the prototype, the IM used their industry expertise to take the prototype for testing in QUB. With the support of the IM, Company C indicated that it was able to improve its cash flow and financial controls and also to enhance efficiencies through the introduction of lean production methods in order to reduce blockages on the production line.</p> <p>On an overall basis, Company C reported that the support provided through the IM Programme was “very effective” in terms of addressing its business needs, and indicated that the business continues to employ the IM on an ad-hoc basis, to research new products and markets. Company C advised that the aims, targets and objectives that were established at the outset for the project were “wholly achieved”, and as a result of the IM, the business has:</p> <ul style="list-style-type: none"> • Developed a new prototype; • Increased sales by £300k in the NI market; • Increased employment by 10 FTE; 5 of which have salaries above the NI PSM level; • Increased expenditure on R&D&I by £120k; • Improved the skills of its workforce, including financial reporting, costing and lean production skills; • Addressed an operational inefficiency through implementing process and production efficiencies; • Developed market intelligence and entered new sectoral markets; and • Increased brand awareness from improving the company’s website. <p>The Company suggested that the impacts “definitely” would not have been achieved in the absence of receiving the IM support.</p> |
| <p>Interim Manager Case study 2</p> | <p>Company D is a family business which specialises in mechanical and electrical contracts, located in the Mid and East Antrim Borough Council Area. Company D has a wide range of clients including corporate offices, restaurants and retailers. Having operated as a family business for over 50 years; Company D required an impartial assessment of the issues facing the business and believed that it needed to re-structure the management team towards a more hierarchical tiered structure. Furthermore, Company D wished to implement training plans and score boards within the business, but did not possess the necessary skills and knowledge internally. For these reasons, the Company sought Invest NI support.</p> <p>The project undertaken by the IM involved an impartial review of the strategic and operational issues facing the business as well as the provision of support to introduce a tiered management structure, which allowed the Managing Director to delegate day to day tasks to other members of the management team. In addition, the IM provided specific support on managing a family business and planning for the future. On an overall basis, Company D reported that the support provided through the IM Programme was “very effective” in terms of addressing its business needs. Company D advised that the aims, targets and objectives that were established at the outset if the project were “partially achieved” on the basis that the restructuring of the business took longer than initially expected. Nonetheless, Company D indicated that the IM support has:</p> <ul style="list-style-type: none"> • Increased sales by £800k in external markets (GB) and £250k in export markets; • Increased employment by 5 FTE; 4 of which have salaries above the NI PSM; • Improved the skills of 17 members of staff; • Increased productivity; and • Had a positive impact on the business’ survival. |

| | |
|---------------------------------|---|
| Consultancy Case study 1 | <p>Company E is a specialist supplier of labels particularly focused on the clothing industry. The business currently employs 31 people in the Mid Ulster area, and has an annual turnover of c.£2.8m. The Company indicated that, prior to receiving the Consultancy support, its management team did not have sufficient capability to produce a comprehensive Strategic Growth Action Plan covering 5 years. Company E sought consultancy support in order to:</p> <ul style="list-style-type: none"> • Produce a clear and shared understanding of where the business was going and how it was going to get there; • Carry out market research to identify and refocus the business and seek additional market and product opportunities; • Become more adaptable to changes in the competitive environment; • Analyse the strengths and areas for improvement; and • Strengthen the senior management team. <p>The Company anticipated that as a result of working with the Consultant, the management team’s strategic planning skills would be developed including resource analysis. Furthermore, it was envisaged that knowledge would be transferred from the Consultant to the Company, particularly in terms of identifying the strategic business direction and strategic business review. The Consultancy support provided through the CDS focused on:</p> <ul style="list-style-type: none"> • Evaluating the capacity and capability to grow and implement change; • Identifying barriers to growth; • Identifying key objectives for growth across action plans for products, services, organisation and finance; and • Implementing the identified actions for growth. <p>Company E advised that its aims and objectives were “wholly achieved”, and as a result of the Consultancy support the business has:</p> <ul style="list-style-type: none"> • Increased sales by 40% in NI and RoI; • Increased employment by 12 FTEs, 6 of which are above the NI PSM; • Improved the skills of 25 members of staff; • Increased expenditure on R&D&I by £150k; • Increased competitiveness and productivity • Implemented new machinery which is operating at full capacity; • Developed new products and diversified the product range; • Developed and implemented a strategic plan; and • Established clear roles and accountability, enabling the senior team to operate at an ongoing strategic level. <p>On an overall basis, Company E suggested that these impacts would have been achieved, but to a “lesser extent and at a later date” in the absence of the Consultancy support.</p> |
|---------------------------------|---|

| | |
|--|---|
| <p>Consultancy Case study 2</p> | <p>Company F is a specialist wholesaler of hardware, plumbing and heating equipment and supplies located in the Mid Ulster area. It covers a range of clients including home owners and commercial properties such as offices and restaurants.</p> <p>Having operated as a family business for over 10 years; Company F required an impartial assessment of the issues facing the business and believed that it needed specialised skill sets that were not possessed within the business to achieve growth.</p> <p>The Consultant focused on delivering strategic support and solving the operational issues faced by Company F. The Consultant specifically helped to:</p> <ul style="list-style-type: none"> • Identify a new product market and support the business to enter this market; • Establish a new strategic plan; and • Update the Company’s sales strategy and provide sales training to staff. <p>Company F advised that the aims and objectives that were established for the project were “wholly achieved”, and as a result of the support the business has:</p> <ul style="list-style-type: none"> • Increased sales by £760k in the NI market; • Increased employment by 3 FTEs, all of which are above the NI PSM; • Improved the skills of 10 members of staff; • Increased expenditure on R&D&I by £15k; and • Increased competitiveness and productivity. <p>On an overall basis, Company F suggested that these impacts “definitely” would not have been achieved in the absence of the Consultancy support.</p> |
| <p>Mentoring Case study 1</p> | <p>Company G is a small fire safety solutions business that currently employs 15 full time staff in the Belfast area, and has an annual turnover of c £1m. The business provides services across a wide client base including the Education Authority, Health Trusts and Universities throughout NI and RoI as well as providing subcontracting services to a number of businesses in England.</p> <p>Company G sought marketing mentoring support in order to:</p> <ul style="list-style-type: none"> • Help it develop a marketing strategy/plan to grow the business in the RoI market; • Analyse the potential of further business opportunities in GB, specifically Western Scotland; and • Receive advice on how to best use digital marketing e.g. social media. <p>The Company anticipated that as a result of the project it would have greater knowledge in marketing the business and expertise in developing marketing plans and monitoring the outcomes. It was expected that the skills would help Company G to plan for expansion into markets outside NI and to maximise digital technology to complement the overall marketing strategy. The Mentoring support provided through the CDS focused on:</p> <ul style="list-style-type: none"> • Preparing the marketing plan, specifically reviewing where the business was and what it wished to achieve moving forward; • Reviewing the Company’s website content and other marketing materials; • Mentoring on the potential further business opportunities for the Company in the GB market; and |

| | |
|--------------------------------------|--|
| | <ul style="list-style-type: none"> • Advising the Company on optimising digital marketing activity. <p>On an overall basis, Company G reported that the support provided through the Mentoring Programme was “very effective” in addressing its business needs. Company G advised that the aims, targets and objectives that were established at the outset for the project were “wholly achieved”, and as a result of the mentoring support the business has:</p> <ul style="list-style-type: none"> • Increased export sales of c.£25,000 (in RoI); • Increased employment by 2 FTEs; • Increased its competitiveness through improvement of its website and enhanced use of digital marketing; • Introduced new products including an online training platform; • Continued to build relationships with customers and monitor customer satisfaction; and • Made a decision to consolidate its market position in RoI before entering the GB market. <p>The Company suggested that these impacts “probably” would not have been achieved in the absence of the mentoring support.</p> |
| <p><i>Mentoring Case study 2</i></p> | <p>Company H is a leading digital analytics agency currently employing 4 FTEs in the Belfast area with an annual turnover of c £180k. The Company aims to help businesses to optimise their marketing campaigns through better measurement. The Company indicated that its current management team did not have sufficient capability to take strategic decisions in order to maximise growth opportunities. The Company anticipated that the project would help the Managing Director to develop the strategic direction of the business. It was envisaged that the mentor would work with Company G across a number of key areas including developing financial projections, improving process efficiencies, developing new employee induction procedures, researching RoI market opportunities and enhancing customer management. The Mentor focused on delivering strategic support and solving the operational issues within Company H. The mentor specifically helped to:</p> <ul style="list-style-type: none"> • Re-structure the Company for growth; • Improve financial management, including cash flow forecasts and profitability analysis; • Develop a marketing plan; and • Source tools for measuring employee effectiveness. <p>Company H advised that the aims, targets and objectives that were established at the outset for the project were “wholly achieved”, and as a result of the mentoring support the business has:</p> <ul style="list-style-type: none"> • Increased turnover by 30% overall including 15% in NI and 15% in export markets; • Increased employment from 2 FTEs to 4; • Improved customer retention through building a retainer option into proposals; • Improved billing efficiency as a result of profitability analysis on the hourly costs of workers; • Developed new processes and skills including managing employees, creating a long -term culture and aligning the business strategy with its goals; • Increased brand awareness; • Increased staff morale through monthly team building events; and • Identified a pathway for growth. <p>The Company suggested that the impacts “probably” would not have been achieved in the absence of receiving the mentoring support.</p> |

2.4.2 AGP Pilot

Appendix VIII provides the detailed analysis of the feedback received from recipients of AGP support. A summary of the key findings emerging from the primary research is detailed below.

- **Activity Deadweight / Additionality and market failure** - Levels of programme/activity additionality have been calculated at 75% which should be viewed positively in the context of the many forms of skills and capability development activities that were taken forward and the consequent many options that businesses might ultimately have potentially adopted to address their capability needs.

The analysis provides an indication that a number of market failures, typically in the form of asymmetric information and risk aversion, are combining to prevent businesses from accessing skills and capability support independently from receiving support. However, there are also indications that other non-market failure factors, typically in the form of affordability, are also playing an important role in preventing business from accessing this support.

- **Impact on businesses' knowledge, skills and capability** - Almost all businesses (92% - N=26) were in agreement that the support provided through the AGP had enhanced their business' knowledge, skills and capability to accelerate its growth in export markets.
- **Achievement of Business Outputs** - Per Table 2.19, respondents reported that they have achieved a wide variety of outputs as a result of participating in the AGP. However, the main outputs reported by more than half (50%+) of businesses included:
 - Increased brand awareness (73%);
 - Development of market intelligence (62%);
 - Increased employee morale (62%); and
 - Development of a new strategy (58%).

| Table 2.19: Outputs achieved by AGP participants | |
|---|-----------------|
| Output | % of businesses |
| Increase in brand awareness | 73% |
| Developed market intelligence | 62% |
| Increased employee morale | 62% |
| Developed a new strategy | 58% |
| Increased customer satisfaction | 42% |
| Addressed an operational inefficiency | 38% |
| Introduced a new system, process and/or procedure within the business | 31% |
| Entry into a new geographical market | 27% |
| Developed a new process | 19% |
| Developed a new product or service | 19% |
| Adapted an existing product or service | 15% |
| Adapted an existing process | 8% |
| Total (N=) | 26 |

- **Achievement of Business Outcomes** - A summary of the business outcomes derived by respondents is provided in the table below.

| Table 2.20: Tangible business outcomes derived by recipients of AGP support | |
|--|-------------------|
| Survey Sample | 26 |
| Sales/revenue | |
| No. achieving impact | 22 (85%) |
| No. able to quantify | 6 (27%) |
| Value | £1,038,000 |
| Cost Savings | |
| No. achieving impact | 4 (15%) |
| No. able to quantify | 1 (25%) |
| Value | £50,000 |
| Employment created | |
| No. achieving impact | 15 (58%) |
| No. able to quantify | 15 (100%) |
| No. of new FTEs | 34 |
| FTEs > PSM | 22 (66%) |
| Employment safeguarded | |
| No. achieving impact | 6 (23%) |
| No. able to quantify | 2 (33%) |
| No. of FTEs | 7 |

In summary, businesses that were able to quantify the tangible impact that the support had made suggested that they had:

- Increased their sales/revenues by £1.04m. Circa £554k (or 54%) of these sales were reported as being achieved in markets outside NI (i.e. in external and export markets).
- Made £50k of cost savings;
- Created 34 new FTE jobs, two-thirds (66% or 22 FTEs) of whom had salaries in excess of the NI Private Sector Median (PSM); and
- Safeguarded a further 7 FTE jobs.

We note that relatively different proportions of respondents were willing and/or able to quantify the impact of the support on their turnover/sales and employment. As such, caution should be taken on assessing the extent to which the reported sales impacts could support the reported employment impacts. In considering this further, the Evaluation Team notes that 3 businesses within its survey sample reported deriving both an increase in sales and employment and were able and/or willing to quantify these impacts. These businesses indicated that they had increased their sales by c. £770k and their employment by 6 FTEs. The application of the NI sectoral levels of GVA (31.3%) and associated proportion of GVA allocated to wages and salaries (63%) to the increased turnover, suggests that the average salary level of the employees was c. £25.3k (which is in excess of the current NI PSM (of £20,800)).

| | Sample of businesses (N=3)³⁶ |
|---|--|
| Turnover/sales increase | £770,000 |
| Employment increase | 6 FTEs |
| Turnover per job | £128,333 |
| GVA per job (@31.3%) | £40,168 |
| GVA potentially available to support (per job) employment costs (@63% of GVA per job) | £25,306 |

In addition to the actual outcomes achieved to date, almost three-quarters of businesses (73%, N=26) were of the view that their participation on the AGP will have a positive impact on their turnover over the next three years. Just over three-fifths of businesses (62%, N=26) also anticipated that they would increase their employment as a result of the support.

³⁶ Please note that these 3 businesses had achieved the reported sales and employment impacts for a c.1.2 year period.

- **Impact Deadweight / Additionality** - The net impact of the AGP support (i.e. its additionality) on recipient businesses' sales, costs, employment or other outturns can only be measured after making allowances for what would have happened in the absence of the intervention. That is, the impact must allow for deadweight. 'Deadweight' refers to outcomes that would have occurred without the intervention.

The analysis of individual survey responses and application of the same 'participant self-assessment' methodology used to assess 'activity additionality', results in the following levels of 'impact deadweight and additionality':

| Table 2.21: Impact Additionality/deadweight (N=24) | |
|---|-------------------|
| Additionality | Deadweight |
| 63% | 37% |

The Evaluation Team's benchmarking of the AGP's level of 'impact additionality' with interventions that seek to develop skills indicates that it is performing in line with other support offerings that focus on developing skills and capability.

| Table 2.22: Benchmarking of impact additionality/deadweight | | | |
|--|--------------------------------|---------------------------|------------------------|
| Location | Nature of interventions | Mean Additionality | Mean Deadweight |
| UK Regional | All interventions | 57.0% | 43.0% |
| | Programme interventions only | 56.2% | 43.8% |
| | Workforce/skills development | 61.4% | 38.6% |
| Invest NI | AGP | 63% | 37% |

- **Displacement** - On an overall level, the Evaluation Team's analysis suggests that the displacement factor at the NI level is 18%; whilst at the GB level, it is 14%.

2.5 Performance Against Targets

Table 2.22 provides an analysis of the progress towards the targets/objectives that were established for the CDS suite of interventions for the period under review³⁷.

³⁷ Please note, for the purposes of analysis, the Evaluation Team has prorated the activity targets/objectives to reflect the period under review (i.e. Oct 13 - Dec 16). The targets for the full four-year period can be found in Appendix IX.

| Table 2.23: Progress towards CDS targets | | |
|---|----------------------------------|--|
| Prorated Target/objective | Target Achievement | Commentary |
| CDS overall | | |
| Deliver a minimum of 600 CDS Interventions on a one-to-one and one-to-many basis between October 2013 to December 2016. | Target not achieved | A total of 366 one-to-one and one-to-many interventions were delivered during the period under review, 39% lower than anticipated. Reasons for the lower than anticipated levels of activity are detailed in Section 2.2. |
| NED | | |
| Deliver a minimum of 10 successful NED Interventions per annum over the four-year funding period (equivalent to 33 interventions over the period under review) | Target partially achieved | A total of 30 interventions were delivered during the period under review (9% less than anticipated). On an annual basis, 10 NED projects were completed in Year 1, 13 in Year 2, 6 in Year 3 and 1 in Year 4; hence the annual activity target was met 2 of the 4-year periods. |
| Four-fifths (80%) of companies receiving NED capability support should report that they were satisfied with the Intervention. | Target achieved | All NED business recipients (N=15) engaged in the primary research indicated that they were either very satisfied (80%) or satisfied (20%) with the support provided by their NED. |
| Four-fifths (80%) of companies receiving NED capability support should report that the solutions identified by the NED Intervention were appropriate to address their business needs. | Target achieved | All NED business recipients (N=15) engaged in the primary research indicated that the support they received was very effective (60%) or effective (40%) in terms of meeting their needs. |
| IM | | |
| Deliver a minimum of 60 successful IM Interventions per annum over the four-year funding period (equivalent to 195 interventions over the period under review) | Target not achieved | A total of 86 IM interventions were delivered during the period under review (56% less than anticipated). On an annual basis, 32 IM projects were completed in Year 1, 27 in Year 2, 24 in Year 3 and 3 in Year 4; hence the annual activity target was not met for any year. Reasons for the lower than anticipated levels of activity are detailed in Section 2.2. |
| Four fifths (80%) of companies receiving IM capability support should report that they were satisfied with the Intervention. | Target achieved | Almost all IM business recipients (90%, N=30) engaged in the primary research indicated that they were either very satisfied (77%) or satisfied (13%) with the support provided by their IM. |
| Four fifths (80%) of companies receiving IM capability support should report that the IM Intervention 'wholly' or 'partially' achieved the targets and objectives agreed at the outset of the assignment. | Target achieved | Almost all IM business recipients (97%, N=30) engaged in the primary research indicated that they had wither 'wholly' (57%) or partially (40%) achieved the targets and objectives agreed at the outset of the assignment. For those businesses that indicated they had partially achieved the targets, the majority were of the view that they are still on target to achieve all or most of the targets and objectives that were established at the outset. |
| Mentoring | | |
| Deliver a minimum of 7 successful Mentoring Interventions in year one of the funding period, increasing by 3 Interventions per annum. (equivalent to 34 interventions over the period under review) | Target not achieved | A total of 10 mentoring interventions were delivered during the period under review (71% less than anticipated). On an annual basis, 4 mentoring projects were completed in Year 1, 4 in Year 2, 2 in Year 3 and 0 in Year 4; hence the annual activity target was not met for any year. Reasons for the lower than anticipated levels of activity are detailed in Section 2.2. |
| Four fifths (80%) of companies receiving Mentoring capability support should report that they were satisfied with the Intervention. | Target achieved | All mentoring business recipients (100%, N=4) engaged in the primary research indicated that they were either very satisfied (77%) or satisfied (13%) with the support provided by their IM. |
| Four fifths (80%) of companies receiving Mentoring capability support should report that the Mentoring Intervention 'wholly' or 'partially' achieved the targets and objectives agreed at the outset of the assignment solutions. | Target achieved | All mentoring business recipients (100%, N=4) engaged in the primary research indicated that they had wither 'wholly' (75%) or partially (25%) achieved the targets and objectives agreed at the outset of the assignment. For those businesses that indicated they had partially achieved the targets, all of these businesses were of the view that they are still on target to achieve all or most of the targets and objectives that were established at the outset. |
| Consultancy | | |

| Table 2.23: Progress towards CDS targets | | |
|---|----------------------------|--|
| Prorated Target/objective | Target Achievement | Commentary |
| Deliver a minimum of 30 successful Consultancy interventions per annum over the four year funding period (equivalent to 98 interventions over the period under review) | Target achieved | A total of 122 consultancy interventions were delivered during the period under review (25% more than anticipated). On an annual basis, 33 mentoring projects were completed in Year 1, 38 in Year 2, 46 in Year 3 and 5 in Year 4; hence the annual activity target was met during three of the four annual periods. |
| Four fifths (80%) of companies receiving Consultancy capability support should report that they were satisfied with the Intervention. | Target achieved | A significant majority of mentoring business recipients (84%, N=30) engaged in the primary research indicated that they were either very satisfied (67%) or satisfied (17%) with the support provided by their IM. |
| Four fifths (80%) of companies receiving Consultancy capability support should report that the Consultancy Intervention 'wholly' or 'partially' achieved the targets and objectives agreed at the outset of the assignment solutions. | Target achieved | Almost all consultancy business recipients (97%, N=30) engaged in the primary research indicated that they had wither 'wholly' (64%) or partially (33%) achieved the targets and objectives agreed at the outset of the assignment. For those businesses that indicated they had partially achieved the targets, the majority were of the view that they are still on target to achieve all or most of the targets and objectives that were established at the outset. |
| Workshops | | |
| Deliver a minimum of 74 successful Workshop Interventions per year over the four-year funding period (equivalent to 241 workshops over the period under review) | Target not achieved | A total of 118 workshops were delivered during the period under review (51% lower than anticipated). On an annual basis, 64 workshops were completed in Year 1, 35 in Year 2, 12 in Year 3 and 7 in Year 4; hence the annual activity target was not met during any of the annual periods. Reasons for the lower than anticipated levels of activity are detailed in Section 2.2. |
| Achieve at least 7 companies attending each Workshop. | Target achieved | There were 1,704 attendances at the 118 workshops equivalent to 14 attendees per workshop. |
| Four fifths (80%) of companies attending Workshops should report that they were satisfied with the Workshop they attended. | Target achieved | On an overall basis, 96% of Business Direction and 95% of Finance workshop attendees expressed a high level of satisfaction with the support delivered through the workshops. Similar high levels of satisfaction were expressed by attendees of the People Solutions Workshops, with almost all (99%) attendees stating that the workshops had met their expectations. |

In summary, of the 16 targets/objectives established for CDS for the period under review, 11 were wholly achieved, 1 was partially achieved and 4 were not achieved. Positively, all targets relating to the effectiveness of the support in meeting business' needs and all targets relating to customer satisfaction were achieved.

2.6 Performance against Budget

It was anticipated that the full-economic cost of delivering the CDS suite of interventions would be c. £8.8m over the four-year period (October 2013 to September 2017)³⁸.

Table 2.24 provides a comparison of the anticipated and actual CDS costs incurred during the period under review, disaggregated by key cost category, with further detail provided in the succeeding paragraphs.

| Table 2.24: Proposed versus Actual CDS costs (£) | | | | | | | | | | | | | | | | |
|--|----------------------------|------------------|-------------|----------------------------|------------------|-------------|----------------------------|------------------|-------------|-----------------------------|----------------|-------------|--------------------------|------------------|-------------|--|
| Cost category | Year 1 (Oct 13-Sept 14) | | | Year 2 (Oct 14-Sept 15) | | | Year 3 (Oct 15-Sept 16) | | | Year 4 (Oct 16 - Dec 16) | | | Total (Oct 13-Dec 16) | | | |
| | Proposed | Actual | Var | Proposed | Actual | Var | Proposed | Actual | Var | Proposed | Actual | Var | Proposed | Actual | Var | |
| Programme Costs | | | | | | | | | | | | | | | | |
| NED | 120,000 | 94,912 | -21% | 120,000 | 118,586 | -1% | 120,000 | 47,604 | -60% | 30,000 | 1,166 | -96% | 390,000 | 262,268 | -33% | |
| IM | 600,000 | 320,902 | -47% | 600,000 | 278,952 | -54% | 600,000 | 252,138 | -58% | 150,000 | 29,696 | -80% | 1,950,000 | 881,688 | -55% | |
| Mentoring | 7,000 | 5,145 | -27% | 10,000 | 4,126 | -59% | 13,000 | 1,558 | -88% | 4,000 | - | -100% | 34,000 | 10,829 | -68% | |
| Consultancy | 150,000 | 130,528 | -13% | 150,000 | 173,433 | 16% | 150,000 | 171,809 | 15% | 37,500 | 16,512 | -56% | 487,500 | 492,282 | 1% | |
| Workshop | 97,680 | 72,053 | -26% | 97,680 | 61,297 | -37% | 97,680 | 16,869 | -83% | 24,420 | 5,871 | -76% | 317,460 | 156,090 | -51% | |
| Invest NI Programme Cost Sub Total | 974,680 | 623,540 | -36% | 977,680 | 636,394 | -35% | 980,680 | 489,978 | -50% | 245,920 | 53,245 | -78% | 3,178,960 | 1,803,157 | -43% | |
| Private Sector Programme Costs (51%) | | | | | | | | | | | | | | | | |
| NED | 124,900 | 98,786 | -21% | 124,900 | 123,426 | -1% | 124,900 | 49,547 | -60% | 31,225 | 1,214 | -96% | 405,925 | 272,973 | -33% | |
| IM | 624,480 | 334,000 | -47% | 624,480 | 290,338 | -54% | 624,480 | 262,429 | -58% | 156,120 | 30,908 | -80% | 2,029,560 | 917,675 | -55% | |
| Mentoring | 7,287 | 5,355 | -27% | 10,410 | 4,294 | -59% | 13,533 | 1,622 | -88% | 4,164 | - | -100% | 35,394 | 11,271 | -68% | |
| Consultancy | 156,120 | 135,856 | -13% | 156,120 | 180,512 | 16% | 156,120 | 178,822 | 15% | 39,030 | 17,186 | -56% | 507,390 | 512,376 | 1% | |
| Private Sector Programme Cost Sub Total | 912,787 | 573,997 | -37% | 915,910 | 598,570 | -35% | 919,033 | 492,420 | -46% | 230,539 | 49,308 | -79% | 2,978,269 | 1,714,295 | -42% | |
| Programme Total | 1,887,467 | 1,197,537 | -37% | 1,893,590 | 1,234,964 | -35% | 1,899,713 | 982,398 | -48% | 476,459 | 102,553 | -78% | 6,157,229 | 3,517,452 | -43% | |
| Invest NI Programme Management and Delivery³⁹ Resource Costs | | | | | | | | | | | | | | | | |
| Total Staff Resource Costs | 289,345 | 274,615 | -5% | 289,345 | 251,121 | -13% | 289,345 | 219,659 | -24% | 72,336 | 61,700 | -15% | 940,371 | 807,094 | -14% | |
| Other Costs | | | | | | | | | | | | | | | | |
| Marketing | 6,000 | 880 | -85% | 6,000 | 880 | -85% | 6,000 | 750 | -88% | 1,500 | 750 | -50% | 19,500 | 3,260 | -83% | |
| Evaluation | - | - | - | - | - | - | - | - | - | 30,000 | 23,978 | -20% | 30,000 | 23,978 | -20% | |
| Costs to Invest NI | 1,270,025 | 899,035 | -29% | 1,273,025 | 888,395 | -30% | 1,276,025 | 710,387 | -44% | 349,756 | 139,673 | -60% | 4,168,831 | 2,637,489 | -37% | |
| Full economic cost | 2,182,812 | 1,473,032 | -33% | 2,188,935 | 1,486,965 | -32% | 2,195,058 | 1,202,806 | -45% | 580,295 | 188,980 | -67% | 7,147,100 | 4,351,784 | -39% | |

³⁸ Invest NI Board approval was granted for £3.97m of external spend over 4 years for the CDS activity (October 2013 to September 2017). The CDS budget for the full four-year period can be found in Appendix X.

³⁹ Invest NI Programme delivery relates to attendance and, where relevant, delivery of the CDS workshops

Technical notes:

- Proposed costs are per the 2013 Economic Appraisal;
- All costs are inclusive of VAT (which have been applied to workshop, marketing and evaluation costs only);
- With the exception of Evaluation costs, all other Year 4 costs have been prorated to reflect the three-month period October 2016 to December 2016;
- To support the comparison of costs detailed within the 2013 Economic Appraisal, the programming cost analysis is reflective of the timeframes in which costs were committed (as opposed to when costs were actually incurred);
- Workshop costs relate to CDS Workshops only (i.e. exclude AGP workshops);
- Please note that the actual private sector contributions towards NED, IM, mentoring and consultancy projects were not available at the time of Evaluation. By way of estimating the potential costs incurred, in-line with the Economic Appraisal projections and the maximum aid ceilings available under each of the interventions, the Evaluation Team has assumed that the actual private sector contribution equated to 51% of total project costs (with the other 49% being provided by Invest NI);
- All actual staff time input has been provided by Invest NI;
- Invest NI staff costs are reflective of the full economic costs of staff time including ERNI plus Superannuation, and loadings. Costs are based on the actual mid-point of each staff grade. All staff costs have been provided by Invest NI;
- The full economic cost is inclusive of all costs incurred by Invest NI and the private sector; and
- The cost to Invest NI equate to the full-economic cost minus the potential private sector contribution.

Salient points to note include:

- The full-economic cost of delivering the CDS suite of interventions during the period under review was c. £4.4m, 39% (or £2.8m) less than anticipated at the outset;
- The majority of the underspend related to lower than anticipated programme costs which were 43% (or £2.6m) lower than anticipated. Whilst the lower than anticipated levels of activity across the IM and mentoring has driven the majority of the underspend in programming costs, per Table 2.25 we note that the average financial award for NED and consultancy projects were considerably below (27% and 19% below respectively) that anticipated at the outset. Similarly, the average award was significantly below the maximum levels of support eligible under each of the CDS interventions. Given the positive feedback from businesses in relation to effectiveness of the support and the associated achievement of their respective project targets/objectives, these lower than anticipated award levels contribute positively in the context of the ‘economy’ measure of VFM.

Table 2.25: Maximum, anticipated and actual average CDS award

| CDS Intervention | Maximum support available per project | Anticipated average level of support per project ⁴⁰ | Actual average level of support per project | Difference from maximum support available per project | Difference from anticipated average level of support per project |
|------------------|---------------------------------------|--|---|---|--|
| NED | £15,000 | £12,000 | £8,742 | -42% | -27% |
| IM | £15,000 | £10,000 | £10,252 | -32% | 3% |
| Mentoring | £1,500 | £1,000 | £1,083 | -28% | 8% |
| Consultancy | £7,500 | £5,000 | £4,035 | -46% | -19% |

Notwithstanding the average historic levels of finance provided through the IM and mentoring programmes, a number of consultees recommended that consideration should be given to increasing the maximum aid thresholds to facilitate the recruitment of a higher calibre individual.

- Whilst it is also noted that that the CDS suite of interventions was managed at a lower cost (14% or £133k) lower than was anticipated at the outset, given the scale of programme expenditure reduced disproportionately more than staff costs, the programme was relatively costlier to deliver from Invest NI’s staff cost perspective.

⁴⁰ Anticipated average financial awards are per the 2013 CED Economic Appraisal.

2.7 Cost Effectiveness

Table 2.26 provides a comparison of the actual against anticipated cost-effectiveness indicators.

Please note, given the aforementioned issues regarding businesses ability to quantify and/or attribute monetary benefits to skills and capability business development activities, it had not been possible to calculate cost effectiveness indicators based upon monetary outcomes.

| Table 2.26: Cost effectiveness indicators⁴¹ | | | |
|---|---------------------------------|---------------|-------------------|
| | Anticipated⁴² | Actual | Difference |
| Cost per intervention supported (N=366) based on full-economic cost (£4.4m) | £11,857 | £11,890 | +0.3% |
| Cost per intervention supported (N=366) based on costs to Invest NI (£2.6m) | £6,911 | £7,206 | +4.3% |

The actual cost per intervention, when calculated based on a full-economic cost basis, broadly equated to the cost anticipated at the outset. The cost per intervention based on costs incurred by Invest NI was marginally higher (+4%) than anticipated at the outset⁴³.

2.8 Duplication & Complementarity

In relation to the operational fit of the CDS interventions with other skills and capability support available in the marketplace we note the following:

- Whilst noting that NED, Interim Manager, consultancy and mentoring support is available to businesses to access within the private sector, the preceding analysis clearly indicates that there are a number of market failures (primarily relating to asymmetric information) and non-market failures (affordability) that are combining to prevent businesses from accessing this support either at all, to the same scale and/or within the same times scales, independent of receiving support. It is for these reasons why Invest NI has historically delivered CDS support and, their ongoing prevalence, provides an ongoing rationale for government intervention.
- The Evaluation Team has not identified the availability of any other public supports akin to the support delivered through the NED and IM CDS interventions.

In relation to mentoring support, as noted, a number of local councils deliver mentoring support which often do not require a financial contribution to be made by businesses in receipt of support. Whilst the business eligibility criteria (which requires Councils to only provide support to non-Invest NI client businesses and vice versa) has largely resulted in the avoidance of duplication, a number of Invest NI consultees have indicated that they are aware of a number of instances of individual Councils seeking to encourage Invest NI Clients to avail of council mentoring support and this was likely to have resulted in Invest NI clients availing of this support.

⁴¹ Cost effectiveness indicators are based on CDS projects / recipients of support that actually drew down CDS support during the period under review.

⁴² Please note that the original Economic Appraisal cost effectiveness indicators were based on activity that included CDS workshops and a cost that excluded VAT. For the purposes of analysis, the anticipated cost effectiveness indicators have been recalculated inclusive of VAT.

⁴³ The cost per intervention based on Invest NI costs only is higher than the cost per intervention based on the full economic cost reflecting the fact the Invest NI has incurred a disproportionately higher cost per intervention as a result of disproportionality higher staff costs vis-à-vis the reduction in activity. Specifically, whilst levels of activity were 39% lower than anticipated across the CDS interventions, staff costs were only 14% lower than anticipated.

- In terms of complementarity, Invest NI consultees welcomed the flexibility offered by the suite of interventions and its ability to complement other Invest NI interventions such as GAP. In terms of the sequencing in which a client business may utilise these interventions it was noted that this would depend upon the nature of the project(s) whereby, for example, on one occasion a GAP project may emerge from the introduction of an IM into a business. However, equally, as an outworking of a GAP project a requirement may become evident for the need for additional skills and capability support that may be facilitated by an IM. The requirement for such flexibility was reflected across all aspects of the CDS interventions with majority of Invest NI consultees indicating that there is little or no merit in consolidating/merging the individual component strands of the suite of CDS interventions, with each having scope to provide discreet and valuable skills capability support in various types of scenarios.

Notwithstanding this, it was recommended by a grouping of Invest NI Regional Managers that the individual components should not be promoted to businesses and instead should be promoted as ‘specialist advice’. Ultimately it was suggested that it should be the responsibility of the CE/BA to recommend the specific type of CDS intervention that best meets the specific capability requirement in any given situation. Furthermore, some consultees noted that GAP may be more overtly focused on operational marketing activities whereas CDS is utilised for more strategic marketing activities.

- Whilst noting potential complementarity between the CDS interventions and GAP, we are of the view that there is the potential for duplication between the specialist consultancy element of GAP⁴⁴ and the Consultancy strand of CDS. To this end, the Evaluation Team recommends that the operational ‘fit’ of the consultancy strand of CDS within the wider portfolio of available consultancy interventions (including GAP) and vice versa. More specifically, consideration should be given to the merging of the two consultancy offerings or, where Invest NI deems there to be a unique differentiator between the offering, clear guidance is communicated across the organisation as to the circumstances in which one should be utilised over the other.
- Linked to the above we note that, during the period under review, a number of local councils provided a wide range of business development workshops. However, as previously noted, in recognition of falling attendances and potentially related to this, the availability of similar support being delivered to the wider business base by these Councils, a decision was taken to reduce the number, and ultimately discontinue the delivery, of the business direction and finance workshops, thereby reducing the likelihood of duplication of activity arising from the workshops. Instead, it was agreed that future workshops should be packaged together to meet the specific needs of Invest NI clients through the AGP. As above, unlike the CDS Workshops, the restriction of AGP support to Invest NI clients should have minimised the risk of duplication. In any such case, the Evaluation Team had not identified any other interventions providing the same type of holistic and integrated support that is currently available to Invest NI clients through the AGP.
- Our analysis had indicated that just over half (52%) of IM, consultancy and mentoring projects have had an overt focus on sales and marketing, our discussions with Invest NI Manager indicate that this is reflective of an unmet need for the provision of a more specific strategic marketing focused intervention; something which may be exacerbated following ‘Brexit’. A number of consultees referred to the legacy programme the Marketing Awareness Programme (MAP) or Enterprise Ireland’s Excel at Export Selling Workshop Series as being akin to the nature of support required. Key types of support that were/are delivered through these interventions included sales and marketing best practice advice being delivered by keynote speakers, workshops and mentoring support, culminating in the creation of a strategic marketing plan with a clear action plan.

However, it was noted that an exact replica of MAP is unlikely to be appropriate to meet market and business’ needs and any such programme that would be introduced should reflect more

⁴⁴ Eligible businesses are able to receive up to £25k towards the costs of specialist consultancy which was not part of the company’s normal expenditure. Types of consultancy eligible for support include marketing consultancy, market research consultancy, business/financial planning and PR.

contemporary delivery and learning styles and the content (potentially incorporating one-to-one mentoring and networking and use of key note speakers) should be reflective of current models of business growth and development. This same grouping of consultees was uniformly in agreement that should such a sales, marketing and trade intervention be developed that it would not necessarily erode demand for the CDS interventions supporting the projects that are sales and marketing focused. Instead, it was suggested that such an intervention could potentially result in the same or perhaps even greater levels of demand for the CDS interventions as businesses recognise the need for skills and capability support to provide ongoing strategic guidance and support the implementation of their strategic growth plan (that may potentially emerge from any new sales and marketing intervention). It should be recognised that such an intervention would likely be focused on generating more tangible business outcomes such as sales, as opposed to being overtly focused on the development of skills and capability. In considering the merits of introducing a new strategic sales and marketing intervention consideration should be given to the potential ‘fit’ of the intervention with the suite of Trade offerings and, in particular, the Trade Advisory Services and Export Development Service (EDS) which provides one-to-one support from an Export Adviser to help identify and address company-specific challenges, to selling successfully outside NI. We do however note that the support is currently only focused on the GB and ROI markets.

Similar to the discussion of AGP, consultees were of the view that, in the event that a strategic sales and marketing intervention be introduced, businesses should be required to make a financial contribution to their participation on the programme to ensure their commitment and buy-in.

- In addition, we note from our consultations that Invest NI is in the process of establishing/developing:
 - An International Trade Strategy which will encompass an element of capability development. By way of minimising the risk of any future duplication, it is recommended that Invest NI carefully consider the potential ‘fit’ and content of any new trade focused intervention with any new strategic marketing focused intervention and the CDS. The risk of duplication may be minimised in the event that any strategic marketing focused intervention is linked to Invest NI’s Trade team.
 - A new Start-Up Programme which covers Export Start and HPSU’s (which the Evaluation Team understands to be different to Propel and Ignite). As part of the development of this new Programme it is understood the Invest NI can potentially utilise existing skills and capability interventions and, in particular the AGP, to support these client businesses. In setting all future activity targets for the AGP, cognisance should be taken of the potential demand that may result from the any newly established start-up programme which covers export start -ups and HPSUs

2.9 Benchmarking

As part of the research process, the Evaluation Team has benchmarked the support provided through the Invest NI As part of the research process, the Evaluation Team has benchmarked the support provided through the Invest NI CDS against programmes which were provided elsewhere during the period under review (specifically in ROI, Scotland and Wales) which have (had) similar aims and objectives to one of the interventions under Invest NI’s CDS.

The following provides a comparison of the benchmark initiatives with interventions under Invest NI’s CDS.

Table 2.27: CDS Benchmarking Analysis

| Metric | Consultancy | | Mentoring | |
|--|--|---|---|--|
| | EI's Strategic Consultancy/ Business Accelerators | EI's Mentor Network and HPSU Mentor Panels | Scottish Enterprise's (SE) Business Mentoring Service | Welsh Government Business Mentoring |
| Forms of support | Funding towards the costs of Strategic Consultants to assist in the development and/or implementation of strategic initiatives. A 'Business Accelerator' is an expert which supports the company to expand into new markets. Similar to CDS, the business selects its Consultant. | The Mentor Network provides businesses with 5-10 visits from a Mentor selected from a network of 390 senior executives. Mentors provide confidential advice on key issues. Mentor Panel Forums bring together experts (selected by EI) to whom HPSU clients can present their business strategy or practice their sales pitch. | One-to-one and group mentoring support to help businesses access expertise, experience and networks needed to achieve growth potential. SE has a network of 800 mentors who are matched with suitable businesses. | Access to a Mentor employed by the Welsh Government to help to develop and grow a business and access a network of contacts. |
| Eligibility | EI SME clients. | <ul style="list-style-type: none"> EI SME clients: Mentor Network HPSU clients: Mentor Network and/or Mentor Panels | Scottish businesses wishing to increase turnover by more than £200k over a three-year period. | All registered Welsh businesses |
| Funding model | Up to 50% towards the costs of the Consultancy support | Grant towards the costs of Mentor Network visits, paid directly by EI to the Mentor. Mentor Panel Forums are fully funded. | Fully funded | No cost to businesses – the Mentors volunteer their time |
| Extent of funding available (if applicable) | Maximum grant of €35,000 available. | Up to €1,750 based on up to 10 Mentor visits under the Mentor Network. | Funding for a couple of hours of mentoring support per month for up to 12 months. | The number of sessions is agreed between the business and mentor but typically the relationship lasts a max. of 12 months |
| Daily rates (if applicable) | Maximum of €900 per day (including expenses). | Up to €175 per visit under the Mentor Network. | N/A | £0 – Mentors volunteer |
| Metric | Workshops | | | |
| | EI's Excel at Growth | SE's Managing People for Growth | | |
| Forms of support | Suite of short programmes which are designed to be 'bitesize' versions of EI's larger transformative programmes. They can serve to either encourage less sophisticated businesses to take first steps into an area of development or to provide a short, sharp intervention in a niche area for more sophisticated businesses. Each programme involves an online module, a 1-day face-to-face implementation workshop along with a 2-hour in-company management team advisory session. | 7 full-day workshops helping businesses to maximise the potential of their people managers, allowing them to become fully effective and giving them the tools and attitudes to continue that development throughout their career. Attendees register for each workshop separately and can attend one or more depending on their needs. | | |
| No. of places | Up to 24 (EI assumes an average of 8 businesses) | Up to 15 | | |
| Topics | Strategic business planning, developing a board, family business, attracting / retaining talent, scenario planning for Brexit, identifying/managing innovative opportunities for growth, continuous intelligence gathering and introduction to lean principles. | The role of a manager and setting goals, empowering individuals and team, communication, influencing and assertiveness skills, coaching and delegation, managing individual performance, creating a culture of innovation and personal reflection. | | |
| Eligibility | EI clients as the LEOs have their own offering. Intended that senior executives (e.g. CEO, CFO, COO) within the business should attend and cascade the learning through the organisation. | Wider business base (up to 3 attendees from each business) | | |
| Funding model | €300 per business (up to 3 attendees) per programme. EI subsidises the programmes but charges a nominal fee to ensure that the business values its participation. | £400 plus VAT per person | | |
| Duration | Workshops are 1-day (plus 2-hour follow-up session) | 1 day each | | |

Salient points to note from the previous benchmarking analysis include:

- Each of the other regions considered offer a range of support interventions which aim to enhance the capability and skillsets of the resident business base. However, none of the other regions provide a suite of supports which is directly comparable to the CDS (i.e. including four different forms of grant funding for one-to-one support as well as a one-to-many workshop component).
- There is a lack of evidence to suggest that the public sector currently funds programmes elsewhere which offer support which is directly comparable with the CDS NED and Interim Manager interventions. Consultations indicate that whilst similar interventions have received Government support historically (e.g. through Venture Wales⁴⁵); more recent constraints on public sector funding have resulted in the cessation of these publicly supported interventions. Notwithstanding this, the consultees indicated that there continues to be a gap in the marketplace for NED and Interim Manager support.
- It is noted that Enterprise Ireland provides a Key Manager Support strand which aims to address a key skills gap within a client business. However, this intervention is quite distinct from the Interim Manager support in that, rather than providing a grant towards the costs of a manager on an ‘interim’ basis, Enterprise Ireland provides a 50% contribution towards the salary cost of a Key Manager role in its first year. Therefore, Enterprise Ireland’s support aims to address a key skills gap within the business for the longer-term and is more comparable with Invest NI’s Key Worker Salary Grant supported through GAP⁴⁶ than the Interim Manager programme.
- **Consultancy** – Enterprise Ireland’s Strategic Consultancy Grant provides client businesses with similar support to the Consultancy strand of the CDS (including comparable aims, objectives and grant rate), with the exception of a number of notable differences:
 - Enterprise Ireland has ‘capped’ the eligible daily rates for Consultants (€900 per day including all expenses), whereas the daily rates payable by Invest NI client companies under CDS are subject to negotiations between the business and the Consultant.
 - Enterprise Ireland has not, however, set a cap on the number of days engagement which are allowable.
 - There is a considerably greater level of grant support potentially available for Enterprise Ireland (€35,000) clients vis-à-vis Invest NI clients (£7,500).
- **Mentoring** - Enterprise Ireland, Scottish Enterprise and the Welsh Government each support the provision of Mentors knowledge, expertise and contacts to be brought into businesses within their respective jurisdictions to help them to achieve their growth potential. However, a number of key differences should be noted:
 - Each of the other regions considered provides the Mentoring support free-of-charge to participating businesses. Enterprise Ireland and Scottish Enterprise fund the Mentors directly, whereas the Mentors supporting Welsh businesses volunteer their time free-of-charge as a way of ‘giving back’.
 - Notwithstanding this, the quantum of financial support provided by Invest NI (up to £1,500) and Enterprise Ireland (up to €1,750) towards Mentoring support is broadly the same.

⁴⁵ Venture Wales historically received public sector funding and offered a service whereby it provided its own consultants to businesses either to serve as NEDs or to act as Interim Managers (most commonly in Financial Director, Sales and Marketing or Production Management positions). However, Venture Wales indicated that it no longer receives public sector funding and does not actively promote these services.

⁴⁶ GAP provides eligible businesses with up to £25k in grant support towards the salary cost of a ‘key’ worker post for a one-year period. The Key Worker Salary Grant aims to enhance the skills and capability of eligible businesses’ management teams, with a view to supporting its growth in external and export markets.

- Business Wales advised through discussions that its Mentoring services can help businesses to overcome specific challenges in the short-term and/or can embed longer-term capability development within the business.
- **CDS Workshops/ Pilot AGP** – Whilst Enterprise Ireland and Scottish Enterprise each offer one-to-many capability development supports (similar to CDS and AGP); there are a number of key differences across the benchmark models as follows:
 - Scottish Enterprise’s Managing People for Growth initiative is similar to the CDS Workshops in that businesses can attend one or more workshops depending on their specific needs, whereas under the AGP businesses participate on a series of five workshops.
 - Businesses on EI’s Excel at Growth short programmes may attend one or more workshops (depending on their individual business needs), and similar to the AGP, businesses will receive support before and after each one-to-many intervention (by way of an online module and a follow-up management team advisory session). Conversely, Scottish Enterprise’s offering is focused solely on the one-to-many workshops.
 - Enterprise Ireland advised through discussions that the short programmes are aimed at senior management (e.g. CEO, CFO and COO) as it is anticipated that participants will cascade learning through their organisation to encourage overall lasting skills development.
 - Each of the benchmarks considered charge a nominal fee to attendees to ensure that there is buy-in and they recognise the value of participation.
 - The workshops offered by Enterprise Ireland and Scottish Enterprise have a duration of 1-day each whereas Invest NI’s workshops are only 0.5 days each. Whilst recognising that businesses are time-pressured, there may be potential for Invest NI to consider extending the duration of the Workshops to 1 day each to provide greater opportunity for practical application of the theoretical principles covered.

2.10 Summary Conclusions

2.10.1 Strategic Context and Rationale

At the time of approval, Invest NI’s Corporate Plan 2011-2015 had recognised a need to invest in skills and capability, to drive productivity and growth within its business base. As a result, the CDS suite of interventions was developed with a focus on enhancing the capability, productivity and skill-sets of client companies and the wider business base in Northern Ireland, by providing focused/time-bound access to specific and tailored interventions and expertise. It was anticipated that by accessing external knowledge and expertise, the programme would support businesses to address specific issues, which were inhibiting their growth and competitiveness, which may not otherwise be addressed in a timely and effective manner. The specific market failures underpinning the need for intervention were multi-faceted and included information asymmetries, growth and labour market externalities and co-ordination failures.

It is the Evaluation Team’s view that there was, and continues to be, clear alignment between the aims and objectives of CDS and the strategic imperatives of the NI Government (including with DfE and Invest NI’s Corporate Plans).

2.10.2 Operation and Delivery

The CDS’ model of delivery was based around providing Invest NI clients with financial support to access external expertise on a one-to-one basis and knowledge and skills-based learning to all NI businesses on a group/one-to-many basis.

At an overarching level, a total of 366 interventions were actually delivered during the period under review, 39% lower than anticipated.

£2.52m of financial assistance was offered to 261 unique businesses through 299 interventions with £1.65m of this financial assistance (equating to 66% of the value of assistance offered) actually drawn down by 219 unique businesses through 248 interventions. A significant majority of CDS one-to-one projects focused on sales and marketing and/or business strategy.

The combined number of CDS projects completed (N=248) was 31% lower than anticipated at the outset. Levels of activity were lower than anticipated across three of the four interventions (IM, NED and Mentoring) but most pronounced in terms of the IM and mentoring programmes. The number of Consultancy projects was 25% higher than anticipated at the outset.

A total of 1,704 attendees participated in 118 CDS Workshops focused on areas including Business Direction, Finance and People. On the basis of falling attendances at the CDS Workshops and, potentially related to this, the availability of similar support being delivered to the wider business base by local councils, a decision was taken to reduce the number, and ultimately discontinue the delivery, of the business direction and finance workshops. It was agreed that future workshops should be packaged together to meet the specific needs of Invest NI clients in a more holistic manner (ultimately anticipated to be met through the Accelerating Growth Programme). 5 cohorts of businesses, consisting of 64 unique businesses took part in the AGP pilot during the period under review.

CDS and AGP are, on the whole, highly regarded by recipients of the support and Invest NI stakeholders alike. Reflecting the high levels of satisfaction with the support received, nearly all businesses were of the view that the support was effective in meeting their needs, would recommend it to other businesses and, in instances where they were required to contribute to the support, provided value-for-money.

Based upon the feedback from businesses, we consider that the interventions were, in general, managed and delivered in a proactive and efficient manner by Invest NI.

The full-economic cost of delivering the CDS suite of interventions during the period under review was c. £4.4m, 39% (or £2.8m) less than anticipated at the outset.

The majority of the underspend related to lower than anticipated programme costs which were 43% (or £2.6m) lower than anticipated. Whilst the lower than anticipated levels of activity across the IM and mentoring has driven the majority of the underspend in programming costs, the average financial award for NED and consultancy projects were considerably below (27% and 19% below respectively) that anticipated at the outset. Similarly, the average award was significantly below the maximum levels of support eligible under each of the CDS interventions.

Stakeholders identified a number of opportunities to enhance the delivery and effectiveness of the interventions. These included broadening access of the support to additional Invest NI client cohorts, raising the aid ceilings for certain cohorts and reviewing the CDS application and assessment process (including the role played by client-facing staff in this process) to ensure that it is proportionate in respect of the levels of assistance being requested.

2.10.3 Performance and Impact

The feedback from business indicates that the CDS interventions have served to address their skills and capability needs. Positively, almost all businesses were of the view that they have either wholly or partially achieved the aims, objectives and targets that were established at the outset of their respective project. For those businesses that indicated that they had only partially achieved their aims, objectives and targets, most felt that they were still on target to achieve all or most of these. Similarly, all respondents, with the exception of a minority of Consultancy support recipients, stated that they had either 'partially' or 'wholly' achieved the factors/objectives that had led to their application for support. Typically, these included to access external skills, knowledge and expertise that was not held elsewhere in the business, address strategic and/or operational issues that were inhibiting the growth and

competitiveness of the business and/or bring a specialised skill set into a project (most frequently cited as the most important factor for recipients of IM support).

The calculated levels of activity additionality should be viewed positively (ranging from 63% to 78%) and indicate that each of the CDS interventions have played a strong role in encouraging businesses to access the external skills and capability support.

The analysis provides an indication that a number of market failures, typically in the form of asymmetric information and risk aversion, are combining to prevent businesses from accessing skills and capability support independently from receiving support. There are also indications that other non-market failure factors, typically in the form of affordability, are also playing an important role in preventing business from accessing this support. We are of the view that the existence of these issues provide a continuing rationale for Government intervention.

Respondents reported that they have achieved a wide variety of outputs as a result of the support received through their CDS intervention(s) including enhanced market intelligence, the development of a new strategy, the introduction of a new system, process and/or procedure within the business and/or the addressing of operational inefficiencies. Notwithstanding the widely reported difficulties in businesses being able to quantify the monetary impact of skills and capability interventions, there is evidence from our survey sample indicating that businesses have achieved tangible business outcomes. In addition to additional sales and employment and reduction in costs, CDS participant businesses reported that they had derived a number of other benefits as a result of the support received, with the most frequently cited being increased productivity, improved skills amongst their workforce and increased business competitiveness.

The Evaluation Team notes that there were mixed views as to whether a business' continued usage of a CDS external expertise (which had been retained by circa half of businesses), such as an IM or consultant, 'defeated the capability development argument'. That is, whether the business was appropriately using the intervention to build its long-term skills and capability. Indeed, and linked to this, a small number of consultees raised the more strategic question as to what the overt focus of the CDS is, and should be. These consultees were of the view that the interventions should be about developing the skills and capabilities of the business so that they can potentially address similar business issues in the future i.e. about embedding a more long-term sustainable approach independent of the need for external expertise. However, it was the view of a number of different Invest NI consultees that the CDS interventions were more about accessing specialist advice and expertise and the acquisition of capability was a secondary, albeit important, outcome from the intervention. Given the contrasting views expressed, in our view greater clarity should be given to identifying the primary aim of the suite of interventions and also to better defining the situations whereby a CDS intervention is utilised.

2.10.4 Duplication

Our review indicates that whilst the interventions offer the potential to complement a number of existing Invest NI interventions, there is an ongoing risk of duplication with a number of programme/interventions including the specialist consultancy strand of GAP and any new capability interventions that may be created/established created to support the implementation of any new Invest NI International Trade strategy.

2.10.5 Return-on Investment

Notwithstanding the significant amount of empirical evidence that exists (including the findings of this Evaluation report), which highlights the difficulties in quantifying the impact of skills and capability interventions in monetary terms, we note that the gross monetary sales impacts (£5.94m) reported by the small sample of businesses (that were willing and able to quantify the impact of their respective CDS project (N=14⁴⁷)) are in excess of the full economic costs (£4.4m) that were incurred in delivering the CDS suite of interventions during the period under review. Taking account of deadweight and displacement, this equates to c. £3.3m of net additional sales being achieved by the 14 businesses.

2.10.6 Value-for-Money (including Economy, Efficiency & Effectiveness)

In considering the economy, efficiency and effectiveness relating to the CDS suite of interventions we note the following:

| Table 2.28: Economy, Efficiency & Effectiveness Indicators | |
|---|--|
| Indicator | Evaluation Team's Commentary |
| Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost | It is noted that the average financial award for NED and consultancy projects were considerably below (27% and 19% below respectively) that anticipated at the outset. Similarly, the average award was significantly below the maximum levels of support eligible under each of the CDS interventions. |
| Efficiency relates to measures that are concerned with achieving the maximum output from a given set of inputs | In terms of efficiency, we note that there was a high level of achievement of project targets and motives for participation by businesses and the average award (per CDS project) was significantly below the maximum levels of support eligible under each of the CDS interventions. Whilst it is also noted that that the CDS suite of interventions was managed at a lower cost (14% or £133k) lower than was anticipated at the outset, given the scale of programme expenditure reduced disproportionately more than staff costs, the programme was relatively costlier to deliver from Invest NI's staff cost perspective. Notwithstanding this, the Evaluation Team is broadly content that Invest NI achieved the maximum output from its given set of inputs. |
| Effectiveness measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved | Of the 16 targets/objectives established for CDS for the period under review, 11 were wholly achieved, 1 was partially achieved and 4 were not achieved. Positively, all targets relating to the effectiveness of the support in meeting business' needs and all targets relating to customer satisfaction were achieved. |

It is the Evaluation Team's view, based upon all available evidence, that the CDS suite of interventions delivered VFM in respect of the costs incurred, during the period under review.

2.10.7 Equality Considerations

The Evaluation Team has identified no negative equality impacts and considers the interventions to be accessible to all Section 75 groupings and people with disabilities.

⁴⁷ Of the 79 businesses that engaged in the primary research, 54 businesses indicated that they had achieved an increase in their sales/revenue. Only 14 of these businesses were willing and able to quantify the impact of their respective CDS project.

2.11 Recommendations

2.11.1 Capability Development Solutions

The Evaluation Team's key recommendations relating to the CDS suite of interventions are detailed below:

1. Invest NI should continue to administer support through the CDS to enhance the skills and capabilities of its client businesses. Given their ability to provide discreet and valuable skills and capability support in various types of scenarios, the Consultancy, NED, IM and Mentoring CDS interventions should be retained.
2. Consideration should be given to the operational 'fit' of the Consultancy strand of CDS within the wider portfolio of available consultancy interventions (including GAP) and vice versa. More specifically, consideration should be given to the merging of the two consultancy offerings or, where Invest NI deems there to be a unique differentiator between the offering, clear guidance is communicated across the organisation as to the circumstances in which one should be utilised over the other. Allied to this, consideration should be given to the operational 'fit' of the CDS suite of interventions with any new capability development focused interventions created to support the implementation of any new Invest NI International Trade strategy.
3. Given the contrasting view expressed by Invest NI consultees, Invest NI should identify the primary strategic focus of each of the CDS programme strands. In doing so, clarity should be provided as to whether the strand is focused on:
 - Supporting businesses to develop their skills and capability, through the transfer of knowledge from an external resource, with a view to embedding a more long-term sustainable approach to growth independent of the need for future external support; or
 - Supporting business to access specialist advice and expertise, with the development of skills being a secondary, albeit important, consideration.

The agreed focus should be reflected in a redefined overarching aim for the Programme and communicated across the organisation.

4. In respect to the mentoring intervention, consideration should be given to increasing the level of financial support (by up to £1.5k) available to client businesses. Linked to this, CEs/BAs should ensure that the maximum aid ceilings (currently 100% permissible under De minimis rules) are fully utilised for specific types of businesses (HPSUs), where it is deemed required and appropriate in the specific context of the business and their individual growth plan.
5. By way of potentially maximising levels of VFM, consideration should be given to removing the maximum number of days support criterion currently established under the Consultancy and Interim Manager programme strands.
6. Invest NI should ensure that all CEs/BAs are aware that, should they identify a change in the performance of tracked clients, their status under the client segmentation groupings can be amended and CDS assistance potentially provided to support their growth aspirations, where appropriate.
7. Invest NI should undertake a review of the CDS application and assessment process to ensure that it is proportionate in respect of the levels of assistance being requested (on an individual project basis). In doing so specific consideration should be given to the roles and responsibilities of CEs/BAs and the nature of information being requested as part of the assessment process, amending where necessary. This should be clearly articulated within the Programme's guidelines and shared with all client-facing staff.

8. Responsibility for the promotion for the promotion of the CDS suite of interventions, as a 'specialist advice service', should lie with CEs/BAs, with the onus on them to recommend the appropriate specific type of CDS intervention that best meets the specific capability requirement of a client business where appropriate.

2.11.2 Accelerating Growth Programme

The Evaluation Team's key recommendations relating to AGP are detailed below:

1. Invest NI should continue to administer support through its AGP to enhance the skills and capabilities of client businesses to drive growth particularly export growth where possible.
2. Consideration should be given to providing businesses with a number of days mentoring and coaching support to both provide additional support and challenge during the development of their growth plan and the implementation of actions arising out of this plan. CE/BAs should also be encouraged to take a more proactive role in encouraging and supporting client businesses to complete a Growth Action Plan.
3. Clarity should be provided to the 'fit' of the support available through the AGP (and specifically the Growth Diagnostic and Growth Action Plan) with the wider toolkit of interventions (e.g. Business Health Checks, Account Development Plans (ADPs)) being utilised by CEs/BA to identify client business' needs and deliver upon the objectives of the organisation's associated Customer Management Programme. Where appropriate, steps should be taken by Invest NI to ensure that appropriate complementary linkages are established between each of the tools.
4. By way of garnering higher levels of commitment to, and participation on, the Programme consideration should be given to requiring businesses to make a financial contribution to participating on the programme. The merits of such a contribution should be carefully weighed up against the potential impact on levels of demand and the costs associated with administering the system.
5. In setting all future activity targets for the AGP, cognisance should be taken of the potential demand that may result from any newly established start-up programme which covers export start -ups and HPSUs.

2.11.3 Other Recommendations

1. Consideration should be given to the creation of a strategic marketing focused intervention. The intervention should reflect more contemporary delivery and learning styles and the content (potentially incorporating one-to-one mentoring and networking and use of key note speakers) should be reflective of current models of business growth and development. Allied to this, consideration should be given to:
 - Where best the intervention should sit within the organisation given the fact that such an intervention is likely to be more overtly focused on generating more tangible business outcomes (e.g. sales in external and export markets) as opposed to the development of skills and capability;
 - How the delivery of such an intervention might impact upon the levels of demand for CDS support given the potential requirement of participants to avail of additional strategic guidance and support the implementation of their strategic growth plan;
 - The 'fit' of the intervention with any new capability development focused intervention created to support the implementation of any new Invest NI International Trade strategy, GAP consultancy, as well as the suite of current Trade offerings (in particular the Trade Advisory Services, EDS); and
 - Whether businesses should be required to make a financial contribution to their participation on the intervention/programme.

3. THE PEOPLE SOLUTIONS SERVICE

3.1 Introduction

Section 3 provides a detailed analysis of the key evaluation findings relating to the PSS suite of interventions during the period under review (April 2013 - December 2016).

3.2 Programme Activity

3.2.1 1:1 Advice and Guidance Service

Table 3.1 provides an overview of activity delivered through the 1:1 Advice and Guidance Service with further detail provided in the succeeding paragraphs.

| Table 3.1: 1:1 Advice and Guidance Service – Performance Against Targets | | | |
|---|---------------|---------------|-----------------|
| | Target | Actual | Variance |
| April 2013 - March 14 | 300 | 332 | +11% |
| April 2014 - March 15 | 300 | 331 | +10% |
| April 2015 - March 16 | 250 | 258 | +3% |
| April 2016 - Dec 2016 ⁴⁸ | 94 | 102 | +9% |
| Total | 944 | 1,023 | +8% |

Salient points to note include:

- During the period under review 1,023 1:1 Advice and Guidance Service interventions were delivered to 740 unique businesses,
- At its peak staff complement (during April 2013-March 2014), the PSS had 2 full-time and 3 part-time PSAs⁴⁹. However, across the period under review, three PSAs left the organisation leaving the staff complement at its current level of two part-time PSAs (both of whom do not deliver PSS support during the summer months). It is understood that each of the members of the PSS team possessed their own specific areas of HR knowledge and expertise and the subsequent loss and non-replacement of these staff members has inevitably resulted in the reprioritisation of resources to those areas aligned with the knowledge and expertise of the remaining members (discussed further below).
- Given the reduction in the staff complement, the targets for the 1:1 Advice and Guidance Service were reduced for the last two years of the period under review. The targets established for the Service were exceeded on an annual basis, resulting in the cumulative target being exceeded by 8%.
- Almost one-quarter of businesses (23%, N=240) received repeat support through the Service.

| Table 3.2: Frequency of business interventions delivered | | |
|---|--------------------------|-------------------------------|
| No. of business interventions | No. of businesses | % of unique businesses |
| 1 | 567 | 77% |
| 2 | 118 | 16% |
| 3 | 30 | 4% |
| 4 | 11 | 1% |
| 5+ | 14 | 2% |
| Total unique businesses | 740 | 100% |

- Three-quarters (76%, N=740) of businesses were small businesses (with 34% of the total interventions received by micro businesses), whilst the remainder of support was provided to medium (19%) or large businesses (5%). The disaggregation of support was broadly reflective of the wider Invest NI client base.

⁴⁸ This annual target has been prorated to reflect the period under review.

⁴⁹ 4 of the 5 PSAs were (are) CIPD trained.

| Table 3.3: Disaggregation of recipients of support by business size | | | | |
|--|--------------------------|-------------|---|----------|
| Size (Employment in NI) | Unique businesses | | Invest NI Client Base⁵⁰ | |
| | No. | % | No. | % |
| Micro (<10 employees) | 286 | 39% | 575 | 34% |
| Small (10-49 employees) | 282 | 38% | 705 | 42% |
| Medium (50-249 employees) | 148 | 20% | 307 | 19% |
| Large (250+ employees) | 24 | 3% | 87 | 5% |
| Total | 740 | 100% | 1,674 | |

- Businesses received advice and guidance relating to a diverse range of HR issues/areas, with support most frequently provided in relation to recruitment and selection (35% of all interventions delivered) and contracts of employment (19% of all interventions delivered).

| Table 3.4: Nature of HR issues faced by businesses | |
|---|---------------------------|
| Nature of Issue | % of interventions |
| Recruitment & selection | 35% |
| Contracts of Employment | 19% |
| Performance management | 13% |
| Absence management | 10% |
| Reward Management | 7% |
| Organisation Structure | 4% |
| Succession | 4% |
| Redundancy | 4% |
| Health & Safety | 4% |
| Total | 100% |

- Discussions with the PSS team indicates that a key focus of the PSS during the period under review, and in particular the 1:1 Advice and Guidance Service, has been to encourage business owner/managers to take forward a more strategic and proactive rather than reactive approach to addressing HR issues which, more often than not, receive a lower level of priority/attention by leadership teams vis-à-vis other business priorities. By providing businesses with the knowledge, skills and importantly confidence to tackle and resolve HR issues at an earlier stage, it is anticipated that the support will serve to both minimise the impact of the issues on the business' operations and the need to engage external support to address the issues. This support has been delivered through the provision of both mentoring and coaching support to businesses, underpinned by a non-judgmental honest broker ethos.

Whilst the feedback from businesses indicates that the support has been successful in implementing such practices in a number of recipients of support, our discussions with the PSS team indicate that too few businesses are adopting such an approach and that a wider cultural and mindset change will need to be adopted by a significant cohort of Invest NI's clients.

- Given the reduction in the Service's staff complement, the ongoing high level of demand for support, and by way of increasing the quality of RDS' referrals, a number of amendments were made to the delivery of the Service⁵¹. Key changes included:
 - The PSAs placing the majority of their time on delivering 1:1 Advice and Guidance support, as opposed to delivering other supports that had been historically delivered such as the CDS People Solutions Workshops;

⁵⁰ Please note that the disaggregation of the Invest NI client base by size is reflective of the Invest NI client base as at September 2017 and may not be reflective of the client base at the time of the period under review. We do note however that the composition of the client base is unlikely to have change materially between the two time periods. Invest NI Client base figures exclude 'Tracked' clients and the wider business base.

⁵¹ These changes became effective from April 2017 (outside the period under review).

- Support being solely delivered to Invest NI Pre-Entry, Entry and Account Managed clients⁵²;
 - Focus being placed on addressing recruitment and selection referrals, as opposed to the range of other areas that had historically been addressed through the Service (per Table 3.4);
 - The PSS team no longer responding to ad-hoc requests for HR advice and guidance and instead focusing on providing support to address RDS’ raised by CE/BAs. It was anticipated that these ad-hoc requests for support could be addressed through the advice and guidance detailed within the Employers’ Handbook which continued to be updated on an ongoing basis; and
 - The introduction of People Solutions Advice & Guidance Clinics and screening calls to discuss clients’ recruitment and selection needs with CEs/BAs prior to raising an RDS. It is understood that these clinics, calls and wider interactions have been utilised by the PSS to upskill Invest NI client facing staff on how to engage with their clients on HR-related issues including the types of questions that need to be posed to define the nature of the issues being faced and the associated appropriateness of the Invest NI 1:1 Advice and Guidance Service to provide the support required. Consultation with the PSS team indicate that whilst these activities have served to increase the quality of RDS’ being raised, additional work is required to upskill client facing staff on how to engage with clients on these issues. It was suggested that the support is unlikely to be able to be delivered in the manner required given the current staff complement and their associated workloads.
- In addition to providing 1:1 guidance, where necessary client businesses were referred to other sources/form of support including the Labour Relations Agency (LRA), Equality Commission as well as the PSS Employment Law and Guidance Service (ELAG).

3.2.2 Employment Law and Guidance (ELAG) Service

Invest NI clients are referred to the ELAG EDO after consulting with an Invest NI PSA (which may follow on from an RDS being raised by a CE/BA)⁵³.

During the period under review 98 ELAG interventions were delivered⁵⁴. It is understood that key legal HR advice was provided in a diverse range of areas including: contracts of employment, disciplinary and grievance matters, managing absenteeism, performance management and redundancies. The emphasis of the support is on offering practical options including an assessment of risk to assist clients’ decisions.

| Table 3.5: No. of business interventions | |
|---|-----------|
| April 2013 - March 2014 | 39 |
| April 2014 - March 2015 | 29 |
| April 2015 - March 2016 | 15 |
| April 2016 - December 2016 | 15 |
| Total | 98 |

Consultation with Invest NI indicates that the ELAG service is invaluable to its client base and the appointed EDOs have successfully delivered against all contractual requirements. Given the perceived quality of support provided through the service, coupled with the fact that the PSA are not able to deliver legal advice, it was emphasised that, subject to available budget, this service should be retained moving forward.

⁵² Consultation with Invest NI indicates that the 1:1 service was never offered to the wider business base. However, on a small number of occasions, Invest NI’s PSAs provided guidance for tracked clients when the Service had additional full-time resources. However, it is understood that PSA support was brought into line with Invest NI’s segmentation model and intervention principles approximately 3 years ago and, since this time, no tracked businesses have received support through the Service.

⁵³ It is understood that the PSAs and the EDO keep a log of all of the customers who have been referred to the service and records all information relating to the advice given.

⁵⁴ Due to the legal and sensitive nature of issues addressed through the ELAG, Invest NI was not able to provide details of all businesses that received support through the Service. As such, the Evaluation Team is unable to determine the unique number of businesses that received ELAG support.

3.2.3 Employers' Handbook

Salient points to note in relation to the Employers' Handbook include:

- During the period under review, 1,800 hardcopies of the Handbook were disseminated to Invest NI clients;
- The Handbook, HR documents and templates guide were launched on nibusinessinfo.co.uk during September 2014. Since then there have been more than 1,500 downloads of the full handbook and more than 250,000 downloads of the Employer Handbook Appendices (containing the reusable and amendable HR templates and documents);
- The Handbook is updated on an ongoing basis as legislation changes, with a major update undertaken during 2014/15. The Handbook has incorporated information and advice from (inter alia) the LRA, Equality Commission and external provider of the ELAG Service⁵⁵.

3.3 Participants' Satisfaction with, & Views of, PSS

As part of the Evaluation process, Cogent Consulted with 83 of the 740 unique businesses that received PSS 1:1 Advice and Guidance Service support during the period under review.

In addition to receiving one-to-one support from an Invest NI HR Advisor (through the PSS 1:1 Advice and Guidance Service), just over two-fifths (41%, N=83) of businesses indicated that they had used/accessed the Invest NI Employers' Handbook. As noted, businesses were able to access the Handbook either in hardcopy (having been provided by their respective HR Advisor) and/or softcopy (through the NI Business Info portal). Notwithstanding the relatively lower number of businesses indicating that they had utilised the Handbook, as noted below, levels of satisfaction with the resource was uniformly high amongst this cohort of businesses.

Appendix XI provides the detailed findings emerging from those consultations relating to business recipients' satisfaction with, and views of, the 1:1 Advice and Guidance Service and, where utilised, the Invest NI Employers' Handbook. A summary of the key finding emerging from the primary research is detailed below.

3.3.1 1:1 Advice and Guidance Service

- Almost all businesses (92%+) expressed a high level of satisfaction with the support that had been provided by their respective Invest NI PSA in terms of their:
 - Understanding of the issues facing the business and its requirements;
 - Ability to identify areas for improvement and appropriate HR solutions;
 - Ability to transfer relevant knowledge and expertise, as well as tailor the advice and support to meet the needs of businesses; and
 - Ability to sign-post the business to appropriate follow-on support (where this was required).
- Encouragingly, almost all (91%, N=83) businesses indicated that the support that they had received from their respective Invest NI HR Advisor was very effective (51%) or effective (40%) in terms of addressing their needs.
- Reflecting the high levels of satisfaction with the support provided through the Service, more than four-fifths (84%, N=83) suggested that they would recommend the Invest NI HR Advice and Guidance Service to other businesses to assist them to address their HR-related issues.

⁵⁵ This support is provided at no additional cost to Invest NI over and above what is paid to the external provider for the delivery of the ELAG service.

- Given the reported high levels of satisfaction, respondents provided only a small number of suggestions as to how the PSS 1:1 Advice and Guidance Service might be improved. Their recommendations included:
 - Increasing the amount of time provided by the HR Advisor to support the business to address their respective HR-issues; and
 - Improving the marketing of the Service.
- Given the complex and often sensitive nature of HR issues, it was the view of the PSS team (and shared by the Evaluation Team) that it is imperative for them to keep abreast of current HR development thinking/practices so that the most appropriate, up-to-date advice could be provided. The Evaluation Team would concur with this view and recommends that appropriate levels of time are continued to be allocated to staff to maintain their professional development.

3.3.2 Invest NI Employers' Handbook

- Positively, all businesses (100%, N=34) expressed a high level of satisfaction with the Handbook in terms of the range of HR-related areas covered and levels of detail provided on each of these, the appropriateness and ease of access to the sample templates, as well as the quality of advice and guidance provided through the Handbook.

3.4 PSS' Impact

Appendix XII provides the detailed analysis of the feedback from recipients of PSS 1:1 Advice and Guidance support in terms of the impact that the support had on their business. A summary of the key findings emerging from the primary research is detailed below.

- **Nature of HR -related issues facing the business** - Businesses indicated that they faced a diverse range of HR-related issues at the time of receiving support from their Invest NI HR Advisor, with the most frequently cited issues relating to recruitment and selection (59%, N=83) and contracts of employment/Terms and Conditions (40% - N=83).

| Table 3.6: Nature of HR related issue facing respondents | |
|---|-------------------------------------|
| Issues relating to: | % of businesses⁵⁶ |
| Recruitment and selection | 59% |
| Contracts of employment / Terms and Conditions | 40% |
| Performance management | 16% |
| Organisation structure | 11% |
| Absence Management | 10% |
| Succession planning | 5% |
| Redundancy | 4% |
| Other issues | 4% |
| Reward management | 2% |
| Health and safety | 1% |
| N= | 83 |

⁵⁶ Please note that the percentages will not sum to 100% on the basis that respondents were able to select more than one type of HR related issue.

- **Actions taken following the receipt of support** - Positively, more than four-fifths (84%, N=83) of businesses indicated that they had undertaken actions to address the HR-related issues, following the receipt of advice and support from their Invest NI HR Advisor.

Aligned with the nature of issues being faced by businesses, key actions undertaken by one-third or more (33%+) of respondents included:

- Reviewing, amending and/or clarifying roles and responsibilities (49%, N=70);
- Reviewing and amending recruitment processes (39%, N=70); and
- Introducing or amending contracts of employment (37%, N=70).

For those businesses that indicated that they had not taken action on receipt of support from their Invest NI HR Advisor (N=14), the majority of these businesses indicated that they:

- Did not have the time to implement actions; and/or
- Had other more pressing business priorities that had precluded them from implementing actions; and/or
- Required additional support before taking forward any action.

- **Degree to which HR-related issues were resolved** - Reflecting the quality of the support that had been provided through the Service, nearly all businesses (90%, N=83) indicated that they had either wholly (71%) or partially (19%) resolved the HR-related issue that they were facing with the advice that was provided by their respective Invest NI HR Advisor.
- **Activity Deadweight / Additionality and market failure** - Levels of programme/activity additionality have been calculated at 66%, indicating that the PSS has played a positive role in encouraging business to access external expertise to address the HR issues/needs. We consider that this is a high level of additionality, in the context that there are many forms that HR development can take and many options for businesses to potentially adopt.

The analysis provides an indication that a number of market failures, typically in the form of asymmetric information, are combining to prevent businesses from accessing the HR support independently from the PSS. However, there are also indications that other non-market failure factors, typically in the form of affordability, are also playing an important role in preventing business from accessing this support.

- **Impact of the support on businesses' operations** - More than four-fifths (84%, N=83) of business indicated that the advice and support that was provided by the Invest NI HR Advisor had made a positive impact on their business and its operations.

Respondents identified a range of specific impacts that the support had had on their business' operations, with the most frequently cited including:

- Addressing of recruitment issues and/or implementation of enhanced recruitment practices (50%, N=74);
- Greater levels of business' adherence to legislative/statutory obligations (30%, N=74);
- Improved management and organisational structures being implemented (27%, N=74); and
- Enhanced levels of communication across the organisation (23%, N=74).

| Table 3.7: Impacts derived as a result of the support received | |
|--|-----------------|
| Impact | % of businesses |
| Addressed recruitment issues and/or enhanced recruitment practices | 50% |
| Greater levels of adherence to legislation | 30% |
| Improved management and organisational structures | 27% |
| Enhanced levels of communication | 23% |
| Enhanced staff motivation and cohesion | 20% |
| Addressed an employment grievance | 12% |
| Enhanced operational performance | 12% |
| Enhanced levels of staff retention | 9% |
| Reductions in staff absenteeism | 7% |
| N= | 74 |

- **Impact Deadweight / Additionality** - The net impact (i.e. its additionality) of the PSS 1:1 Advice and Guidance Service on the impacts derived by businesses as a result of the HR advice and support can only be measured after making allowances for what would have happened in the absence of the intervention. That is, the impact must allow for deadweight. ‘Deadweight’ refers to outcomes that would have occurred in the absence of the Service.

The analysis of individual survey responses and application of the same ‘participant self-assessment’ methodology used to assess ‘activity additionality’, results in the following levels of ‘impact deadweight and additionality’:

| Table 3.8: Impact Additionality/deadweight (N=75) | |
|---|------------|
| Additionality | Deadweight |
| 61% | 39% |

The Evaluation Team’s benchmarking of the Service’s level of ‘impact additionality’ with interventions that seek to develop businesses’ workforces/skills indicates that it is performing in line with these interventions.

| Table 3.9: Benchmarking of impact additionality/deadweight | | | |
|--|-------------------------------------|--------------------|-----------------|
| Location | Nature of interventions | Mean Additionality | Mean Deadweight |
| UK Regional | All interventions | 57.0% | 43.0% |
| | Programme interventions only | 56.2% | 43.8% |
| | Workforce/skills development | 61.4% | 38.6% |
| Invest NI | PSS 1:1 Advice and Guidance Service | 61% | 39% |

- **Impact made by the Employers’ Handbook** - All businesses (100%, N=34), that had utilised the Employers’ Handbook, indicated that the resource had increased their understanding of good employment practice, the statutory rights of both the business and its employees and supported them to resolve HR-related issues.

3.5 Performance against Budget

The Evaluation Team understands that approval for the ongoing delivery of the PSS was granted based upon the positive findings detailed within the 2007 Evaluation of the People Excellence Framework. Whilst an Economic Appraisal or Casework was not completed for the Service which would have established an overarching budget for the Service for the period under review, the Evaluation Team understands that the ongoing costs (including all associated staff time) associated with the Service was approved, at Division level, within the overall annual Skill and Competitiveness budget.

Per Table 3.10, the full-economic cost of delivering the PSS during the period under review was c. £1.2m.

| Cost category | Year 1 (Apr 2013 - Mar 14) | Year 2 (Apr 2014 - Mar 15) | Year 3 (Apr 2015 - Mar 16) | Year 4 (Apr 2016 - Dec 2016) | Total |
|---|---|---|---|---|-------------------|
| ELAG EDO costs | £7,560 | £7,560 | £7,560 | £2,333 | £25,013 |
| Employers' Handbook costs ⁵⁸ | £255 | £6,776 | £240 | - | £7,271 |
| Staff Costs | £324,297 | £299,330 | £319,419 | £225,618 | £1,168,664 |
| Total | £332,112 | £313,666 | £327,219 | £227,951 | £1,200,948 |

3.6 Cost Effectiveness

In the absence of an economic appraisal and/or associated casework documentation, anticipated cost effectiveness indicators were not established for the PSS.

Other indicators of cost effectiveness calculated by the Evaluation Team include:

| No. of business interventions | Full economic cost | Cost per business interventions |
|--------------------------------------|---------------------------|--|
| 2,921 ⁵⁹ | £1,200,947 | £411 |

3.7 Duplication & Complementarity

In consideration of each of the PSS elements we note the following:

- 1:1 Advice and Guidance Service – Consultation with Invest NI indicates that whilst Invest NI’s 1:1 Service focused on HR issues as part of the business’ overall people strategy; the support provided by other agencies such as the LRA, EC and employment law solicitors focused on specific procedural guidance and statutory compliance. Indeed, where legal and procedural advice and statutory compliance was required businesses were signposted to other forms of support including the LRA, EC and ELAG service. As such, the other initiatives available within the marketplace offered the potential to complement, rather than duplicate, the support delivered through the PSS and vice versa.

Notwithstanding this, it was the view of the other external organisations that a lack of clarity existed in the marketplace in relation to the specific expertise retained within, and support available from, each of the respective agencies which had served to reduce the complementary nature of the supports available. It was recommended that, where possible, Invest NI should ensure to maximise opportunities to raise awareness amongst its client base of the services of other agencies, for example through providing platforms for these agencies to present to businesses during client events.

- ELAG - Whilst noting that legal advice is available to businesses to access within the private sector, there is likely to exist a number of market failures (primarily relating to asymmetric information) and non-market failures (affordability) that are combining to prevent businesses from accessing this

⁵⁷ Actual costs incurred have been provided by Invest NI. Costs are inclusive of VAT and exclude the costs associated with delivering the People Solutions CDS Workshops (these costs being included within the CDS costs (see Section 2).

⁵⁸ Costs relate to the amendment of Handbook content and the production of 1,000 copies of the Handbook. Please note, Invest NI distributed a further 800 handbooks during the period under review from a previous print run which was paid prior to the period under review. As noted a total of 1,800 copies of the Handbook were distributed during the period under review.

⁵⁹ Number of business interventions relate to the summation of the number of 1:1 Advice and Guidance Service interventions (N=1,023) delivered, the number of ELAG interventions delivered (N=98), and the number of Employers’ Handbooks distributed to businesses (N=1,800).

support either at all, to the same scale and/or within the same times scales, independent of receiving support.

- Employers' Handbook – Our discussions with the LRA and EC, and review of the marketplace, has identified no other similar publications providing the same depth of advice and guidance being provided on HR matters. Reflecting the complementary nature of the Handbook with these other organisations we note that the Handbook has incorporated information and advice from these organisations, as well as the external provider of the ELAG Service

3.8 Benchmarking

As part of the research process, the Evaluation Team has benchmarked the support provided through the Invest NI PSS against support provided elsewhere during the period under review (specifically in ROI, Scotland and Wales).

Details on each of the comparators are attached as Appendix XIII. Salient points to note from the benchmarking analysis include:

- At an overarching level, similar to the PSS in Northern Ireland, in other regions (such as ROI, Scotland and Wales) there was a recognised need for agencies to provide impartial practical advice and guidance to businesses on HR management and people-related issues.
- Discussions with a representative from Enterprise Ireland supported Invest NI's model of employing CIPD qualified People Solutions Advisors to deliver the PSS. Specifically, the consultee indicated that whilst historically Enterprise Ireland employed a dedicated team of qualified HR Advisors; more recently all Development Advisors⁶⁰ have been trained to ensure that they have some knowledge of HR management to provide advice as required to their client businesses.

However, it was suggested that Enterprise Ireland now recognises that businesses require support from advisors who are more qualified in HR management than is achievable across the pool of Development Advisors. As such, the organisation is proposing to revert back to its previous model by employing a dedicated team of fully qualified HR Advisors⁶¹.

- The forms of support provided by Invest NI's PSS are similar to those provided in the other regions considered. In particular:
 - In each of the regions considered, the agencies provide one-to-one advice and guidance to businesses to support them in HR management and dealing with people-related issues. Similar to the complementary roles served by the Labour Relations Agency and the Equality Commission within NI; ACAS⁶² and the Equality and Human Rights Commission provide human resources advice and guidance to businesses throughout GB which serve to complement those services provided by economic development agencies and local authorities which are comparable to PSS; and
 - Business Gateway (Scotland) provides a wide range of online guides and templates similar to those provided by Invest NI via nibusinessinfo to enable businesses to effectively manage their own HR practices.

⁶⁰ Equivalent to Client Executives

⁶¹ Please note at present there is only one full-time resource.

⁶² The Advisory, Conciliation and Arbitration Service.

3.9 Summary Conclusions

3.9.1 Operation and Delivery

The PSS model of delivery is based on providing impartial practical advice and guidance, to Invest NI clients on all aspects of human resource (HR) management. The Service is currently managed and delivered by Invest NI's PSAs who acts as company-independent, impartial honest broker responsible for delivering HR support on a one-to-one basis and/or, when it is required, signposting businesses to other forms of people solutions support.

During the period under review 1,023 1:1 Advice and Guidance Service interventions were delivered to 740 unique businesses. The targets established for the Service were exceeded on an annual basis, resulting in the cumulative target being exceeded by 8%. Businesses received advice and guidance relating to a diverse range of HR issues/areas, with support primarily focused on recruitment and selection and contracts of employment.

The number of PSAs currently delivering PSS support reduced significantly during the period under review to its current complement of two part-time PSAs. Each of the members of the PSS team possessed their own specific areas of HR knowledge and expertise and the subsequent loss and non-replacement of these staff members has inevitably resulted in the reprioritisation of resources to those areas aligned with the knowledge and expertise of it remaining members. We are of the view that, by way of avoiding any dilutions in the effectiveness of the Service, further consideration needs be given to the modus operandi of the Service and its PSAs.

During the period under review 98 ELAG interventions were delivered⁶³. It is understood that key legal HR advice was provide in diverse range of areas including: contracts of employment, disciplinary and grievance matters, managing absenteeism, performance management and redundancies. The emphasis of the support has been on offering practical options including an assessment of risk to assist clients' decisions. It is the view of Invest NI's PSS team, and shared by the Evaluation Team, that the ELAG service provides an invaluable service to its client base and the appointed EDOs have successfully delivered against all contractual requirements.

In addition to the aforementioned support, additional HR advice and guidance was provided through the Invest NI Employers' Handbook which was distributed in hardcopy format to Invest NI clients and made available to all businesses through the nibusinessinfo web portal.

Businesses uniformly expressed high levels of satisfaction in relation to the support delivered through the 1:1 Advice and Guidance Service and Employers' Handbook including the support provided by Invest NI's PSAs. Reflecting the high levels of satisfaction with the support provided through the Service, a significant majority of businesses indicated that the support was effective in term of addressing their needs and would recommend the Service to other businesses to assist them to address their HR-related issues.

The full-economic cost of delivering the PSS during the period under review was c. £1.2m.

⁶³ Due to the legal and sensitive nature of issues addressed through the ELAG, Invest NI was not able to provide details of all businesses that received support through the Service. As such, the Evaluation Team is unable to determine the unique number of businesses that received EALG support.

3.9.3 *Performance and Impact*

The majority of businesses indicated that they had undertaken actions, to address the HR-related issues, following the receipt of advice and support from their Invest PSA. Encouragingly, in nearly all cases, businesses indicated that they had either wholly resolved the HR-related issue that they were facing with the advice that was provided and the support had ultimately served to enhance the businesses' ongoing operations.

Levels of programme/activity additionality have been calculated at 66%, indicating that the PSS has played a positive role in encouraging business to access external expertise to address the HR issues/needs. We consider that this is a high level of additionality, in the context that there are many forms that HR development can take and many options for businesses to potentially adopt. The analysis provides an indication that a number of market failures, typically in the form of asymmetric information, are combining to prevent businesses from accessing the HR support independently from the PSS. However, there are also indications that other non-market failure factors, typically in the form of affordability, are also playing an important role in preventing business from accessing this support.

All businesses, that had utilised the Employers' Handbook, indicated that the resource had increased their understanding of good employment practice, the statutory rights of both the business and its employees and supported them to resolve HR-related issues.

Discussions with the PSS team indicates that a key focus of the PSS during the period under review, and in particular the 1:1 Advice and Guidance Service, has been to encourage business owner/managers to take forward a more strategic and proactive rather than reactive approach to addressing HR issues which, more often than not, receive a lower level of priority/attention by leadership teams vis-à-vis other business priorities. By providing businesses with the knowledge, skills and importantly confidence to tackle and resolve HR issues at an earlier stage, it is anticipated that the support will serve to both minimise the impact of the issues on the business' operations and the need to engage external support to address the issues. This support has been delivered through the provision of both mentoring and coaching support to businesses, underpinned by a non-judgmental honest broker ethos. Whilst the feedback from businesses indicates that the support has been successful in implementing such practices in a number of recipients of support, our discussions with the PSS team indicate that too few businesses are adopting such an approach and that a wider cultural and mindset change will need to be adopted by a significant cohort of Invest NI's clients.

3.9.4 *Duplication*

Whilst it is concluded that the Service complemented, rather than displaced, the support provided by other organisations (e.g. LRA and the Equality Commission), it was the view of the other external organisations that a lack of clarity continues to exist in the marketplace in relation to the specific expertise retained within, and support available from, each of the respective agencies which had served to reduce the complementary nature of the supports available. It was recommended that, where possible, Invest NI should ensure to maximise opportunities to raise awareness amongst its client base of the services of other agencies, for example through providing platforms for these agencies to present to businesses during client events.

3.9.6 Value-for-Money (including Economy, Efficiency & Effectiveness)

In considering the economy, efficiency and effectiveness relating to the PSS we note the following:

| Table 3.12: Economy, Efficiency & Effectiveness Indicators | |
|---|---|
| Indicator | Evaluation Team's Commentary |
| Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost | Key actions undertaken by Invest NI to ensure that project inputs were obtained at least cost included: <ul style="list-style-type: none"> • Corporate recruitment processes were utilised to identify and subsequently recruit the appropriate levels of resources (PSAs) that were perceived to be required at that time; • The EDO that delivered the ELAG was appointed following a competitive procurement process; and • It is understood that Invest NI sought quotations for the design and production of the Employers' Handbook. |
| Efficiency relates to measures that are concerned with achieving the maximum output from a given set of inputs | Based upon the number of businesses supported (especially when considered in the context of the available number of PSAs), the high levels of satisfaction with the support and the impact made by the Service, we consider that Invest NI has achieved the maximum output from a given set of inputs. |
| Effectiveness measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved | Targets were established in relation to the 1:1 Advice and Guidance Service only. The targets established for the Service were exceeded on an annual basis, resulting in the cumulative target being exceeded by 8% (1,023 1:1 Advice and Guidance Service interventions were delivered against a target of 944). |

It is the Evaluation Team's view, based upon all available evidence, that the PSS suite of interventions delivered VFM in respect of the costs incurred, during the period under review.

3.9.7 Equality Considerations

The Evaluation Team has identified no negative equality impacts and considers the interventions to be accessible to all Section 75 groupings and people with disabilities.

3.10 Recommendations

The Evaluation Team's key recommendations relating to the PSS suite of interventions are detailed below:

1. Invest NI should continue to administer support through the PSS to address the HR needs of its client businesses. Each of the core elements of the Service (i.e. 1:1 Advice and Guidance Service, the ELAG Service and Employer's Handbook) should be retained and championed at senior levels.
2. Given the current staff complement, careful consideration should be given to the operational remit of the Service and its PSAs. This will require Invest NI to identify and communicate, both internally and externally to other organisations (e.g. the LRA, Equality Commission) what the Service is, and importantly is not, responsible for.
3. Linked to Recommendation 1 and 2, all opportunities to disseminate HR-related advice and guidance through electronic means should be explored. However, the Evaluation Team recognises that given the potential sensitivities and unique nature of some HR issues, it may not be feasible to cover all HR related issues through this medium.
4. Given the advisory nature of the support delivered through the PSS, and the complex and often sensitive nature of HR issues, Invest NI should ensure that appropriate time and finance is available to support the CPD needs of its PSAs.

4. THE LEADERSHIP TEAM PROGRAMME

4.1 Introduction

This section evaluates the Leadership Team Programme (LTP). It primarily covers the period September 2014 to December 2016. However, where appropriate it discusses activity and costs for the entire four-year period of the programme through to May 2018 (which at the time of writing are known with a good degree of certainty).

The analyses presented in this section of the report are supplemented and supported by the information presented in the Appendices document, and specifically appendices:

- XIV – which provides detailed analysis of the feedback received from LTP participants relating to their levels of satisfaction with the various facets of the support and their views of the operations of the programme;
- XV – which details respondents’ feedback relating to the impact that the LTP has had on them personally or on their business;
- XVI – which considers in detail the actual costs incurred in implementing the LTP compared with those anticipated at the outset, and the cost-effectiveness of the programme;
- XVII – which considers a number of programmes that are provided elsewhere (including those of Enterprise Ireland, Scottish Enterprise, QUB and UU) that have similar aims and objectives to the LTP.
- XVIII – which provides detail on how Invest NI anticipated the design, management and delivery of the Executive Education aspect of the LTP would occur (as reflected in the Terms of Reference that the LTP contractors bid for;
- XIX – which provides detail on how Invest NI anticipated the design, management and delivery of the Business Coaching aspect of the LTP would occur (as reflected in the Terms of Reference that the LTP contractors bid for; and
- XX – which provides detail on the wider leadership and business growth ecosystem that exists within NI.

4.2 Programme Activity & Management

4.2.1 Introduction

The Preferred Option featured in the Economic Appraisal⁶⁴ for the LTP anticipated that the Programme would recruit 36 companies and up to 108 managers over four years, with the Programme delivered by an external delivery agent/provider appointed with an option for a break clause after year one. This approach was adopted to allow Invest NI to test the modular content and assess the selected provider and to make any necessary amendments to the learning materials.

Of note, the minutes of SECC Casework Committee held on 18th September 2013 noted that the Economic Appraisal had been ‘cautionary’ around anticipated participant numbers, with the Panel subsequently emphasising the need to have the flexibility to meet a higher level of demand if it materialised. It was suggested that Year One could be used as a test and if demand was greater than forecast, a further approval would be sought to cater for it. This approach, as demonstrated in Section 4.2.3, has subsequently proven to be a prudent one.

4.2.2 Programme Procurement and Contract Award

Following the receipt of all necessary approvals, the respective LTP contractors were appointed following a formal OJEU procurement process managed by Central Procurement Directorate (CPD).

⁶⁴ September 2013

The Terms of Reference (ToR) that was issued to the marketplace was divided into two separate lots, with contractors able to bid for one or both lots. They were:

- Lot 1 - The design, management and delivery of Executive Educational Content Service; and
- Lot 2 – The design, management and delivery of a Business Coaching Service.

The ToR identified that the maximum budget available for a four-year programme was as follows:

| Table 4.1: Maximum budget available for the LTP | |
|--|-------------------|
| | Excl. VAT |
| Executive Education Modules | £537,000 |
| Business Coaching Service | £511,000 |
| Total | £1,048,000 |

The ToR noted that the executive education programme element of the LTP would be delivered to up to 9 Invest NI SME client companies each year, over the four years of the contract period.

Each lot was evaluated independently of one another, with the result that two separate contracts were awarded to the Most Economically Advantageous Tenders. Both contracts were awarded in May 2014 with Dublin City University (DCU) being awarded Lot 1 (the Executive Education element) and Wilson Sloan Consulting being awarded Lot 2 (the business coaching element).

4.2.3 Programme Demand & Activity

Following the launch of the programme during September 2014, Invest NI has found that demand amongst its customer base has outstripped the activity that had been projected in the Economic Appraisal, leading to Invest NI seeking (and receiving⁶⁵) approval during December 2016 to recruit a second cohort of participant businesses (each with 3 senior team participants) during Year 4.

As noted in Section 1, the unique nature of the LTP (with its focus on a top leadership team of 3 people) had meant that it was difficult to predict demand prior to the completion of the tendering exercise and the programme's launch. However, discussion with Invest NI indicates that as the businesses that participated in the earlier cohorts grew and raised their profiles (and indeed endorsed the LTP), this has been noticed by others, leading to increasing levels of demand.

The table below shows the timing and composition of the different LTP cohorts over the course of the programme to September 2018⁶⁶:

| Table 4.2 – Original Projected LTP Activity v Revised Projected Activity (at December 2016) | | | | | |
|--|-----------------------------|-------------------------------------|-------------------------------|--|-------------------------------|
| Cohort | Start & End date | Projected - Per EA | | Projected – Per Dec 2016 Casework | |
| | | No. of Teams/ Businesses | Total Participants | No. of Teams/ Businesses | Total Participants |
| 1 | Sept 14 / June 15 | 9 | 27 | 8 ⁶⁷ | 24 |
| 2 | Sept 15 / June 16 | 9 | 27 | 12 | 36 |
| 3 | Sept 16 / June 17 | 9 | 27 | 15 | 45 |
| 4 | Apr 17 / Dec 17 | | | 12 | 36 |
| 5 | Sept 17 / May 18 | 9 | 27 | 12 | 36 |
| Total | | 36 | 108 | 59 | 177 |

⁶⁵ SECC was held on 8th December 2016, with Board Approval received on the 12th December 2016.

⁶⁶ NB This is beyond the evaluation period of September 2014 to December 2016, but serves to illustrate the continuing demand for the Programme.

⁶⁷ It is understood that 9 businesses were recruited to participate during Year 1, but due to unforeseen circumstances, one business had to postpone their involvement in the programme, subsequently participating in one of the later cohorts.

The Casework papers that were submitted as part of the approval to fund an additional cohort of leadership teams note that Invest NI had seen demand increase from 9 businesses wanting to partake in year one to 18 wanting to partake in year three. However, despite increasing the intake slightly each year (with 15 businesses participating in Year 3), this had not been sufficient to meet the demand, resulting in Invest NI having had to turn businesses away.

The subsequent approval was for an additional cost of £190,148 (incl. VAT), which is discussed further in section 4.5.

Information provided by Invest NI indicates that the subsequent actual profile of activity has been as follows:

| Company Size Classification | Cohort 1 | Cohort 2 | Cohort 3 | Cohort 4A | Cohort 4B | 4 Year Total |
|------------------------------------|-----------------|-----------------|-----------------|------------------|------------------|---------------------|
| Small (less than 50 staff) | 7 | 9 | 10 | 9 | 10 | 45 |
| Medium (less than 250 staff) | 1 | 3 | 5 | 2 | 3 | 14 |
| Total | 8 | 12 | 15 | 11 | 13 | 59 |

Of note, Invest NI’s Business Strategy (2017-2021) committed the organisation to “*supporting those customers with the greatest growth potential to increase employment and ensure they can access the skills required to realise their ambitions*”. In part response to this, during 2017, Cohort 4a (known as the Ambition to Scale cohort) targeted pre-scaling companies (defined as those who had a history of 30% growth).

It is understood that the programme is not targeted at Scaling companies although they have taken part, as it is a requirement for Scaling companies to attend Enterprise Ireland’s Leadership 4 Growth.

4.2.4 Invest NI’s LTP Management

The LTP is managed by the Skills & Competitiveness Division of Invest NI. The table below compares the Invest NI staff input that was originally anticipated with that that has been utilised:

Table 4.4: LTP Management

| Proposed Invest NI Management/Staffing | | | Actual Invest NI Management/Staffing ⁶⁸ | | | | Role /Responsibilities |
|--|-----------|---|--|-----|-----|-----------------------|--|
| Post/Grade | % of Time | Role /Responsibilities | Y1 | Y2 | Y3 | Y4 (to November 2017) | |
| The Director (Grade 5) | 5% | <ul style="list-style-type: none"> Provision of oversight role, including attendance at project management meetings | 5% | 1% | 1% | 1% | <ul style="list-style-type: none"> As projected |
| Head of Team (Grade 7) | 30% | <ul style="list-style-type: none"> Accountable for the appointment of a quality provider, selection of participating companies and delivery of a quality programme which meets the needs of participating companies. Ensuring that there is a robust quality assurance system and programme monitoring system in place and that robust monitoring and evaluation of the intervention are carried out. | 30% | 30% | 20% | 20% | <ul style="list-style-type: none"> Largely as projected, but with some sharing of responsibilities with both the Director and the Programme Manager |
| Programme Manager (DP) | 68% | <ul style="list-style-type: none"> Operational management of the Programme and liaison between the Provider and participating companies; Establishing, running and coordinating the Programme and ensuring that the Programme is on track to deliver the required outputs. Liaison with companies regarding their Growth Action Plans and progress towards these. | 68% | 90% | 90% | 90% | <ul style="list-style-type: none"> Largely as projected, but with some sharing of responsibilities with the Head of Team |
| Staff Officer (SO) | 10% | <ul style="list-style-type: none"> Overseeing the internal financial administration associated with the Programme. | 10% | 0% | 0% | 0% | |
| Executive Officer II (EOII) | 43% | <ul style="list-style-type: none"> Supporting the Staff Officer and Programme Manager in carrying out the administrative tasks associated with the Programme. | 43% | 60% | 70% | 70% | <ul style="list-style-type: none"> As projected |

Invest NI has advised that the reasons for variances from that that was anticipated at the outset relate to:

- The addition of the 23 additional teams across the 4 cohorts;
- Additional peer learning opportunities offered to participant businesses.

⁶⁸ Per Economic Appraisal and discussion with Invest NI

4.3 Participants' Satisfaction with, & Views of, the LTP

As part of the Evaluation exercise, Cogent consulted with 16 of the 46 businesses that have participated in the first four LTP cohorts, as follows:

| Cohort | 1 | 2 | 3 | 4a |
|---------------------------|---|---|---|----|
| No. of Survey Respondents | 4 | 4 | 4 | 4 |

Appendix XIV presents the detailed analysis of those consultations relating to participants' satisfaction with and views of the LTP. Key findings detailed within that appendix include:

- Participant feedback is almost universally positive, with almost all the LTP participants indicating that they were either satisfied or very satisfied with:

- The series of executive education learning modules that were delivered by representatives of DCU (100%, N=16). Indeed, all (100%, N=16) of the respondents agreed that the Executive Education modules:

- Used high-calibre presenters and facilitators;
- Used inspirational Keynote Speakers;
- Provided them with insight into international best practice on a variety of topics relating to the leadership of a business;
- Were relevant to their business;
- Helped them to envision the future for their business (i.e. its strategy);
- Enhanced their ability to build and mobilise a team (through better understanding their own leadership style and assessing their business' management team's capabilities);
- Enhanced their wider business management skills (e.g. their customer value proposition, strategic direction, talent development, leadership communication, business development, innovation, gaining competitive advantage);
- Enhanced their understanding of their business' finances;
- Were practical and focused on the specific growth inhibitors of SMEs.

- The business coaching that was provided by representatives of Wilson Sloan Consulting (94%, N=16), with respondents agreeing that the LTP Business Coach had:

- Challenged them as to how best to use any knowledge gained through the Executive Education modules, in a manner that has accelerated the growth of their business;
- Facilitated team meetings that drew upon the collective experience and provided an open, non-judgemental forum to discuss common issues in relation to the development and implementation of their business' growth strategy;
- Helped them and/or their management team with specific business issues and assisted in prioritising those issues;
- Helped to develop them to become a stronger, more effective and confident leader; and
- Supported, challenged and helped to develop their business' Growth Action Plan.

- The calibre of presenters and speakers (during the executive education modules) was commented upon by many participants, including their ability to 'inspire' and 'motivate', and their ability to keep their materials relevant, informative, engaging and practical;
- Similarly, the quality of the coaches appointed to participant businesses was spoken of in a very positive manner, with businesses welcoming the level of challenge and insight that the coaches brought. Indeed, only one respondent was not completely satisfied with the coaching received, suggesting that the coach had not challenged their business sufficiently robustly;
- Many participants referred to the fact that their participation in the programme had challenged their thinking at the individual level and as a management team, and welcomed the opportunity presented by the LTP to take a step back from the day-to-day operations of their business and to work as a team to 'envision their business' future';

- Participants' endorsement of the LTP is particularly strong, with one respondent describing it as 'transformative';
- Whilst most (75%, N=16) LTP respondents were satisfied with the series of peer networking opportunities that were facilitated both at the executive education sessions and at other events, levels of satisfaction were not as emphatic as for the other elements of the LTP. Businesses welcomed the opportunity to discuss common issues with their peers, but feedback suggests that depending upon the make-up of a group (where some members may be more introverted than others) the full merits of networking sessions may only be evident where the sessions and discussions are 'facilitated' to some extent. Nonetheless, most (75%+) participants agreed (i.e. they either agreed or strongly agreed) that the Peer Networking had:

- Helped them to form relationships with other businesses that participated on the LTP; and
- Allowed them to gain useful knowledge from businesses from different sectoral backgrounds.

- The majority (63%, N=16) of respondents agree that it is appropriate to limit the number of programme participants to the business owner/CEO/MD plus up to two members of the leadership team. However, a significant minority (37%, N=16) disagreed with the limit placed on the number of participants from a single business, and some who agreed with it also suggested that it would be beneficial to allow greater flexibility in relation to this limit or to allow a business to deputise attendance to other team members for some specific modules e.g. to allow a finance director to attend finance focused modules. Encouragingly, most (83%, N=6) of those that disagreed with the participation limit indicated that they would have been prepared to pay more to allow further members of the leadership team to participate.
- Perhaps unsurprisingly given the extent of the positive feedback received, all the respondents agreed that the contribution that they were required to make had represented value for money⁶⁹ and all would recommend the programme to other businesses.
- Given the high levels of satisfaction, respondents provided only a small number of suggestions as to how the LTP might be improved. Their recommendations included:

- Augment aspects of the Executive Education strand of the programme (N=3), to include:
 - Provide the session assessment page, the day after the session, to allow the participants more time to reflect on the session and provide more constructive feedback (N=1);
 - Provide video or audio recordings of the sessions (N=1); and
 - Speak to the participant businesses prior to each session to gain a better understanding of the topics that they might wish to cover, to tailor the information more (N=1).
- Improve the Peer Networking strand of the programme (N=2);
- Use venues that might be less costly to hire, to reduce the overall cost of participation; and
- Introduce greater flexibility around the number of participants from each business that can participate (N=1).

4.4 LTP's Impact

Appendix XV presents the detailed analysis of the feedback received from participants relating to the impact that the LTP has had on them personally or on their business. However, key findings detailed in that appendix include:

- All the respondents were of the view that the support received through the LTP had been effective in addressing their business' needs. More specially, all (100%) of the respondents stated that they

⁶⁹ Businesses with less than 50 employees contributed approximately £6,000 (ex VAT) each to participate with Invest NI contributing 70% of the total costs, whilst businesses with more than 50 employees contributed approximately £8,000 (ex VAT) each to participate with Invest NI contributing 60% of the total costs.

had either ‘partially’ or ‘wholly’ achieved the objectives that had originally encouraged them to participate in the LTP⁷⁰, which were stated as including:

- To achieve a stronger and more effective management team, ready to develop and implement their revised strategy (100% of respondents, N=16). Indeed, just over four-fifths (81%, N=16) of respondents cited this as the single most important factor that influenced their decision to participate;
- To develop a business growth plan (81%, N=16);
- To achieve a deeper understanding of how to develop and implement strategies that drive sustainable international growth (50%, N=16);
- To develop the tools and techniques to ensure all aspects of their business were aligned with their strategic plans (50%, N=16);
- To develop enhanced management skills and techniques ensuring all aspects of the business are aligned with and delivering against strategic plans (38%, N=16).

- The analysis of participants’ responses indicates that there is a high level of additionality (72%) associated with the LTP relating to businesses’ decision to develop their leadership team or where relevant, to undertake these activities to a similar scale and/or within a similar timescale. It is the Evaluation Team’s view that the level of activity additionality (72%) associated with the LTP’s leadership team development activities should be viewed positively. We consider that this is a high level of additionality, in the context that there are many forms that leadership development can take and many options for businesses to potentially adopt. Despite this, few respondents considered that they would have been able to develop their leadership team in a similar manner in the absence of the LTP.
- Per Table 4.5, respondents reported that they have achieved a wide variety of outputs because of participating in the LTP. However, the main outputs reported include:
 - The respondent considering that they are now more able to manage others (94%, N=16) and themselves (88%, N=16);
 - Businesses now having a stronger and more effective management/leadership teams, ready to develop and implement a revised strategy (81%, N=16); and
 - The respondent has been inspired to think and act differently (75%, N=16).

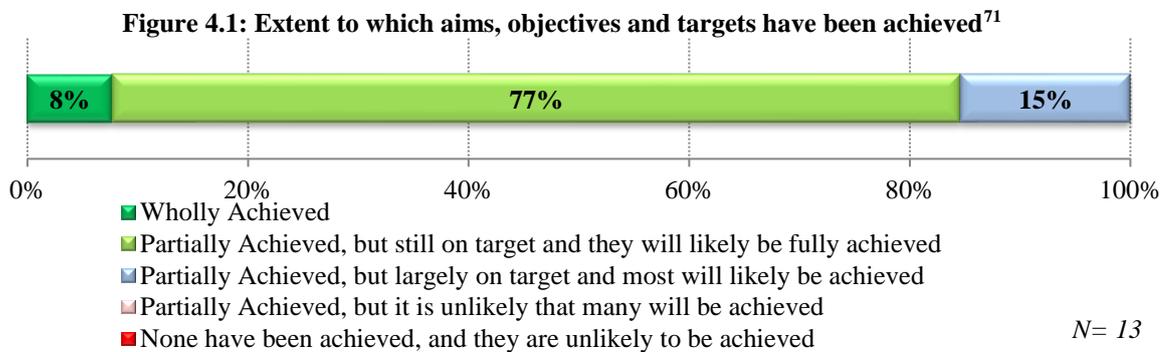
| Table 4.5: Outputs Reported by Participants | |
|---|------------------------|
| Output | % of businesses |
| Respondent better able to manage others | 94% |
| Respondent better able to manage themselves | 88% |
| The business has a stronger and more effective management/leadership team, ready to develop and implement its revised strategy | 81% |
| Respondent has been inspired to think and act differently | 75% |
| The business has implemented a new business strategy | 56% |
| Respondent is now a better business leader (thinking more strategically) | 50% |
| The business has a defined and executable future roadmap for business growth | 44% |
| Respondent has established a sustainable network of peers | 38% |
| The business has implemented a new management and/or staffing structure | 38% |
| Respondent now has an enhanced ability to grow their business faster | 31% |
| The business has enhanced leadership and management skills/techniques that ensure all aspects of the business are aligned with and delivering against strategic plans | 25% |
| The respondent has a deeper understanding of how to develop and implement strategies that drive sustainability and international growth | 19% |
| The business is stronger and more capable of retaining skilled professional managers | 19% |
| The business has implemented an in-company improvement project specifically identified to support company growth | 13% |
| N= | 16 |

⁷⁰ It should be noted that for the most part, it was the respondents that are currently amongst the ‘Ambition to Scale’ (pre-scaling) cohort of participants that indicated that they had only partially achieved the factors that had encouraged them to participate in the programme. However, that cohort was continuing to receive support at the time of the consultations and all of those respondents indicated that they anticipate wholly achieving their objectives by the end of the programme.

- A key focus of most (81%, N=16) respondents' LTP Growth Action Plan was the strategic direction of their business, with half (50%, N=16) suggesting that a key focus of their plan was the business' 'people'.

| Table 4.6: Key focus of LTP Growth Action Plan | |
|--|-----------------|
| Focus | % of businesses |
| Strategy | 81% |
| People | 50% |
| Sales | 38% |
| Finance | 6% |
| IT (improvement in IT related processes) | 6% |
| N= | 16 |

Perhaps unsurprisingly (given that many respondents reported that the LTP Growth Action Plans had a 3 to 5-year focus) only 8% (N=16) of respondents stated that they had 'wholly achieved' the aims, objectives and targets that were established within their Plan.



Most (77%, N=16) respondents instead suggested that they had partially achieved the aims, targets and objectives that were established, but were still on target and they were likely to be fully achieved. The remaining 15% stated that their Plans' aims and objectives had been partially achieved but they were largely on target and most would likely still be achieved.

- Encouragingly, even though most respondents were continuing to implement their Growth Action Plans (and indeed some were continuing to develop theirs), many respondents reported that they had already successfully achieved some form of business outcome because of the support received through the LTP. These included:
 - Almost two-thirds (63%, N=16) of businesses indicated that they had achieved growth in their sales. However, only 4 of the 10 businesses that indicated that they achieved sales increases because of their participation in the LTP considered that they were able to quantify those sales. On a cumulative basis, the 4 businesses⁷² that were able to quantify the sales increases reported total (gross) increases of £10.4m⁷³.
 - The same proportion (63%, N=16) of respondents indicated that they had achieved growth in their employee numbers because of the support received through the LTP. The 10 businesses that reported an impact on their employment levels, suggested that they had increased employment by 44 full-time equivalent employees (FTEs) and circa three-fifths (61%) of these new employees had salaries greater than the PSM.

⁷¹ N=13, as three businesses in cohort 4a are still in the process of developing their plan.

⁷² However, it should be noted that one of the four business (representing an outlier) reported a sales increase of £9.5m, of which £8.1m was in the NI market and £1.4m were in the GB market.

⁷³ The Evaluation Team notes that whilst the business was not a part of our survey sample, Invest NI indicates that at least one further business attributes substantial sales growth to their participation in the LTP. That information quotes that business as stating "Since starting the programme, the company has made an additional £5m in sales and I won 'Young Business Person of the Year 2015'. Both achievements are due to the LTP".

- One-quarter (25%, N=16) of respondents suggested that there had been an impact on their operating profit. None of those businesses was able to quantify the impact.
- In addition to the actual outcomes achieved to date, nearly all (94%, N=16) of the respondents were of the view that their participation in the LTP will have a positive impact on both their turnover and employment over the next three years. A fifth (19%, N=16) of respondents also anticipated a reduction in their costs⁷⁴.
- It is important to note that the net impact (i.e. its additionality) of the LTP on businesses' sales, costs, employment or other outturns can only be measured after making allowances for what would have happened in the absence of the intervention. That is, the impact must allow for deadweight. 'Deadweight' refers to outcomes that would have occurred in the absence of the LTP. The analysis of individual survey responses and application of the same 'participant self-assessment' methodology used to assess 'activity additionality', results in the following levels of 'impact deadweight and additionality'⁷⁵:

| Table 4.7: Impact Additionality/deadweight (N=13) | |
|--|-------------------|
| Additionality | Deadweight |
| 48% | 52% |

The Evaluation Team's benchmarking of the LTP's level of 'impact additionality' with interventions that seek to develop skills indicates that it is performing less well than other support offerings that focus on developing skills. Albeit, it should be borne in mind that evaluations can take many forms and follows different methodological approaches (e.g. different questions, phraseologies or weightings might be ascribed to different choices), so there is potential that the comparisons might not strictly be comparing like-for-like.

| Table 4.8: Benchmarking of impact additionality/deadweight⁷⁶ | | | |
|--|--------------------------------|---------------------------|------------------------|
| Location | Nature of interventions | Mean Additionality | Mean Deadweight |
| UK Regional | All interventions | 57.0% | 43.0% |
| | Programme interventions only | 56.2% | 43.8% |
| | Workforce/skills development | 61.4% | 38.6% |
| Invest NI | LTP | 48% | 52% |

Further potential reasons for this might be the LTP's target audience i.e. the Evaluation Team understands that a number of the participant businesses were amongst businesses that Invest NI considered had strong potential for growth and the fact that its participants were amongst the most senior people within those businesses. Whilst it cannot be confirmed it may be the case that such businesses and individuals would have greater confidence in their own ability to achieve business growth than might otherwise be the case.

We further note that none of the participants reported full deadweight. Instead, a number suggested that it might have taken them longer to achieve the same level of business impacts in the absence of the LTP, or that they would have achieved some of the reported impacts but not all.

- On an overall level, the Evaluation Team's analysis suggests that the displacement factor at the NI level is 12%; whilst at the GB level, it is 24%.
- In addition, a significant minority (42%, N=12) of businesses identified that they had secured further support from Invest NI or other sources, because of the development of their Growth Action Plan (which may also have influenced the level of additionality reported).

⁷⁴ Most of the businesses were, however, unable to quantify the anticipated turnover increases that might be attributable to the LTP. Nonetheless, 2 businesses suggested that their participation in the LTP would lead to a cumulative increase in their turnover of c£5.5m over the next 3 years, whilst 4 businesses suggested that their participation would lead to a cumulative increase of 14 FTEs over the next 3 years.

⁷⁵ See Appendix XXII for further details.

⁷⁶ Source: Research to Improve the Assessment of Additionality (BIS, 2009).

| | |
|--------------------------------|---|
| <p>LTP Case study 1</p> | <p>Company A is a small computer software and services business, employing just over 40 people in the Antrim areas. Prior to participating in the LTP, the Company had experienced issues relating to internal communication and defining suitable roles and responsibilities of various personnel. It considered that it needed to improve as a team to better manage these issues which were becoming more prevalent as the business grew and it has had concerns that those issues might undermine the potential for further growth. Consequently, the Company’s senior team hoped that its participation in the LTP would help it better understand how to make a strategic shift in its structure and ensure that its management team had the necessary accountability to drive forward growth.</p> <p>The Company indicated that they found the series of Executive Learning Modules the most beneficial aspect of the programme, as it enhanced the management team’s ability to build and mobilise a team. A representative noted that <i>“the business used to struggle to recruit the right individuals, but the LTP has helped us to introduce a unique culture where new talent now approaches the business.”</i> The LTP supported the business to identify deficiencies in its senior team and the type of skills that were needed to enhance the company’s growth prospects. The Company attributes the recruitment of a number of additional senior personnel, the introduction of a new senior management team structure, to its LTP participation which was something that it had failed to do in the past.</p> <p>Company A advised that the support received through the LTP had been effective in addressing its business’ needs and as a direct result of the LTP, the business has:</p> <ul style="list-style-type: none"> • Increased sales by £500k (£400k in the NI market, £50k in external markets and £50k in export markets); • Increased employment by 11 FTEs, 5 of which offer salaries above the NI PSM; • Rebranded existing product offerings and introduced innovative new products, which has improved the Company’s brand awareness; and • Established a new senior management team. <p>At an overarching level, Company A suggested that whilst it would have achieved some of these impacts in the absence of the LTP, they would have been achieved at a much-reduced level and likely have taken much longer to achieve.</p> |
| <p>LTP Case study 2</p> | <p>Company B is a small Advanced Engineering company, operating in the Ards and North Down Council area for over 30 years. At the time of its participation in the LTP, the Company indicated that it required support to develop a succession plan to mitigate risks relating to the pending retirement of the Managing Director, and to ensure that the necessary skills base was in place to ensure the business’ continued growth.</p> <p>The Company indicated that the mixture of support provided through the LTP, meant that the Managing Director is able to approach retirement with the knowledge that the management team have the appropriate skills and capabilities to successfully take the business forward. The Managing Director noted that the LTP <i>“came about at an ideal time for the business and encouraged me to delegate authority and tasks in preparation for my retirement.”</i> In addition, the Company indicates that participation in the LTP encouraged its senior team to explore the company’s value proposition and has led it to take a more strategic approach to the types of customers that it is targeting.</p> <p>Company B advised that the support received through the LTP had been effective in addressing its needs and as a direct result of the LTP, the business has:</p> <ul style="list-style-type: none"> • Increased sales by £300k in export markets; • Entered new geographic markets e.g. the USA; • Increased employment by 5 FTEs, 3 of which offer salaries above the NI PSM; • Established new relationships with local businesses through the peer networking strand; • Improved its efficiency; and • Introduced a new management system. |

4.5 Performance against Budget & Cost Effectiveness

This section provides a summary of our analysis of LTP’s actual cost and cost-effectiveness compared to that anticipated at the outset. A full analysis is presented in Appendix XVI. Key points to note include:

| | |
|---|---|
| <p>In relation to the original Programme budget & financing</p> | <ul style="list-style-type: none"> • The September 2013 Economic Appraisal estimated provided projected programme costs of £1,403,917 (excl. VAT) or £1,603,409 (incl. VAT), of which £406,457 were anticipated to comprise Invest NI staff costs; • The Economic Appraisal outlined that participant businesses were anticipated to contribute 30% of the cost of executive education and direct coaching only. However, if all other programme costs are included, the Evaluation Team calculates that participants’ contributions were anticipated to represent c16% of the full economic costs of delivering the LTP. • The minutes of SECC Casework Committee held on 18th September 2013 noted that it was the intention of the programme to use the maximum support available to encourage companies to invest in leadership development i.e. the maximum of 70% for small companies and 60% for medium companies as allowed through GBER⁷⁷. |
| <p>In relation to the tender exercise</p> | <ul style="list-style-type: none"> • The Terms of Reference that was issued to the marketplace was divided into two separate lots. <ul style="list-style-type: none"> - Lot 1 - Executive Education Modules - Lot 2 - Business Coaching Service • The total programme costs featured in the ToR are greater (by £64,940 excl. VAT) than the programme costs (£983,060) approved at the September 2013 casework meeting. Discussion with Invest NI indicates that its experience on the Leader Programme⁷⁸ had led it to anticipate that the costs of the coaching element could be higher than projected, and so a decision was taken to increase the projected budget for this element, but that this increase would be managed within the overall business case approval. • The contractors’ tendered costs for the delivery of Lots 1 and 2 over a four-year period came to a combined cost of £1,032,280 (excl. VAT). |
| <p>In relation to a request for an amendment to the Contractors’ contracts</p> | <ul style="list-style-type: none"> • Invest NI’s projected level of demand for the final year of the programme i.e. 2017/18 was for two cohorts of 12 teams (including one cohort specifically for ‘pre-scaling’ companies i.e. Cohort 4a ‘Ambition to Scale’). • As a result of demand for the programme being in excess of the original projection of 9 businesses per annum, Invest NI sought approval (during December 2016) for an additional cost of £190,148 (incl. VAT). • In relation to the Lot 1 contract, the original contract value was £536,780. The casework submission for the contract extension proposed to increase this by £199,494⁷⁹ to £736,274. |

⁷⁷ It was further noted that the support was not De Minimis, and that notification would proceed once the casework was approved. The LTP is notified under General Block Exemption Regulations Training Aid (Section 8, Articles 38 and 39) and as such the aid intensity is 60% of eligible costs with the option of aid intensity increasing, up to a maximum of 80% of the eligible costs, as follows: By 10% if the aid is awarded to medium-sized enterprises and by 20% if the aid is awarded to small enterprises.

⁷⁸ The Invest NI Leader Programme is specifically designed to enable SME leaders to grow their business. It offers participating companies an opportunity to assess their performance. It combines one to one and peer learning in addition to the latest leadership thinking from experts and guest speakers.

⁷⁹ It is understood that this related to an additional £134,195 for the additional cohort (see Table 4.9) plus £65,299 for additional conference catering and overnight accommodation.

| | |
|---|--|
| | <ul style="list-style-type: none"> • In relation to the Lot 2 contract, the original contract value was £495,000 (excl. VAT). The casework submission for the contract extension proposed to increase this by £180,778⁸⁰ to £675,778. • Invest NI’s Casework papers for the additional programme expenditure outlined that the additional monies would: <ul style="list-style-type: none"> - Enable Invest NI to facilitate an additional 23 teams (and 69 individuals) through the programme. - Result in greater value for money as the average cost to Invest NI per participating company would be £18,498 compared to £25,033 (excluding Invest NI staff costs) at the time of the original casework and therefore generate a 26% saving. • It was noted that the greater value had been brought about through negotiation with providers and a small adjustment to the coaching model to reduce costs. Discussions with Invest NI indicates that the adjustment to the coaching model related to a reduction in the number of hours that the coaches would spend with businesses in the executive education classroom setting. |
| <p>In relation to the actual costs incurred and businesses’ contributions to those costs</p> | <ul style="list-style-type: none"> • Total actual costs of the Executive Education aspect of the LTP were £589,163 for Cohorts 1-4a, and are anticipated to reach £733,654 for all five cohorts. • Total actual costs of the Coaching aspect of the LTP were £657,010 (incl. VAT) for Cohorts 1-4a, and are anticipated to reach £817,870 (incl. VAT) for all five cohorts. • Invest NI provided a profile of its staff time allocated to managing the LTP. The Evaluation Team has (see Appendix XXII for calculations) calculated the fully-loaded staff costs based on the DfE Ready Reckoner utilising the uplift percentages agreed between Invest NI and DfE Economists, as £433,238 over the 4-years; • It is understood that following the implementation of Cohort 1, Invest NI decided to establish (based upon Cohort 1’s costs) a set contribution of: <ul style="list-style-type: none"> - £6,000 (excl. VAT) for small businesses; and - £8,000 (excl. VAT) for medium-sized businesses. • This decision served to simplify both communication to prospective participants and the process of calculating participant contributions on a cohort by cohort basis (i.e. if the number of participant businesses changed from one cohort to another as the contribution had been influenced by this variable); • This decision has also resulted in clients contributing more than was originally anticipated, with actual contributions comprising 29% of total costs for Cohorts 1-4a (rather than just those costs that clients experience first-hand (workshops and coaching sessions). This included contributions (of 100% of the cost) towards accommodation costs during residential. If these costs are stripped out (as they were not budgeted for at the outset, then clients’ contributions are 27% of all programme costs (including Invest NI staff costs) and thus considerably more than the 16% calculated above relating to the original cost structure. |

⁸⁰ It is understood that this related to additional programme management, psychometric tests and direct team coaching activity associated with the provision of an additional cohort of 12 companies, inclusive of a business diagnostic, 360 feedback assessments, 3.5 days of business coaching, 6 days team facilitation at workshops.

Given the changes to the LTP and the introduction of an additional cohort of participants during Year 4, it is difficult to appropriately compare those costs that were anticipated at the outset with those that will ultimately be incurred. This is further compounded by the period of this evaluation running to December 2016, which is a mid-point of Cohort 3. However, at the time of writing (November 2017), costs for both Cohorts 4a and 4b are known by Invest NI to a good degree of certainty. For that reason, we have compared below, the full anticipated cost of LTP with the full costs that are anticipated to be incurred.

| Table 4.9: Anticipated Costs | | | | | | | | |
|--------------------------------------|-------------------------------------|------------------|----------------------|--------------------------|---------------------------|--------------------------|-----------------------------------|----------------------------------|
| Cost Category | | Per Sept 13 EA | Per Contractors' TOR | Per Contractors' Tenders | Per Request for Amendment | Anticipated Actual Costs | % Difference from original budget | % Difference from revised budget |
| Programme Costs | Lot 1 - Executive Education Modules | 537000 | £537,000 | £536,780 | £736,274 | £733,654 | 37% | 0% |
| | Lot 2 - Business Coaching Service | 446060 | £511,000 | £495,500 | £675,778 | 681,558 | 53% | 1% |
| | Sub-Total (excl. VAT) | 983,060 | £1,048,000 | £1,032,280 | £1,412,052 | £1,415,212 | 44% | 0% |
| | Sub-Total (incl. VAT) | 1,179,672 | 1,257,600 | £1,131,380 | £1,547,208 | £1,551,524 | 32% | 0% |
| Other costs | (excl. VAT) | 14,400 | | | 14,400 | 10293 | -29% | -29% |
| | (incl. VAT) | 17,280 | | | 17,280 | 12352 | -29% | -29% |
| INI Staff Costs | | 406,457 | | | 406,457 | £433,238 | 7% | 7% |
| Total | (excl. VAT) | 1,403,917 | | | 1,832,909 | 1,858,743 | 32% | 1% |
| Total | (incl. VAT) | 1,603,409 | | | 1,970,945 | 1,997,114 | 25% | 1% |
| Cost to Participants | (incl. VAT) | 277,942 | | | 455,330 | 457,060 | 64% | 0% |
| Cost to Invest NI | (incl. VAT) | 1,325,467 | | | 1,515,615 | 1,540,054 | 16% | 2% |
| No. of Participant Businesses | | 36 | | | 59 | 59 | 64% | 0% |
| No. of Participants | | 108 | | | 177 | 177 | 64% | 0% |
| Total Cost per Business | (incl. VAT) | 44,539 | | | 33,406 | 33,849 | -24% | 1% |
| Total Cost per Participant | (incl. VAT) | 14,846 | | | 11,135 | 11,283 | -24% | 1% |

Key points to note in relation to the analysis presented:

- Compared to the position projected at the outset (September 2013), the number of businesses (and individual participants) that will participate in the LTP will have increased by two-thirds (64%);
- However, the cost of the programme (inclusive of VAT) will have increased by only 25%;
- On an overall basis, participants' contributions have increased (by 64%) in line with their increasing numbers. However, Invest NI's contribution has only increased by 16%. Therefore, Invest NI has leveraged much greater value from the programme (both in terms of cost per business received from the contract and their own staff time per participant business) than was originally anticipated;
- This latter point is reflected in our chosen cost-effectiveness indicators, whereby the full economic cost per business has reduced by 24% (from the £44,539 projected at the outset to £33,849 now), and by the same percentage for individual participants (from £14,846 per individual to £11,283).

The LTP Economic Appraisal (September 2013) considered the cost-effectiveness of the programme from the participant businesses' perspective, as follows:

| | Table 4.10: Per Economic Appraisal (excl. VAT) | | | | | Actual (excl. Vat) | % Difference |
|--|---|---------------|---------------|---------------|----------------|-------------------------------|-------------------------|
| | Year 1 | Year 2 | Year3 | Year 4 | Total | | |
| Businesses' Contribution | 50,484 | 58,460 | 58,460 | 64,215 | 231,618 | 380,883 | |
| No. of Participant Businesses | 8 | 9 | 9 | 10 | 36 | 59 | |
| Business Contribution per Company | £6,311 | £6,496 | £6,496 | £6,422 | £6,434 | 6,456 | 0.3% |
| No. of Participant Managers | 24 | 27 | 27 | 30 | 108 | 177 | |
| Business Contribution per Manager | £2,104 | £2,165 | £2,165 | £2,141 | £2,145 | 2,152 | 0.3% |

Our analysis indicates that the contribution made by businesses is in line with that anticipated at the outset.

4.6 Performance Against Targets

This section considers the extent to which the LTP is meeting its stated aims, objectives and targets.

4.6.1 Original Programme Logic Chain

The Programme's logic chain and proposed targets per the September 2013 Economic Appraisal are presented overleaf. Key points to note include:

- The targets presented were established before:
 - The LTP contract was tendered and contractors were appointed to deliver the LTP; and
 - Approval was received during December 2016 to introduce a second cohort of participants during Year 2 and so extend the projected number of businesses and participants. As outlined in Section 4.2.3, this amendment increased the projected level of activity from 36 participant businesses (and 108 individual participants) to 59 participant businesses (and 177 individual participants).

Figure 2: LTP Targets and Logic Chain (per Economic Appraisal)



| Aim | Inputs | Activity/Outputs | Qualitative Outcomes | Quantitative Outcomes ⁸¹ |
|--|---|---|--|---|
| <p>To improve the efficiency, competitiveness and innovative capability of participating companies through the development of leadership and management competencies and its application in the business planning process.</p> | <p>Invest NI funding (70%) towards:</p> <ul style="list-style-type: none"> Workshops; Coaching; Networks; External evaluation; Marketing. <p>Business contribution (30%) towards:</p> <ul style="list-style-type: none"> Workshops; Coaching; 100% accommodation. | <ul style="list-style-type: none"> Recruit 36 companies and up to 108 managers over four years (one Programme per year); Run 4 programmes from launch to a formal closing event per annum; Complete 36 company pre-programme diagnostic assessments; Complete 108 psychometric profiles; Deliver 4 x 2-day modules (i.e. 8 days input); Provide coaching sessions: <ul style="list-style-type: none"> 108 company sessions (3 x Team coaching sessions per company); 432 individual coaching sessions (4 x 1-to1 coaching sessions per participant). | <p>Participants will have:</p> <ul style="list-style-type: none"> A deeper understanding of how to develop and implement strategies that drive sustainability international growth; A stronger and more effective management team, ready to develop and implement their revised strategy; Enhanced management skills and techniques ensuring all aspects of the business are aligned with and delivering against strategic plans; Tools and techniques to ensure all aspects of their businesses are aligned with their strategic plans; Final outcomes could include improvements in business structures, increases in sales turnover, increases in profitability and increases in employment. | <p><u>Employment</u></p> <ul style="list-style-type: none"> Participating companies will seek to have created 50 new jobs; Participating companies will seek to sustain 50 at risk jobs. <p><u>Operating Profit</u></p> <p>Participating companies will seek to have achieved a 10% increase in operating profit</p> <p><u>Export Sales</u></p> <p>Participating companies will seek to have achieved on average 10% growth in export sales arising from:</p> <ul style="list-style-type: none"> from new markets; from innovative new products; from new processes; from new business models. |

⁸¹ NB The Minutes of the SECC Casework Committee held on 18th September 2013 noted that the inclusion of Performance Indicators in the casework were to be viewed as indicators rather than actual targets. It was further agreed that ‘External sales’ should replace ‘Export Sales’ as the Performance indicator.

(continued from Page 79)

- Whilst the LTP Economic Appraisal states that it did not identify outcome targets (in terms of GVA and employment) because of challenges⁸² in robustly quantifying the economic benefits that might be achieved by companies, it subsequently established a number of quantitative outcomes/performance indicators for the programme (over four years). Albeit, it is important to note that the Minutes of the SECC Casework Committee held on 18th September 2013 noted that the inclusion of Performance Indicators (i.e. the suggested Quantitative Outcomes) in the casework should be viewed as indicators rather than actual targets. It was further agreed that ‘External sales’ should replace ‘Export Sales’ as the Performance Indicator.
- Whilst it is not explicitly stated in the casework papers relating to the contract amendment, the Evaluation Team assumes that all relevant targets/indicators would be expected to increase in a manner proportionate to the increased level of activity. Thus:
 - The activity/output target relating to coaching sessions would increase to:
 - 177 company sessions (3 x Team coaching sessions per company); and
 - 708 individual coaching sessions (4 x 1-to1 coaching sessions per participant).
 - The quantitative outcomes indicators would increase to:
 - Participating companies will seek to have created 82 new jobs⁸³;
 - Participating companies will seek to sustain 82 at risk jobs.

4.6.2 Performance Against Key Targets

As discussed above, the LTP contract changed (in terms of scale and in some aspects of delivery e.g. the number of coaching sessions was reduced following the contract amendment agreed in December 2016) compared to that anticipated within the Economic Appraisal. However, discussion with Invest NI indicates that all contractual requirements (in terms of workshop and coaching session delivery) have been met in full. This section, therefore, considers only the programme’s performance against key aspects of the Logic Chain, as discussed below:

⁸² Namely, a lack of: any/sufficiently robust monetary benefit evidence based from evaluations of other leadership interventions upon which to develop assumptions to underpin quantified targets, nor a research/evidence base that attaches monetary benefits to skills and capability initiatives that do not lead to a formal educational qualification.

⁸³ i.e. an average of 1.39 jobs per business.

Table 4.11: Performance against Key Targets

| | Requirement per Logic Chain | Discussion on Actual Performance |
|------------------------------|--|---|
| Inputs | Participant businesses to contribute 30% of the cost of those aspects of the Programme that they would directly experience (i.e. the workshop and coaching sessions) and 100% of accommodation. | Achieved (exceeded) - Whilst we have been unable to disaggregate the contractors' cost down to the level of identifying only the cost of workshop delivery and coaching sessions, our calculations at Section 4.5 indicate that participate businesses have contributed 27% of the cost (excluding any costs incurred for accommodation at the residential) of the contractor's programme delivery costs. Such costs include programme management costs and other activities that businesses do not 'experience first-hand'. Therefore, it appears reasonable to assume that businesses have ultimately contributed more than 30% of the costs of workshops and coaching sessions alone. |
| Activity/Outputs | <ul style="list-style-type: none"> Recruit 36 companies and up to 108 managers over four years (one Programme per year); | Achieved (exceeded) - Due to the demand experienced for the LTP, 59 business and 177 managers have been recruited onto the programme over the four-year period. |
| | <ul style="list-style-type: none"> Run 4 programmes from launch to a formal closing event per annum; | Achieved (exceeded) - Due to the demand experienced for the LTP, 5 cohorts of participants have been recruited over the 4-year period. |
| Qualitative Outcomes | <p>Participants will have:</p> <ul style="list-style-type: none"> A deeper understanding of how to develop and implement strategies that drive sustainability international growth; A stronger and more effective management team, ready to develop and implement their revised strategy; Enhanced management skills and techniques ensuring all aspects of the business are aligned with and delivering against strategic plans; Tools and techniques to ensure all aspects of their businesses are aligned with their strategic plans; Final outcomes could include improvements in business structures, increases in sales turnover, increases in profitability and increases in employment. | Achieved - The feedback received from participants (see Section 4.4 and Appendix XV) provides clear evidence that the LTP has delivered upon its anticipated qualitative outcomes. |
| Quantitative Outcomes | <p>Employment</p> <ul style="list-style-type: none"> Participating companies will seek to have created 50 new jobs; | Achieved - Nearly two-thirds (63%, N=16) of the respondents indicated that they had achieved growth in their employee numbers as a result of the support received through the LTP. Businesses that were willing and able to quantify the impact of the support on their employment levels, suggested that they had increased employment by 44 full-time equivalent employees (FTEs) and circa three-fifths (61%) of these new employees had salaries greater than the PSM. |
| | <ul style="list-style-type: none"> Participating companies will seek to sustain 50 at risk jobs. | Not Achieved - Only a small number (6%, N=16) of businesses suggested that the LTP helped to sustain the employment of jobs that would otherwise have been at risk. The Evaluation Team considers that given the profile of participants on LTP to date (where most are very strong and stable businesses or are on a strong growth trajectory) it is perhaps unsurprising that an objective relating to 'jobs at risk' will not have been relevant. |

Table 4.11: Performance against Key Targets

| | Requirement per Logic Chain | Discussion on Actual Performance |
|------------|---|--|
| | <p><u>Operating Profit</u> Participating companies will seek to have achieved a 10% increase in operating profit</p> | <p>Not Achieved (cannot be measured) - Only one-quarter (25%, N=16) of respondents suggested that participation in the LTP had an impact on their operating profit. None of those businesses was able to quantify the impact.</p> <p>The Evaluation Team notes that whilst the Economic Appraisal conveyed the difficulties that exist in relation to measuring the impact of leadership focussed interventions, a quantifiable objective relating to profit was established. In our view, objectives relating to profitability are difficult to directly correlate with the activities and impact of many economic development activities (given the many factors that affect a business' profitability), and this will be more so for an intervention focused on leadership. For example, a recent report⁸⁴ produced for DBIS found that whilst there is an increasingly widespread view that deficiencies in leadership and management and skills (L&M skills) are a key constraint on business performance in the UK, especially for SMEs, the available evidence relating to UK SMEs is limited and partial.</p> <p>Given the complexities, consideration should be given to discontinuing the setting of such SMART objectives (i.e. those relating to operating profit) in any future iteration of the LTP.</p> |
| | <p><u>Export Sales</u> Participating companies will seek to have achieved on average 10% growth in export sales arising from:</p> <ul style="list-style-type: none"> • New markets; • Innovative new products; • New processes; • New business models. | <p>Cannot be Determined - Even though most respondents were continuing to implement their Growth Action Plans (and indeed some were continuing to develop theirs), almost two-thirds (63%, N=16) of businesses indicated that they had achieved growth in their sales because of the support received through the LTP. However, only 4 of the 10 businesses that indicated that they achieved sales increases because of their participation in the LTP considered that they were able to quantify those sales.</p> <p>On a cumulative basis, the 4 businesses that were able to quantify the sales increases reported total increases of £10.4m. However, it should be noted that one of the four business (representing an outlier) reported a sales increase of £9.5m, of which £8.1m was in the NI market and £1.4m were in the GB market⁸⁵.</p> |
| Aim | To improve the efficiency, competitiveness and innovative capability of participating companies through the development of leadership and management competencies and its application in the business planning process. | Achieved - The feedback received from participants (see Section 4.4 and Appendix XV) provides clear evidence that the LTP has delivered upon its anticipated aim. |

⁸⁴ Leadership and Management Skills in SMEs: Measuring Associations with Management Practices and Performance (BIS Research Paper Number 211, March 2015)

⁸⁵ The Evaluation Team notes that whilst the business was not a part of our survey sample, Invest NI provided data indicating that at least one further business attributes substantial sales growth to their participation in the LTP. That information quotes that business as stating "Since starting the programme, the company has made an additional £5m in sales and I won 'Young Business Person of the Year 2015'. Both achievements are due to the LTP".

4.7 Duplication & Complimentarity

Within Invest NI's own suite of supports (e.g. those featured under the Capability Development Solutions), there is a range of management and leadership solutions available to businesses. However, there is no evidence of LTP causing any level of duplication given its focus, target audience and methodology utilised. Indeed, per Appendix XV, none (0%, N=16) of the LTP participants that were consulted with considered that, in the absence of the LTP, they would have been able to get the same or similar support elsewhere. Appendix XVII further illustrates that there is a high degree of complementarity with other Invest NI provision and other public sector supported leadership activities.

It is also important to note that leadership development activities occur in a multitude of forms of guises across NI. However, those that might be most like the LTP in both form (e.g. executive education) and in the calibre of personnel involved are arguably those offered by NI's two universities through the QUB Leadership Institute and the Ulster University Business Institute. The Evaluation Team has both considered their leadership offerings (see Appendix XVII for further details) and consulted with senior individuals within both Institutes. Key findings in relation to potential duplication and complementarity include:

| | |
|--|--|
| Views on the Need for Leadership Development activity | Both Institutes were of the view that progress was being made, but that there continued to be a considerable deficit in the leadership capacity of many businesses. Both considered that there is an ongoing need for capability development supports to be provided. |
| Views on Businesses' Willingness to Pay | <p>It should be noted that both Institutes charge businesses for their services.</p> <p>The QUB consultee was of the view that NI businesses increasingly recognise the need to develop their leadership capabilities, and the need to pay for such support. Indeed, the consultee did not consider that Invest NI should have to fund leadership support at all.</p> <p>Conversely, the UU consultee was of the view that most NI businesses are not yet aware of the value that developing leadership capability can bring to a business. However, the consultee suggested that some (but certainly not all) businesses are willing to pay for leadership development support if they can clearly see a connection with a business issue that they wish to address (e.g. export development) and are more readily able to assess the ultimate value that they might expect to see in return for their investment. The Evaluation Team is of the view that this is dissimilar to the LTP which offers a more all-encompassing perspective on the leadership function.</p> |
| Views on the 'Leadership Team' approach | <p>Both consultees considered that a focus on the 'leadership team' is an effective one as it offers the potential to transform the whole team through alignment of thinking throughout the leadership team and enhances the speed of change within an organisation. Notwithstanding this, it was noted that there can be considerable disruption to a business (and particularly SMEs) in situations where three senior management personnel are removed for a number of days to participate in a programme.</p> <p>There was agreement that coaching is a vital element of any leadership programme as it encourages experiential learning and facilitates participants to apply any theoretical principles to address business inhibitors. Indeed, one consultee considered that the success of a leadership development intervention can often hinge on the quality of the coach.</p> |
| Views on the potential for LTP to cause displacement | <p>Encouragingly, both consultees indicated that there is currently sufficient demand in the marketplace for leadership development activities for the LTP not to cause any displacement of their activity.</p> <p>Indeed, the QUB consultee noted that its business is showing significant growth with revenues increasing by 38% over the past year. Notwithstanding this, the consultee indicated that they were not particularly familiar with the LTP and</p> |

| | |
|------------------------|---|
| | therefore indicated that they were not in a fully informed position to comment upon the LTP's potential to duplicate their own offerings. |
| Recommendations | <ul style="list-style-type: none"> • Whilst acknowledging the need for open procurement, each of the consultees suggested that any future programme(s) should ideally be delivered by an NI-based provider, on the basis that this would demonstrate to the Northern Ireland business base that suitable leadership capability exists within NI. • Both consultees emphasised that new leadership approaches are emerging on a regular and global basis and recommended that any contractor commissioned to deliver the programme should ensure to provide evidence that the programme would incorporate such new approaches alongside more traditional techniques. • The representative from UU Business Institute recommended that any future iteration of the programme should focus on the creation of demonstrable business outcomes (e.g. increased sales, job creation, export sales etc.). |

4.8 Benchmarking LTP

Appendix XVII provides details on several programmes that are provided elsewhere that have similar aims and objectives to the LTP. They include:

- Enterprise Ireland's suite of Management Development Programmes, but in particular the Go Global 4 Growth Programme (which the Evaluation Team considers offers the most commonality with the LTP) and the Leadership 4 Growth Programme;
- Scottish Enterprise's Leadership Development Programme;
- Highland & Islands Enterprise - Leadership for Growth.

The table overleaf compares key facets of these offerings with the LTP. Key points to note:

- Like Invest NI, it is evident that economic development agencies elsewhere recognise the need to develop the leadership capabilities of their client businesses.
- However, it is similarly evident that there is a spectrum in term of duration, scale of activity (executive education workshops, coaching and other activities), cost to businesses (from as little as £400 for Scottish Enterprise's Leadership Development Programme up to €21,300 for an SME for Enterprise Ireland's Leadership 4 Growth Programme) and calibre of providers;
- In particular, Enterprise Ireland has developed a very comprehensive suite of leadership development programmes. One of these, the Go Global 4 Growth Programme offers substantial commonality with the LTP, including its executive education delivery agent, Dublin City University. Small businesses contribute substantially more to participate in the Go Global 4 Growth Programme (c£8,000⁸⁶) than is the case with LTP (£6,000);
- Both the LTP and the Go Global 4 Growth Programme are somewhat different than other offerings (those featured in full within Appendix XVII) in their focus on a business' top team.

⁸⁶ €9,000 =£7,957. Source XE Currency Converter 7th November 2017.

| Table 4.12: Key Offerings | | | | | |
|---------------------------|---|--|---|--|--|
| | Invest NI's LTP | Enterprise Ireland | | Scottish Enterprise's Leadership Development Programme | Highland & Islands Enterprise - Leadership for Growth |
| | | Go Global 4 Growth Programme | Leadership 4 Growth Programme | | |
| Target Audience | Invest NI client SMEs | Ambitious SME top teams from all sectors | CEOs of SMEs that lead scalable, innovative companies capable of growing exports and jobs | Key decision makers | Senior staff in HIE account managed businesses |
| No. of Participants | 3 (CEO plus two top managers) | 3 (CEO plus two top managers) | The CEO at modules | A maximum of two participants per company | |
| Delivery Bodies | Dublin City University/Wilson Sloan | Dublin City University | The IESE Business School (IESE) and CLG in partnership with The Learning Partnership (TLP) | | Institute of Directors (IOD) in association with the Glasgow School of Art and the University of the Highlands and Islands (UHI). |
| Duration | 10 months | 7 months | 12 months | 2 months | 12-to-15 months |
| Key Elements | <ul style="list-style-type: none"> 1 x business diagnostic per company; 1 x leadership diagnostic tool per person; 4 x 2-day executive education modules on a range of topics (including strategy, leadership, communication, finance, sales & marketing, people and international growth); 2 x overnight residential; 3.5 days of business coaching per team. | <ul style="list-style-type: none"> 8 x days education including peer learning networks; 4 x half-days in-company management team advisory sessions; 3 x 2-hour one-to-one leadership coaching sessions; Online learning modules. | <ul style="list-style-type: none"> 3 x residential modules Each participant is assigned a Business Adviser Coach; A critical element of the programme comes from its focus on executing participants' strategic goals. This involves the CEOs and their senior teams working through assignments between modules, relating to the challenges and opportunities facing their company. | <ul style="list-style-type: none"> 4 x half-day workshops; Business Mentor support | <ul style="list-style-type: none"> 13 x one and two-day topic workshops; A series of one-to-one face-to-face and online coaching sessions as well as online learning |
| Cost | <ul style="list-style-type: none"> £6,000 (excl. VAT) for small businesses; and £8,000 (excl. VAT) for medium-sized businesses | €9,000 per SME ⁸⁷ | The full programme fee is €53,300. The cost to the company is €21,300 for an SME and €26,700 for a large company. | The programme is subsidised and is available to participants for £400 + VAT | The cost of the programme will vary depending on the size and location of a business |
| Included/Excluded Costs | Fees include all programme elements. Fees <u>do not</u> include overnight accommodation. | Fees include all programme elements, meals and overnight accommodation/group dinner at the formal residential module. Fees <u>do not</u> include accommodation for other overnights, however, competitive rates for hotel accommodation close to DCU have been secured and will be shared with participants before programme launch. | Price includes accommodation and meals in the overseas locations during modules but does not include overseas travel costs. | | |

⁸⁷ It is understood that the fee payable represents in the region of 50% of the total cost with the remainder subsidised by Enterprise Ireland. For Large Companies, a slightly higher fee may apply

4.9 Summary Conclusions

The Evaluation Team's key conclusions relating to the LTP are detailed below:

4.9.1 *The Extent to which LTP's Objectives & Targets are being Met*

Invest NI's Corporate Plan 2011-2015 had recognised a need to invest in skills, but particularly management and leadership development to drive productivity and growth within its business base. As a result, the LTP was developed with a focus on transforming the skills, behaviours and relationships of top management teams to achieve business growth.

Our consultations with businesses (see Appendices XV and XVI for full details) illustrate that participation in the LTP has had a profound and varied range of impacts upon its participants, and for most the experience has been 'transformative'. It is well recognised that measuring and attributing the impact of management and leadership development activities is fraught with methodological difficulties. However, we consider, based upon participants' feedback that the LTP has proven to be a powerful springboard for participant businesses to envision their business' future growth, to develop action plans and subsequently to implement changes that are anticipated to drive productivity and growth. On this basis, we consider that there is clear evidence that the LTP has achieved its core objectives and participants have, by the end of the Programme:

- Gained a deeper understanding of how to develop and implement strategies that drive sustainability and international growth;
- A stronger and more effective management team, ready to develop and implement their revised strategy;
- The tools and techniques to ensure all aspects of their business are aligned with their strategic plans;
- Become stronger companies capable of retaining skilled professional managers in the region, and;
- Developed business growth plans.

However, as illustrated in section 4.6, some targets that have been established have either not been achieved and/or the extent to which they have been achieved cannot be measured (or at least cannot be measured at this juncture, and without a sophisticated statistical analysis conducted over a longer period and the use of appropriate control groups). To this end, the Evaluation Team would caution against the use of some form of SMART targets for programmes such as the LTP, and encourage the use of more nuanced targets that can more readily be measured.

4.9.2 *The Success of LTP's Delivery Model & Management and Operating Structures*

The feedback provided to the Evaluation Team from participants is overwhelmingly positive. Indeed, in the Evaluation Team's experience, it is rare to find an economic development programme that receives such consistently positive feedback from its beneficiaries (albeit, we recognise that larger sample sizes would facilitate greater surety on this point). Participants welcome the multidimensional yet integrated approach to strategic leadership development that is employed with endorsement of both the executive education and action-oriented team coaching provided.

To this end, we consider that there is little in the programme's delivery model, and in its management and operating structures that merits any substantial change. Our conclusion encompasses, for the most part, inter alia the appropriateness of the application and appraisal processes, engagement with participating businesses and the delivery bodies, financial management and output monitoring arrangements. Albeit, we consider that monitoring relating to the financial management of the programme would benefit from substantial streamlining and simplifying. A key goal for Invest NI should be to reduce the number of Excel workbooks utilised relating to the programme's financial management to one.

However, one change that should be considered is allowing access to the programme for the senior teams of externally owned businesses (including small FDI businesses) that are operating with NI. Our

consultations with Invest NI personnel (including a grouping of Client Executives whose clients include that cohort of businesses) made a strong argument that such individuals would elicit many benefits from participation in a leadership development programme which may be based on the Leader Programme Model or LTP. LTP, and in turn, the NI economy would have much to gain. The consultees suggested that the senior teams of such businesses need to have strong confident leadership locally to enable them to influence and negotiate at a Group level or at meetings within their parent companies. It was noted that some NI businesses are acquired by businesses based outside NI for technical or functional reasons (such as IP ownership, customers served etc.). However, without strong leadership, the NI operation can ultimately become, over time, vulnerable.

At the operational level, a consultee noted:

- That some keynote speakers that were utilised in the Executive Education elements of the Programme had used somewhat dated materials and recommended that they are encouraged to use ‘fresh’ and ‘current’ materials. The Evaluation Team concurs;
- Some aspects of the peer learning sessions were not as successful as might have been the case, advising that such sessions often require a ‘facilitator’ to ensure that the sessions prove productive for all in attendance. Again, the Evaluation Team considers that there is merit in this suggestion.

4.9.3 *Approach to Risk Management*

At the outset of the programme, the types of potential risk that were considered (with the EA and Casework) might pose the most substantial threat to the programme included:

- Risks relating to insufficient demand;
- A failure to achieve the programme’s anticipated outcomes and value for money;
- Poor quality executive education and coaching provision;
- Budgetary overruns;
- Failures in governance and oversight.

Based on the information available to the Evaluation Team, none of these potential risks appears to have materialised and Invest NI has taken appropriate steps to ensure that this was the case. Nonetheless, such risks could occur at any juncture in a programme such as the LTP, and should accordingly be kept under review on an ongoing basis.

A risk that was not reflected in the EA, but had the potential to arise (albeit it did not) is that the contractors under the two separate Lots (Executive Education and Business Coaching) did not work cohesively. The relationship between the providers of both Lots is vital to the success of the programme, so Invest NI should have mitigation strategies in place should contractors under any subsequent programme find difficulties in their working relationship.

4.9.4 *Evidence of Market Failure*

Feedback from participants provides some evidence of continuing market failure (e.g. asymmetric information), with participants suggesting that, in the absence of LTP, they would not have been aware of where they could access similar skills and capability support to develop their leadership team or would not have sought to develop their leadership teams in a similar manner without knowing more about the potential benefits.

4.9.5 Comparison with Equivalent Services Elsewhere

Our review of activity in other regions indicates that like Invest NI, economic development agencies elsewhere recognise the need to develop the leadership capabilities of their client businesses. However, it is similarly evident that there is a spectrum in terms of duration, scale of activity (executive education workshops, coaching and other activities), cost to businesses (from as little as £400 for Scottish Enterprise's Leadership Development Programme up to €21,300 for an SME for Enterprise Ireland's Leadership 4 Growth Programme) and calibre of providers.

Unfortunately, information relating to the performance and impact of the benchmark interventions is not available that would allow the Evaluation Team to definitively assess whether they offer any particular merit for exploring augmentations to the existing LTP delivery model and content (including payment structures, save perhaps if a need was identified to reduce costs).

4.9.6 LTP's Overall Economic & Wider Impacts

A business' leadership pervades all aspects of a business' operation and performance. Consequently, and as reflected in detail in Appendix XV, participation in the LTP has resulted in the achievement of many numerous forms of impact both at the level of the individual participants and for their businesses. Such impacts are both tangible (e.g. impacts upon sales and employment) and intangible (e.g. upon knowledge, ambition, confidence etc).

Some of the more prevalent impacts that businesses reported included:

- Being more able to manage others and themselves;
- Having a stronger and more effective management/leadership team, ready to develop and implement a revised strategy; and
- Being inspired to think and act differently.

In addition, and what should be particularly encouraging given that most respondents were continuing to implement their Growth Action Plans (and indeed some were continuing to develop theirs), many respondents reported that they had already successfully achieved some form of more tangible business outcome because of the support received through the LTP including both sales and employment growth because of the LTP.

4.9.7 LTP's Economy, Efficiency & Effectiveness

In considering the economy, efficiency and effectiveness relating to the LTP we note the following:

| Table 4.13: Economy, Efficiency & Effectiveness Indicators | |
|---|---|
| Indicator | Evaluation Team's Commentary |
| Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost | The respective LTP contractors were appointed following a formal OJEU procurement process managed by Central Procurement Directorate (CPD), providing assurance that the LTP secured the necessary inputs at least cost. |
| Efficiency relates to measures that are concerned with achieving the maximum output from a given set of inputs | Key points to note in relation to LTP's efficiency include: <ul style="list-style-type: none"> • Compared to the position projected at the outset (September 2013), the number of businesses (and individual participants) that will participate in the LTP will have increased by two-thirds (64%); • However, the cost of the Programme (inclusive of VAT) will have increased by only 25%; |

| Table 4.13: Economy, Efficiency & Effectiveness Indicators | |
|--|--|
| Indicator | Evaluation Team's Commentary |
| | <ul style="list-style-type: none"> On an overall basis, participants' contributions have increased (by 64%) in line with their increasing numbers. However, Invest NI's contribution has only increased by 16%. <p>Therefore, Invest NI has leveraged much greater value from the Programme (both in terms of cost per business received from the contract and their own staff time per participant business) than was originally anticipated. This latter point is reflected in our chosen cost-effectiveness indicators, whereby the full economic cost per business has reduced by 24% (from the £44,539 projected at the outset to £33,849 now), and by the same percentage for individual participants (from £14,846 per individual to £11,283). To this end, we consider this to provide clear evidence the maximum output has been secured from a given set of inputs.</p> |
| Effectiveness measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved | Participant feedback provides strong evidence to indicate that LTP's aims and objectives are being achieved. That is the majority of respondents to our consultation exercise indicated that participation in the LTP has led to improvements in the efficiency, competitiveness and innovative capability of their businesses through the development of leadership and management competencies and its application in the business planning process. |

4.9.8 LTP's Return on Investment & Value for Money

Implementing the 5 LTP cohorts over its first 4-years is anticipated to be a full economic cost of just under £2m of which Invest NI will contribute £1.5m.

Over this period, a total of 59 businesses will have participated in the programme. The Evaluation Team consulted with 16 of those businesses, with two-thirds (63%) indicating that they had achieved growth in their sales. Of those, 4 were able to quantify those sales. On a cumulative basis, the 4 businesses⁸⁸ that were able to quantify the sales increases reported total (gross) increases of £10.4m.

The Evaluation Team has calculated the level of additionality associated with LTP's sales impacts at c48% and displacement at the NI level of 12%, which would provide net additional sales of £4.4m on the gross sales of £10.4m.

Applying NI's average level of GVA (i.e. 30%) to the net additional turnover figure provides a net additional GVA figure of £1.32m, which provides a net additional return on Invest NI's investment of just under £1 for every £1 in GVA terms. It is emphasised that the benefit value here is based on the 4 companies surveyed that were in a position to put a value on the impact the programme has had on their business, although 63% or ten companies surveyed stated the programme had had an impact which equates to 28 businesses across the whole programme to date, whilst the costs represent the full costs to deliver the programme to date.

This result, for a small sample of the participants, provides a strong indication that the LTP has the potential to deliver a large return on investment and considerable value for money on a monetary return basis (notwithstanding the many other positive benefits that the LTP has delivered).

4.9.9 Equality Considerations

Section 75 of the Northern Ireland Act 1998 (the Act) requires public authorities, in carrying out their functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity

⁸⁸ However, it should be noted that one of the four business (representing an outlier) reported a sales increase of £9.5m, of which £8.1m was in the NI market and £1.4m were in the GB market.

and regard to the desirability of promoting good relations across a range of categories outlined in the Act.

Invest NI has published its Equality Scheme which sets out how it proposes to fulfil the Section 75 statutory duties, and the Disability Discrimination Act 1995.

Participation in the LTP is open to all Invest NI client businesses and is understood to be compliant with all equality policies and procedures that govern how the organisation operates.

4.10 Summary Recommendations

The Evaluation Team's key recommendations relating to the LTP are detailed below:

1. Invest NI should continue to fund the LTP in its current guise (or in one broadly similar to that currently delivered) for those businesses that can demonstrate a need for, or have the potential to significantly benefit from, such support;
2. Given the success of the Programme, demand for the LTP should be carefully considered, and if it is established to be sufficient, consideration should be given (similar to the current Year 4) to running two cohorts per annum, or two cohorts every second year with a single cohort in the intervening period (i.e. 6 or 8 cohorts over 4 years);
3. Where suitable levels of demand are evident, Invest NI should continue to operate separate 'Ambition to Scale' (i.e. pre-scaling) cohorts within the overall scheme of the Programme, given the likely homogeneous issues that they are facing/will face. However, should levels of demand not materialise to facilitate a bespoke cohort, those businesses that adhere to the 'Ambition to Scale' entry requirements should be allowed to participate in the standard LTP cohorts (with the coaching element catering for any distinct requirements);
4. Invest NI should consider allowing access to a leadership development programme for the senior teams (including the 'site lead') of externally owned businesses and smaller FDI businesses that are operating within NI. Ideally, such businesses would be catered for through a separate programme that's design and content allow for differences⁸⁹ in their operation/focus from those where the business owner is able to take part;
5. Given the importance of the coach to ensuring that learning is embedded and actioned, consideration should be given to reintroducing the coaching provision during all executive education workshops.
6. Keynote speakers that are utilised in the Executive Education elements of the Programme should be encouraged to use 'fresh' and 'current' materials'.
7. Consideration should be given to allocating more budget to the 'facilitation' of the peer learning sessions to ensure that the sessions prove productive for all in attendance;
8. To maximise contributions from participant businesses (and without jeopardising the support provided to businesses), Invest NI should aim to have between 12 and 15 business participate in each cohort.
9. Given the complexities that exist in relation to measuring the impact of leadership focussed interventions, careful consideration should be given to the most appropriate type of indicators that should be applied to the LTP (at the programme level). In particular, the Evaluation Team considers that there is merit in discontinuing the setting of SMART objectives that relate to operating profit in any future iteration of the LTP. However, it should be recognised that some businesses may wish to set such targets within their individual Growth Plans.

Should Invest NI wish to continue to maintain targets such as a percentage growth in sales and/or export sales (presumably as a result of participation in the Programme), consideration should be given as to how such targets would be measured in practice. For example, if Invest NI was to choose a methodology that compares the performance of LTP participants with non-LTP participants, it should be mindful that (in the Evaluation Team's view) that complex multivariate analysis would

⁸⁹ Such differences including a potential focus on developing their ability to influence within (potentially global) group structures etc.

be required which involves observation and analysis of more than one statistical outcome variable at a time e.g. comparison of businesses' growth trajectory before the time period of participating on the programme, sectoral analysis, size of businesses (turnover and employment), other supports received during or just before the time period considered. Instead of such an approach (given its evident complexities and cost/resource implications), the Evaluation Team would recommend utilising an approach that monitors participants' average sales/export performance and applies an appropriate degree of additionality to those results and then utilising such an average figure per participant business over a period of time to the specific number of participant businesses. For example, if the sales/export sales performance of the businesses that have participated in the programme to date is tracked over time, assessed for additionality, the resulting average figure per business could be used as the basis for setting sales projections for the programme going forward.

10. In relation to programme monitoring, a key goal for Invest NI should be to reduce the number of Excel workbooks utilised relating to the programme's financial management to one.