1. Executive Summary

1.1 The programme

The SME Leaders Programme was established in 2016 to address a core challenge facing businesses seeking to scale-up, namely leadership skills. The programme aims to address this by supporting individual leaders in existing engineering-based businesses with significant growth ambitions to improve their leadership skills through a range of training activities, mentoring and coaching provided over a six-month period. The logic being that improved leadership skills should lead to more successful approaches to business scale-up and, ultimately, to business growth and increased employment. In so doing, the Academy was, more broadly, aiming to contribute to a culture of innovation and entrepreneurship in the UK engineering community.

Between September 2016 and September 2019 (the time period of the evaluation) the programme supported 53 SME leaders from 51 businesses. The programme is funded by a grant from BEIS totalling £1.1M and running until the end of March 2020. The majority of programme expenditure (55%) comes from grants provided to SME leaders for a leadership training course of their choosing. Courses selected by leaders covered topics such as management, finance, business scale-up, marketing and contract law. Travel and accommodation, meetings, consultancy, and communications account for the remaining programme costs.

As for many other new programmes, after an initial slow start, applications to the programme increased resulting in an application success rate, over the time period of the evaluation, of 40%.

The participant profile was fairly diverse in terms of size of businesses they were leading and technology-focus. At the point of application, the 51 businesses had a median turnover of £200,000 and 10 employees, with a maximum of £8.5M and 72 employees, while a third were pre-revenue. More than half of the SMEs were active in three technology domains: software, medical technologies and materials, with others in energy, process technologies and waste. They were less diverse in terms of geographical location. 71% were located in the London-Oxford-Cambridge ‘golden triangle’. While this distribution may look rather skewed, it is in line with the geographic distribution of UK economic activity, high-tech businesses and public R&D expenditure.

The programme is well regarded and valued by the majority of participants. It is well managed and initial teething problems were fairly quickly overcome. Managers were responsive to feedback and learning, and the programme ‘offer’ was modified over time, with the most significant change being the introduction of compulsory one-to-one leadership coaching with a personal development coach.

The flexible approach to the programme ‘offer’, in terms of which elements to use (only the training course and the coaching are mandatory) and the ability to select the content of courses, mentoring and coaching, is valued by participants as it enables them to tailor the support to their specific needs.

1.2 Effectiveness and impacts

Leadership skills

Leadership skills are inherently qualitative in nature and there is no standardised approach to their assessment. For the evaluation we made use of the leadership skills assessment framework used by the leadership coaching team appointed the Academy and collected leaders’ self-assessment of their self-development.
leadership skills before and after the programme. Using this framework allows for aggregation and comparison of data with later cohorts who will be using the same framework. 86% of SME Leaders reported an improvement in their leadership skills, with most improvements reported in their skills in the leadership strategy category - covering capabilities such as ‘strategic thinking’ and ‘corporate governance’. Also improved, were ‘awareness of self and others’ under the leadership mindset and ‘influencing’ under the leadership skills categories. Participants reported feeling more confident, and better aware of themselves and others.

Business impacts
94% of SME leaders reported making changes to their businesses due to their participation in the programme. Most commonly (over 90%) this involved the sharing advice on leadership with their colleagues or peers, but more than 50% also made changes to their leadership team or adopted a more ambitious growth plan and 38% reported that they are seeking (or have achieved) increased investment. Around a quarter have introduced new products or service or have made major changes to existing products and service, and a slightly lower number have changed their business plan. Where changes have not yet been made, a significant proportion of the remainder intend to make such changes within the next 1-2 years.

These are considerable changes and have resulted in improved business performance for around half of the businesses in terms of employment (53% reported an increase) and turnover (47% reported an increase). As would be expected the business growth is more frequently reported by participants in the earlier programme cohorts, so this figure can be expected to rise. More than 40% of SME Leaders also report improvements in terms of securing additional investment and grant funding and entering new markets.

Using a bespoke economic impact model we estimate that to date the programme has contributed a net additional 94 jobs and £5.6 million GVA to the UK economy.

Attribution to the programme
The vast majority of participants (86%) were clear that their leadership skills improvement was substantially attributable to participation in the programme. Their attribution of business development and growth to the programme was lower at 25% which reflects, in part, a difficulty in linking their leadership skills to effects on the wider business that are not solely the responsibility of the individual concerned.

Participants rated the training courses they attended as making the most difference to them and their businesses. This was followed by leadership coaching, demonstrating that this addition to the programme offer was well-judged. Networking and introductions through the Academy’s Enterprise Hub and access to the Taylor Centre co-working space come third and fourth and were rated similarly.

The business mentoring provided by the Academy Fellowship was rated fifth out of the seven services offered by the programme. This is a little surprising given the access to the Fellowship being a unique selling point of the Academy programme. This is not to say that it did not make a difference but that it might have been expected to be ranked higher. In a handful of interviews, SME leaders reported infrequent meetings with mentors or a tendency for mentors to presuppose the help that was needed rather than listen and identify where they might add most value. Feedback from the managers of a similar business support programme emphasised the importance of a good mentor to mentee matching process.

3 No baseline assessments were available for most of the SMEs leaders covered by the evaluation (as their participation predated the introduction of leadership coaching), so self-assessment was the only option. Self-assessment is a typical approach to support coaching and, although a 360-approach can also be taken, this was not feasible within the timescale and budget of the evaluation.

4 There was also missing data for some participants which may also increase the figure.
1.3 Value for money

We assessed value for money by comparison to two similar programmes - TechCity’s Future Fifty and Scale-up Denmark, comparing them in terms of the extent to which the business benefits are reasonable given the inputs and resources allocated to the programme and in terms of efficiency of delivery (turning inputs into activities).

Direct comparisons between programmes is difficult, not only due to the fact that no programmes are identical, but also due to underlying assumptions that have to be made regarding the quantitative data and previous analyses available in other evaluations. Therefore these comparisons can only be indicative. Nevertheless, the value for money of the SME Leaders Programme is broadly in line with comparable schemes. In terms of delivery efficiency, it has supported fewer businesses per £100,000 spent than Future Fifty, but it has supported more firms than Scale-up Denmark, a programme with a considerably larger budget. The cost per additional job for the SME Leaders Programme, £11,904, is very similar to the two comparator programmes although the programme is less cost-effective in terms of generating additional GVA.

1.4 Unique positioning

We identified 12 programmes in the UK and beyond that offer support that, to varying extents, is similar to the SME Leaders Programme. In comparing them all, there are several features that make Academy’s scheme unique.

- **Its focus on the individual:** the programme is focused on upskilling leaders, rather than supporting specific businesses (with the intention that better leaders will lead to business growth) and is developing cadre of skilled leaders for the future.

- **Its focus on engineering:** while some schemes do focus on technology companies this is in a broad sense, the SME Leaders Programme is the only one that is focused on engineering-based businesses (although there is some natural cross-over with the technology industry too).

- **Being a public scheme:** management courses or leadership support for individuals are readily available on a commercial basis (e.g. via business schools, private consultancies), but the ‘free for participants’ aspect of the SME Leader Programme where, for example, mentors are not paid for their work, means that the programme is run with the SME leaders’ goals in mind rather than any wider commercial considerations.

1.5 Comparison

We studied four programmes most akin to the SME Leaders Programme in more depth. Two of these were included in the value for money assessment which demonstrated that the SME Leaders Programme is reasonably comparable in performance to other programmes in terms of delivering business performance outcomes and impacts.

In terms of programme content, there are similarities in terms of individual services offered by different schemes but differences in the combinations and packages on offer and, as described above, there are some fairly unique features of the SME Leaders Programme. The comparison highlighted a number of features that would appear to be important to other programmes’ success and valued by SME leaders. These are features the Academy can take into consideration when developing future iterations of their programme, both in terms of changes that might be made and features that should be retained.

- **Having flexibility in the programme’s offer:** different types of SMEs, and individual SMEs, have different goals and needs and there is no one-size fits all. Needs can differ between individual leaders (e.g. the skills they want to develop; and when, how, and where they access learning opportunities) and between SMEs (e.g. by sector or stage of development). Offering a range of support options in

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5 Future Fifty has cost per additional job of £11,929 while Scale-Up Denmark has an equivalent cost of £12,922
6 For the SME Leaders Programme the cost per additional £100,000 GVA is £19,829 compared to £8,184 for Future Fifty and £3,206 for Scale-up Denmark
terms of content and delivery mode allows SME leaders to find a combination of support that best suits their needs

- **Maximising opportunities for networking:** networking opportunities with peers, experienced business people, potential commercial partners, etc are highly valued by SMEs

- **The importance of well-matched mentoring relationships:** SME leaders need support that is relevant to their needs and it is essential that mentors are carefully selected to meet these needs

- **Additional scheduling options for busy leaders:** individual leaders will have different preferences about when and where they access face-to-face training and support, therefore providing a range of options, including for example intensive weekend sessions, is important to the maximisation of programme benefits.

### 1.6 Recommendations

The SME Leaders Programme is a unique offering in the UK and supports the development of leaders who can contribute to business growth in high value-added engineering-based businesses. It has been shown to be effective and should be retained. The flexibility of the programme’s offer should be retained so that it can continue to support the specific needs of individual SME leaders and the business that are their current ‘training ground’.

The programme is relatively small reaching 64 SME leaders over three years and interest in it is growing. There is scope to increase the scale of the programme if the Academy can persuade BEIS or other philanthropic sources to provide additional funding. Any increase should be incremental, enabling the Academy to increase its marketing activities, scale-up its administration and support, identify potential delivery partners and limit the risks of growing faster than demand.

The recently added leadership coaching service is rated highly by participants in terms of its contribution to business change and should be retained. For monitoring and evaluation purposes, we also suggest that the Academy compares the future business performance of those that received leadership coaching with those that did not.

A number of adjustments would increase the programme’s effectiveness and in doing so increase its value for money:

- The training course grant is the largest single expenditure and is highly valued by participants. The courses attended and costs should be regularly reviewed to ensure the best use of the grants. There is no suggestion that it is not being used wisely but, as the largest expenditure item and the main cost component of the value for money assessment it should be reviewed. If the same or similar courses are used regularly there may be opportunities for the Academy to negotiate better prices for the programme’s participants (and for alumni) and/or consider making particularly valued course modules available more widely across the participants and alumni.

- The matching of mentors to mentees can be improved. A number of approaches might address this:
  - Identifying specific needs through the coaching process and then selecting mentors based on these needs
  - Identifying a broader range of potential mentors to meet the leaders’ needs. This might mean using the Academy’s reputation and networks, as well as the reputation of its Fellows and their networks, to widen the search pool for mentors, as well as ensuring mentors to match the diversity of the leaders participating
  - Regular review of each mentor-mentee relationship
  - Providing mentoring guidance to mentors may also improve the quality of the mentoring process

- Increasing the reach of the programme outside the South East ‘golden triangle’. This would need to be undertaken with due consideration. The programme can only support leaders working in

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7 The 53 SME leaders covered by the evaluation plus the 11 in the most recent cohort
ambitious SMEs where those businesses exist - the programme’s role is not to create them. Therefore, the Academy might consider a targeted approach to programme growth in one or two specific areas. This approach would benefit from working with local partners who understand their local SME community and identifying local mentors to supplement the pool of mentors available.

- Maximising opportunities for networking and peer-to-peer learning during and after the programme and within and across cohorts. This might take the form, for example, of masterclasses across the UK, helping to identify potential peer-to-peer mentors and mentees.
- Consider offering some post-programme support, this may take the form of on-going networking and workshops but could also include a subsidised rate for coaching and/or on-going matching of SME leaders with mentors.