

Evaluation of Enterprise Ireland Leadership 4 Growth Programme 2006- 2010

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Department of Jobs, Enterprise and Innovation
An Roinn Post, Fiontar agus Nuálaíochta

Strategic Policy Division

6. Enterprise Ireland Leadership 4 Growth 2006-2010

Programme logic model

Objectives

- Develop and enhance the leadership ambition, mind-set and capability of the participating CEOs to lead innovative, scalable companies, capable of achieving sustained international growth



Inputs

- Enterprise Ireland grant plus company contribution
- Indirect costs



Activities

- Company participation on programme
 - Module 1: Global Opportunities for Growth
 - Module 2: High Performance Leadership
 - Module 3: Successful Execution



Outputs

- Number of graduates from programme



Outcomes and Impacts

- Enhancing CEOs personal leadership/ behavioural change, new strategy, new markets entered, increase in turnover, employment, exports, and sales per employee

Evaluation aim

The aim of the evaluation is to assess the appropriateness, efficiency and effectiveness of Enterprise Ireland's Leadership 4 Growth programme (L4G). This is an ex-post evaluation focusing on the period 2006-2010 and the first five L4G programmes. The research and analysis on which this evaluation is based was carried out by Karen Cohalan of Enterprise Ireland.¹ In accordance with the Forfás evaluation framework, Forfás has undertaken a review of this work, which was completed in 2013. Forfás has ensured its alignment with the Forfás Evaluations Framework and has sought supplementary information from Enterprise Ireland where necessary.

Programme background, objectives and target population

L4G is a programme specifically designed for CEOs whose companies have the ambition and potential to achieve significant scale in their chosen markets. It is an important element of Enterprise Ireland's strategy to accelerate the development of world-class Irish companies by helping them to build and enhance their leadership capabilities.

The stated overall objective of Leadership 4 Growth is to “develop and enhance the leadership ambition, mindset and capability of the participating CEOs to lead innovative, scalable companies, capable of achieving sustained international growth”. The programme aims to achieve this by:

1. Building and strengthening the strategic and execution capability of the participating CEOs by providing them with a deeper understanding of strategy making and strategies to drive global growth based on the latest academic research and best practice.
2. Providing tools and frameworks to support the implementation and execution of their strategic and leadership goals.
3. Building the personal leadership capability of the CEOs through one-to-one coaching to help CEOs understand and develop their leadership style to impact accelerated achievement of business objectives.
4. Providing significant networking opportunities with peer CEOs, as well as Stanford faculty members and other professional and business leaders participating in the programme.

The programme was originally designed by Enterprise Ireland in partnership with the Irish Software Association and Stanford Graduate School of Business in 2006. In 2008 and 2010 the L4G was targeted at the construction sector in response to the downturn and was delivered in conjunction with Duke University.

The current L4G programme is delivered in partnership with IMD Business School, Lausanne, Switzerland (delivery & content) and the IMI (1:1 business advice/coaching).

¹ Research thesis “Evaluation of the Business Impact of Leadership Development Programmes Delivered to Leaders of Irish Small and Medium Enterprises”, Cohalan, K., Henley Business School, University of Reading (May 2013)

Programme rationale

The rationale for State intervention in the area of management development has been most clearly set out by the Management Development Council (MDC) in 2010 in terms of a number of market failures. Having found that management skills are important for firm level productivity and for wider economic growth, and recognising that Irish SMEs have significant scope to improve their performance, the MDC considered the role that the State should play in promoting and funding management development.

The MDC found that participation in management development is sub-optimal and, in some cases, the development that is undertaken does not necessarily reflect the type of transformational, productivity-enhancing training advocated by the Council. Participation in management development is poor as a result of a number of factors, including:

- A lack of appreciation for the need for and benefits of management development, particularly among non-engaged SMEs;
- A perceived lack of relevance of programmes to the needs of micro and small firms;
- Confusion amongst potential customers over the range and quality of the courses on offer, as well as a lack of certainty over the content of the various courses and the competencies which participants would acquire;
- Limited regional access to relevant management development courses;
- Financial cost; and
- Time constraints.

These factors, aligned with the fact that individuals and enterprises often under-invest in their own skills due to their perceived inability to capture the returns on their investment have created a problem that can most efficiently be addressed through State funding for management development, combined with continued private sector funding.²

Evaluation methodology

The methodology is based on the Kirkpatrick model, complemented by the use of specific tools of the Philips' ROI model to carry out the business impact evaluation.³ These tools involve the use of Key Performance Indicators (KPIs), the capture of pre and post financial measures and the establishment of control groups.

The Kirkpatrick model sets out four levels to describe the outcomes from a training course. The first level looks at the reaction to the training, the next at whether learning took place, the third at whether a change of behaviour resulted from the training and the fourth level looks at whether a business impact was made.

² Management Development in Ireland, Report of the Management Development Council, (March 2010)

³ Kirkpatrick D. (1979) originally developed the four levels of evaluation in 1959

Table 6.1: Summary of Kirkpatrick’s four levels of evaluation

Level	Measures	Key Question Addressed	Methodologies or Indicators
Reaction	Satisfaction	What was the participants’ reaction to the programme?	Programme evaluation sheets (“happy sheets”) Interviews Questionnaires Participant comments
Learning	Knowledge	What did the participants learn?	Pre/post testing Observations Interviews Self-assessment
Behaviours	Transfer of Learning	Did the participants’ learning affect their behaviour?	Testing Observation
Results	Transfer or Impact	Did participants’ behaviour affect the organisation?	Indicators can include: Reduced costs Increased productivity Decreased employee turnover

Philips (1991) extended the Kirkpatrick model by adding a fifth level, called the return on investment (by dividing the benefits of the programme by the cost of the programme). For consistency and to aid communication of the results, the Kirkpatrick model will be used as the core model while specific tools of the Philips’ ROI model will be used to carry out the business impact evaluation. These tools will involve the use of KPIs, the capture of pre and post financial measures and the establishment of control groups.

Alignment with national policy

A number of studies on management and leadership capabilities have highlighted the weaknesses in the capabilities of Irish managers.⁴ The Enterprise Strategy Group report highlighted the importance of management development.⁵ The report identified four essential framework conditions for business:

- Cost competitiveness;
- Infrastructure;
- Innovation and entrepreneurship; and
- Management capability.

The Enterprise Strategy Group found that deficiencies in each of the above essential framework conditions continued to hamper enterprise development and their report set out recommendations relating to these issues.

The Expert Group on Future Skills Needs report *SME Management Development in Ireland*, concluded that management development was a critical policy issue for Ireland, in particular in the non-internationally-traded sector for Ireland's future development.⁶ The direct benefit of management development in the impetus it provides for the training of other employees has much wider consequential up-skilling implications. A central recommendation of this report was the establishment of an SME management development coordination committee to maintain an ongoing focus on the issue of management development in SMEs and to ensure coherence and coordination of all activity in the area. This recommendation was subsequently endorsed by the Report of the Small Business Forum.⁷

In 2010 the Management Development Council published its report.⁸ The report identified areas for improvement in management practice amongst Irish SMEs. It further argues that improving management capability within SMEs through management development can lead to significant returns to the State in terms of increased Gross Value Added, increased employment, better business survival rates, and a more skilled workforce. The Council recommended that the State should use its resources to leverage increased participation in management development initiatives, to improve the quality of management development offered to SME managers and to put in place a sustainable system leading to a permanent increase in management capabilities amongst Irish SMEs.

Inputs

The first L4G programme, which was specifically targeted at CEOs within the Irish software sector, ran from October 2006 to October 2007. The second programme started in October 2007 and ran until September 2008 and was extended to include a number of CEOs from the life sciences sector.

⁴ For example, see *Management Training in SMEs*, OECD (2002); "Closing the Gap", Irish Management Institute (December 2010)

⁵ *Ahead of the Curve, Ireland's Place in the Global Economy*, Enterprise Strategy Group, Forfás (July 2004)

⁶ *SME Management Development in Ireland*, Expert Group on Future Skills Needs (May 2006)

⁷ *Small Business is Big Business*, Report of the Small Business Forum (May 2006)

⁸ *Management Development in Ireland*, Report of the Management Development Council (2010)

Following the success of these, this initiative was extended to other key sectors. Given the importance of the construction sector to the Irish economy and the changing domestic and global economic conditions that the sector faces, construction was selected as the next focus for this initiative in 2008. Table 6.2 shows participation in L4G by sector and associated costs. The 2009 L4G Programme was focussed on the software sector with some companies from the lifesciences also taking part. The 2010 programme was focussed on the construction sector. Each of these programmes had three very distinct elements which were costed and paid for separately - education, business advisor support, and leadership coaching support. The programmes also included the Insights programme for senior teams which allowed for participation by the CEO plus three senior managers per participant company.

Table 6.2: Programme inputs

Programme	No. of part.	No. of firms	EI Grant	Total Company Spend	Indirect costs	Total Cost (EI+company +Indirect)	EI Grant per firm
L4G 2006 Stanford University (Software and Lifescience sectors)	30	28	€999,600	€448,000	€79,882	€1,527,482	€35,700
L4G 2007 Stanford University (Software sector)	32	28	€1,156,512	€658,234	€70,823	€1,885,569	€41,304
L4G 2008 Duke University (Construction sector)	30	30	€1,471,650	€805,600	€91,529	€2,368,779	€49,055
L4G 2009 Stanford University (Software and Lifescience sectors)	24	24	€1,203,516	€576,829	€74,408	€1,854,753	€50,147
L4G 2010 Duke University (Sustainable Build)	25	25	€1,087,132	€483,868	€69,305	€1,640,305	€43,485
Total	141	135	€5,918,410	€2,972,531	€385,947	€9,276,888	N/A

Costs per participant varied as different service providers were used. Costs per participant were higher in 2008 as Enterprise Ireland and Duke University collaborated to make changes to the programme as the crisis in the construction sector unfolded.

Outputs and activities

A total of 141 CEOs completed the first 5 L4G programmes which are the focus of this evaluation.

There are three modules and each module focuses on one of the following key themes:

- **Module 1: “Dynamic Business Strategy”:** This module focuses on some of the newest thinking on how successful organisations and individuals achieve strategic leadership in a changing competitive environment. Case study discussions take place with the participation of the senior management team of a number of participating companies.
- **Module 2: “High Performance Leadership”:** This module is about building high performance organisations through people. During this week, the CEOs focus on developing an understanding of the relationship between leadership and power, developing a winning team and orchestrating the level of performance at all levels in the organisation, including the Board, to achieve real scale success.
- **Module 3: “Sustainable Growth: Making it Happen” :** This module is focused on business execution. It pulls together the strategy, leadership, and the related assignment components to build a solid infrastructure for the CEO and his/her management team to support them in attaining high sustainable growth. The week’s material is designed with the input of the participants to ensure it meets the needs of the group of CEOs on the programme.

In order to effect real and lasting change within participating companies, it is necessary to invest in the development of the senior teams. Insights into L4G is a 3 day programme designed to expose the senior teams to the same models and theories taught on site at IMD. The Insights into L4G are delivered in Dublin by a number of IMD’s faculty along with some of the senior faculty and Associates from the Irish Management Institute. This is an inclusive element of the L4G programme which is attended by each CEO and up to 3 members of their senior team.

Impacts and outcomes

A survey was undertaken as a key component of the evaluation and assessment of impact. 78 surveys were successfully delivered and 47 CEOs responded to the survey - a response rate of 60 percent.⁹

⁹ Of the total 141 CEOs that completed the first 5 L4G programmes, 14 companies were acquired, 8 companies went into liquidation and 6 companies are no longer active Enterprise Ireland clients. In each of these cases financial information was not available for the analysis and these were eliminated from the survey. 45 emails bounced back, for various reasons. 10 were resent following correction of addresses. Enterprise Ireland has taken steps to improve its processes regarding management of contacts and databases for the L4G programme. 78 surveys were successfully delivered. 47 CEOs responded to the survey. We are reasonably confident that the population of companies surveyed and the response rate give an accurate representation of the total population of L4G companies covered in this evaluation

Kirkpatrick level 1 - reaction

Satisfaction with the key focus of the programmes ‘enhancing the CEOs personal leadership capability’ was rated highest out of the 4 areas of the programme, 98 percent were satisfied or very satisfied, an average rating of 4.57 (on a five point scale). 87 percent were satisfied or very satisfied with ‘the development of a growth strategy for the business’ with an overall rating of 4.38. The area where there was a slightly lower satisfaction rating (3.98) was the business networking element of the programme yet participants found this to be the most inspirational element of the programme in further questioning.

Figure 6.1: Reaction survey



Source: CEO survey

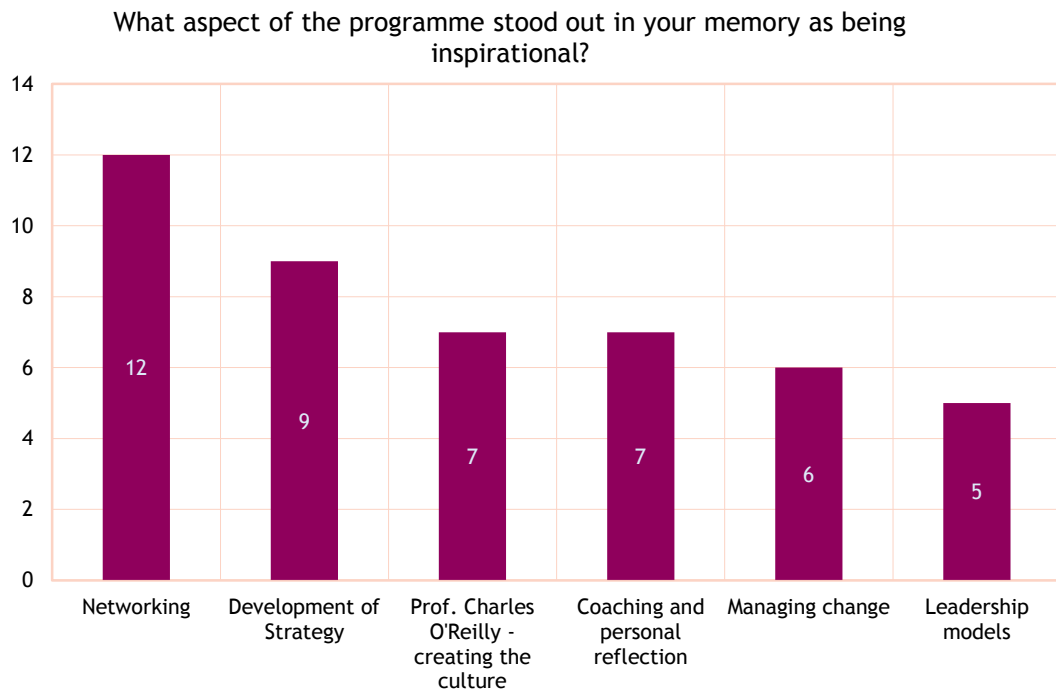
The Kirkpatrick model suggests that it is more likely that learning will be achieved when reaction to the programme is positive; therefore it is significant for the purposes of evaluation that the programme is viewed very positively from a satisfaction perspective.

Kirkpatrick level 2 - learning

It is more difficult to assess learning in a leadership programme than for skills based training. The L4G programmes concluded with the CEOs developing their company growth plans with their coach. It is understood the programme learning was applied to complete the growth plans. It is also likely that if the CEOs were able to recall parts of the programme, they were more likely to have learned the concepts. Thus a question on what the participants remembered was asked.

The survey asked participants via an open question to indicate which aspects of the programme were most inspirational. Networking was found to be most inspirational.

Figure 6.2: Learning survey



Source: CEO survey

Testimonials from the CEOs clearly indicate the programme had a powerful impact. The qualitative feedback on what was inspirational included the opportunity to network with other leaders, as described by one participant:

“The course had a huge impact on personal confidence as a result of engagement with other leaders and a sharing of experiences. It helped me to realise that my concerns and doubts were shared by most of my cohort colleagues”

Another response to the question referred to change, the ambition to create a better future and leave a legacy:

“The whole concept of change and about owning and creating a future that’s better and getting out of our comfort zones to do something that will make a big difference that we will be remembered for”.

Kirkpatrick level 3 - behaviours

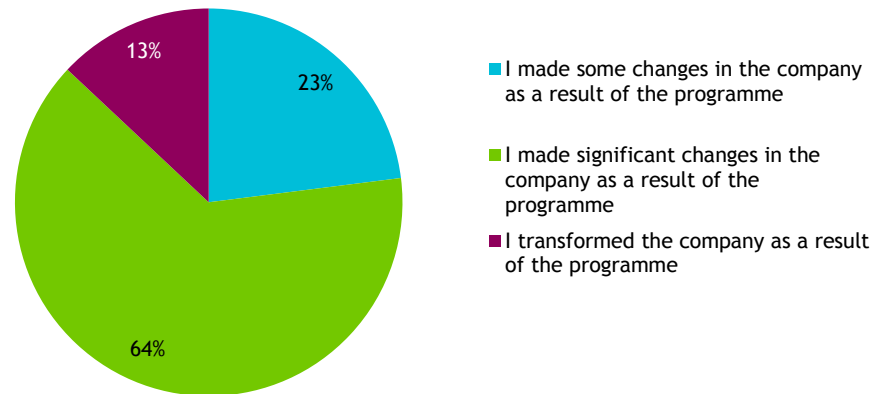
Did participants do anything differently as a result of their attendance on the programme?

Ultimately, in order for the programme to have a positive impact on the participants and their businesses, they must do something differently as a result. The survey question was a 5 point Likert scale from which one option had to be chosen. No responses was made to the options: “I did not change anything as a result of the programme” or “I made very minor changes in the company as a result of the programme.” 6 CEOs stated they transformed their companies as a result of the

programme and 30 CEOs made significant changes in their companies. It is interesting to compare this response to the impressive financial performance of the companies following the programme.

Figure 6.3: Actions taken/changes implemented in the company

As a result of attending the L4G programme, did you do anything differently in your company?

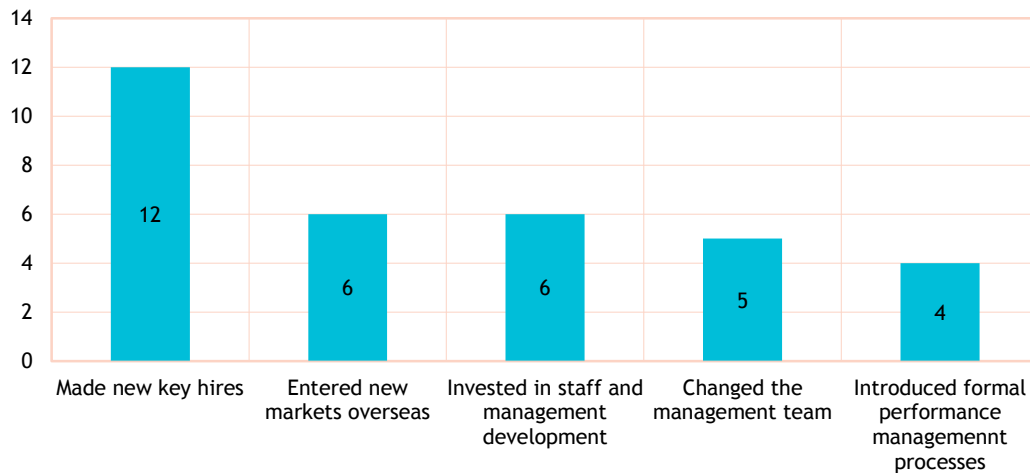


Source: CEO survey

To understand what actions the CEOs took as a result of the programme, the survey requested examples of what was done differently (through an open question). Most of the actions related directly to the human capital in the company. Many of the actions align with academic literature on suggested changes needed to be made in a company in order to move successfully to the next stage of growth.¹⁰ Particularly, this includes the need to implement formal processes and procedures during the lifecycle of a young company to provide the platform to facilitate growth to the next stage.

¹⁰ Evolution and Revolution as Organizations Grow Greiner, Vol. 50(4), Harvard Business Review, Larry E. Greiner (1972)

Figure 6.4: Actions taken as a result of the programme



Source: CEO survey

The appointment of key managers, strengthening the management team and introducing development programmes all indicate that managers are confident that the improvements in financial performance identified will be sustained in the business into the future. Quotes of the description of changes made include:

“Entered new markets, sent team members on development programmes, personally allocated most of my time to looking at company strategy rather than on operational matters.”

“There is much more focus, growth based targets introduced, motivation of people, a much better decision making process and many, many more....”

It is interesting that areas the CEOs considered as having been inspirational above are also the things that they acted on and implemented in their companies:

“I embarked on a culture change programme for the company which has had a lasting and continuing effect on performance.”

“Implemented a significant management reorganisation which supported the business during its next stage of development.”

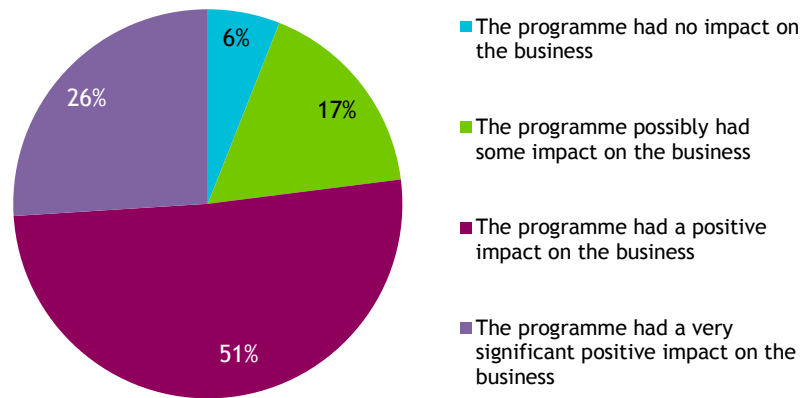
Kirkpatrick’s model indicates that if reaction and learning evaluations are positive and behavioural changes are observed, then the desired results are more likely to be achieved. Current thinking has challenged this assumption (Alliger & Janak, 1989), however in this study so far there appears to be a pattern that each level is building on the positive outcome of the previous. The correlation between these levels in this study is tested in Section 5 using statistical analysis.

Kirkpatrick Level 4 - business impact

The L4G programme was composed of 3 elements: Executive education (main part of the programme), Coaching and Networking. The business impact survey questions seek to identify if there is a link between the programme and an improvement in the financial performance in the company.

Figure 6.5: Business impact survey

To what extent did the L4G programme have a positive impact on the business?

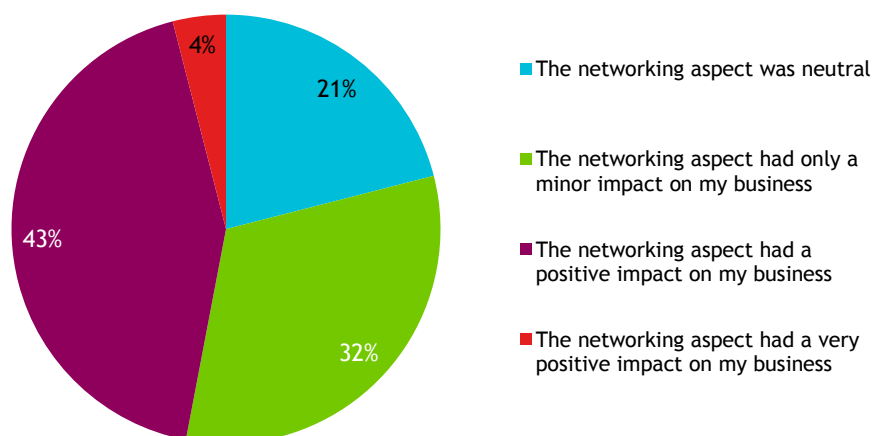


Source: CEO survey

There is strong evidence that the CEOs believed the programme had a positive impact on their businesses. A total of 77 percent of the respondents believed the L4G programme had a positive impact on their business. A third of these stated the programme had a very significant positive impact.

Figure 6.6: Networking aspect

Did the networking aspect help grow your company?

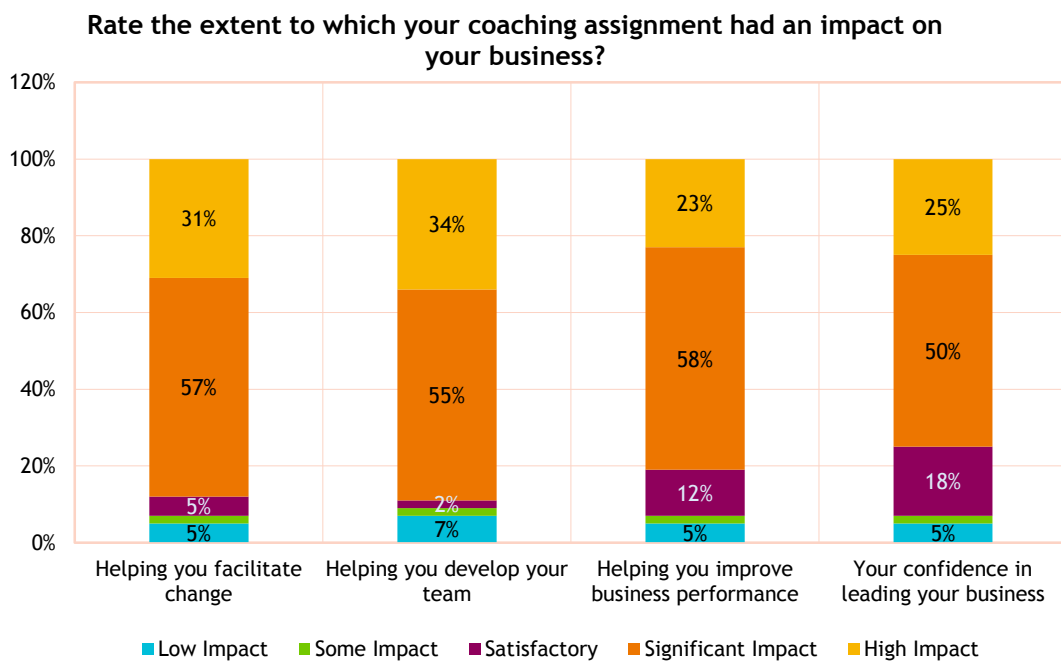


Source: CEO survey

While the networking element of the programme was highlighted as an inspirational part of the programme, it appears the CEOs assign less impact on the growth of their companies. Some of the respondents stated the networking aspect helped their confidence in their own abilities as leaders. The average rating for this question was 3.30, the lowest rating for business impact of the survey.

The coaching element was more highly rated. The survey requested CEOs to rate the different aspects of the coaching assignment on a 5 point Likert scale. The overall average rating was 3.90. The coaches’ help in facilitating change and developing the team were considered by the CEOs as having the most positive impact on the business.

Figure 6.7: Impact of coaching assignment



Source: CEO survey

Business impact

The next phase of this investigation is the quantitative analysis of the financial performance of the companies attending the first five L4G programmes and a comparison of their financial results to a control group of companies in the same sector.

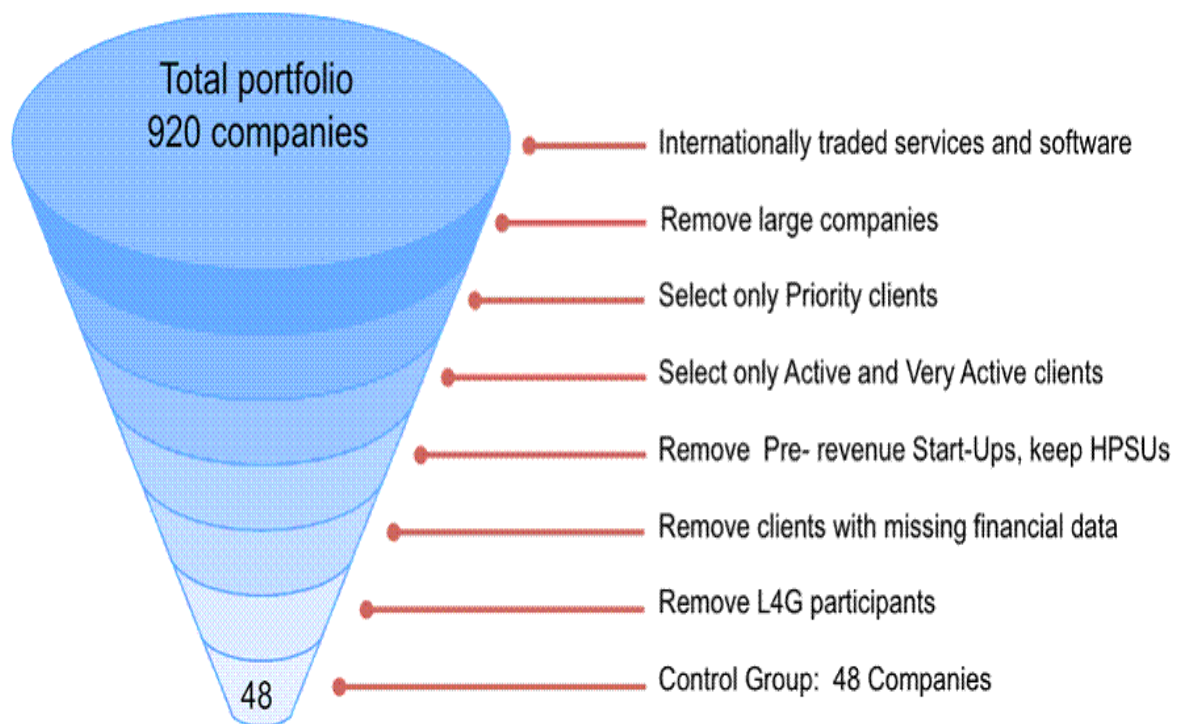
Establishing the control groups

To be eligible to become an Enterprise Ireland client, a company must be exporting manufactured goods or providing internationally traded services or must demonstrate the potential to export. The company should be employing more than 10 and have revenue exceeding €1 million or capable of doing so within the first 3 years of operations. As a result, the clients have some characteristics in common before the selection process. The process to establish the control groups started with the full client portfolio and then followed several steps to identify a group of companies as closely as possible comparable to the companies that participated on the programmes.

The steps set out in Figure 6.8 resulted in a control group of 48 Internationally traded services and software (ITSS) companies comparable to the 67 companies that participated on the three programmes L4G 2006, 2007 and 2009. Establishing the control group in this way addresses some of the concerns around isolating the effects of a leadership programme from other factors. Selecting only active and very active clients operating in the same economic environment, of similar size and stage of development, who are availing of Enterprise Ireland supports other than leadership development helps to isolate the effect of the leadership development programme from other factors.

Using a similar approach, a control group of 61 construction sector companies was created comparable to the group of 55 companies that participated on the two programmes for the construction sector, L4G 2008 and 2010.

Figure 6.8: Funnel to identify a control group of comparable companies in the ITSS sector



Source: Research thesis “Evaluation of the Business Impact of Leadership Development Programmes Delivered to Leaders of Irish Small and Medium Enterprises”, Coholan, K., Henley Business School, University of Reading (May 2013)

Establishment of key performance indicators - KPIs

The business impact evaluation focuses on 3 key metrics derived from Enterprise Ireland’s objectives as set out in the introduction, being to grow Irish enterprises, increase their exports and employment. The KPIs are:

1. Total turnover
2. Exports
3. Employment

The financial data of all Enterprise Ireland companies relevant to the first 5 L4G programmes was collected for the evaluation, analysed and grouped by sector, by programme participant and by control group.

Quantitative analysis of the business impact of participating and control companies from 2006-2011

Table 6.3 summarises the difference between the CAGR for the cohort groups and the control groups and highlights the decline in employment in the cohort group companies following 3 out of the 5 programmes.

Table 6.3: Summary of compound annual growth rate of KPIs 2006-2011

Summary CAGR of KPI's 2006-2011		L4G ITSS			L4G Construction	
		2006	2007	2009	2008	2010
		Cumulative Average Growth Rate in the years following the programme				
	KPIs Cohort	06-11	07-11	09-11	08-11	10-11
Cohort company average results	Turnover	12%	7%	27%	-23%	21%
	Exports	15%	11%	33%	84%	168%
	Employment	-4%	4%	16%	-28%	-4%
	Sales per EE	17%	3%	10%	7%	26%
Control Group average results	Turnover	4%	2%	2%	-11%	-3%
	Exports	12%	9%	4%	5%	8%
	Employment	2%	2%	8%	-8%	1%
	Sales per EE	2%	0%	-6%	-4%	-4%
Difference between Cohort and Control Groups	Turnover	8%	5%	25%	-12%	24%
	Exports	3%	2%	29%	79%	160%
	Employment	-6%	2%	8%	-20%	-5%
	Sales per EE	15%	3%	16%	11%	30%

Source: Forfás ABSEI

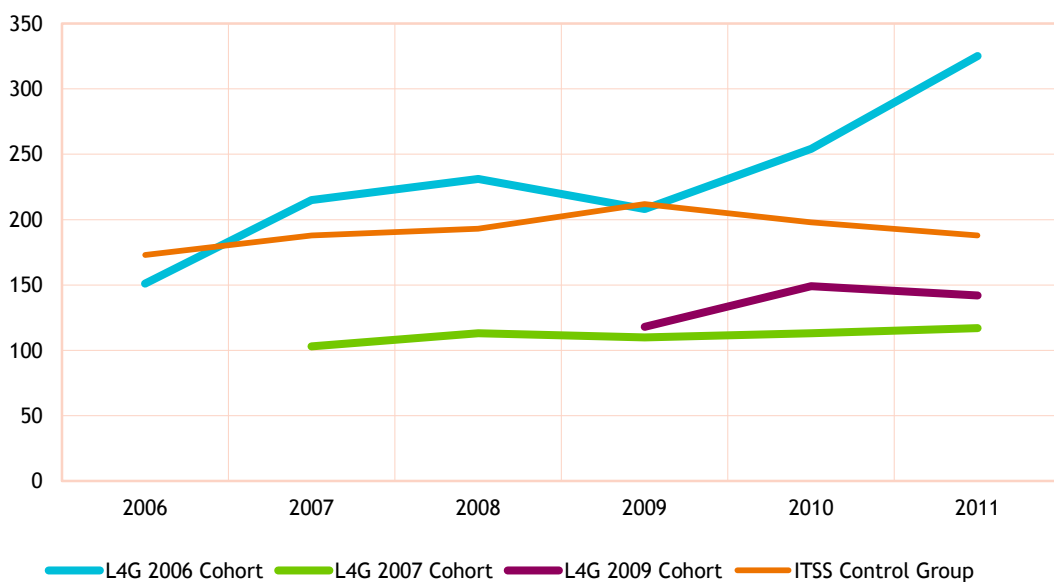
The software companies did better in creating employment following the 2007 and 2009 programmes, however in case of the first ITSS and both of the construction sector programmes, the cohort companies reduced employment significantly more than the control group companies - 6 percent more in the 2006 cohort, and 20 percent and 5 percent more in the 2008 and 2010 programmes respectively. This may be as a result of the introduction of efficiencies by the firm following the programme, as a review of all parts of the business is part of the growth plan assignment for the CEOs. In all of the programmes, the cohort companies increased the sales per

employee more than the control companies, from 3 percent more to 30 percent more per year. This lends strength to the argument that the employment reductions were driven by the introduction of operational efficiencies. This in turn should increase the longer term profitability of the companies and hence their ability to survive in the current economic climate and sustain employment into the future.

Focus on employment and productivity

An analysis of the changes in the sales per employee as an indication of productivity improvement for both the ITSS and Construction sectors shows a more positive picture of performance following participation on the programmes as can be seen in Figures 6.9 and 6.10.

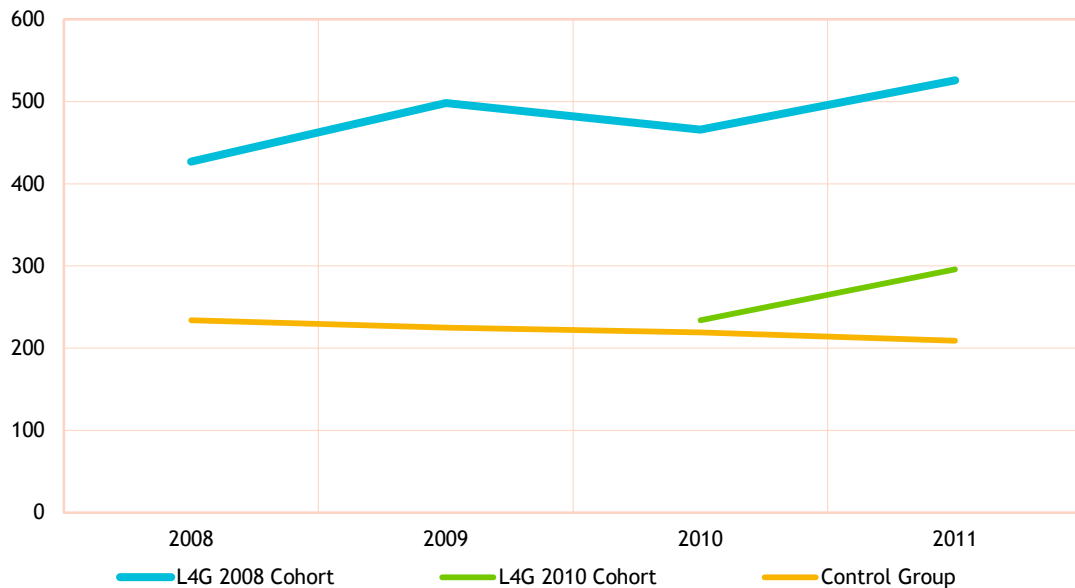
Figure 6.9: Sales per employee following L4G ITSS, 2006-2011



Source: Forfás ABSEI

The control group had the highest sales per employee to start, and an improvement was made in 2009. However, the trend has been downward since. Each of the cohort groups made improvements in this metric, although the 2007 cohort is relatively flat. The 2006 L4G group made the most improvement and more than doubled their sales per employee on average from 2006 to 2011.

Figure 6.10: Sales per employee following L4G Construction, 2008-2011



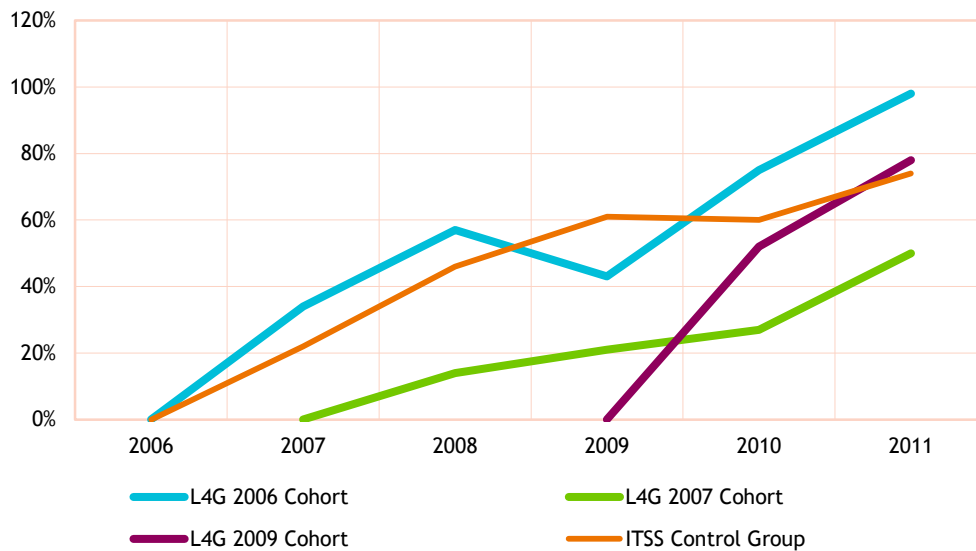
Source: Forfás ABSEI

In relation to the construction sector, both of the L4G cohort groups improved their sales per employee metric while the control group decreased their efficiency each year (Figure 6.10).

In terms of exports metric the cohort companies consistently outperformed the control group - by between 3 percent and 29 percent in the case of the software L4G programmes (2006, 2007, and 2009) and by between 79 percent and 160 percent in the case of the construction L4G programmes (2008 and 2010) - see Figures 6.11 and 6.12. In the qualitative analysis, CEOs gave strong feedback linking the programme to the export growth of their businesses.

All software L4G cohorts grew their turnover following their participation on the programme by between 8 percent and 25 percent. The 2008 construction cohort saw its employment fall relative to the control group by 20 percent, however its exports increased by 79 percent and its sales per employee increased by 11 percent. This suggests that this cohort expanded in overseas markets as the collapse in the domestic construction sector unfolded. The 2010 construction cohort increased employment relative to the control group by 24 percent. The following figures highlight the success achieved by the L4G cohort companies in growing their businesses overseas.

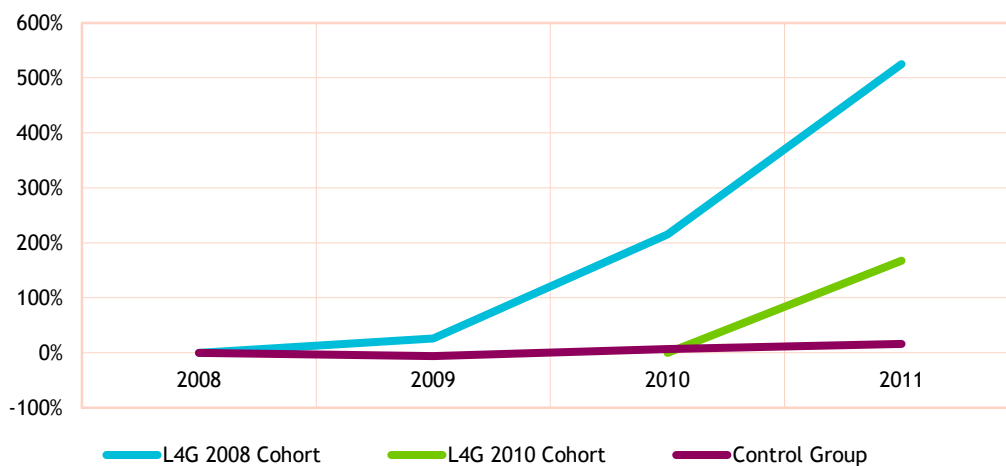
Figure 6.11: Percentage change from base year exports following L4G ITSS, 2006-2011



Source: Forfás ABSEI *Year of participation on the programme is the base year

The exports metric is a particularly relevant metric in assessing whether the programmes met their stated objectives. For both the ITSS and construction L4G programmes an express objective was to increase the exports of the participants. The motivation was different for the ITSS and was framed in the need for the ITSS sector companies to scale and internationalise their businesses. For the construction sector it was to survive the collapse in the Irish construction sector by focusing efforts on building businesses overseas. As highlighted earlier, the modules took place in locations where it was perceived opportunities existed for Irish construction enterprises.

Figure 6.12: Percentage change from base year exports following L4G construction, 2008-2011



Source: Forfás ABSEI

Did the participating companies grow following participation on the L4G programmes?

The business impact objective for the L4G programmes was to grow the companies, increasing their employment, exports and sales. Turnover is used as the key indicator to determine overall business growth. The analysis of the results for the 2008 programme for the construction sector indicates that the cohort companies significantly reduced their turnover in the years following their participation in the programme (which coincided with the economic downturn) and have not returned to pre-programme levels in the period up to 2011.

Figure 6.13: Percentage change in turnover from base year following L4G Construction, 2008-2011

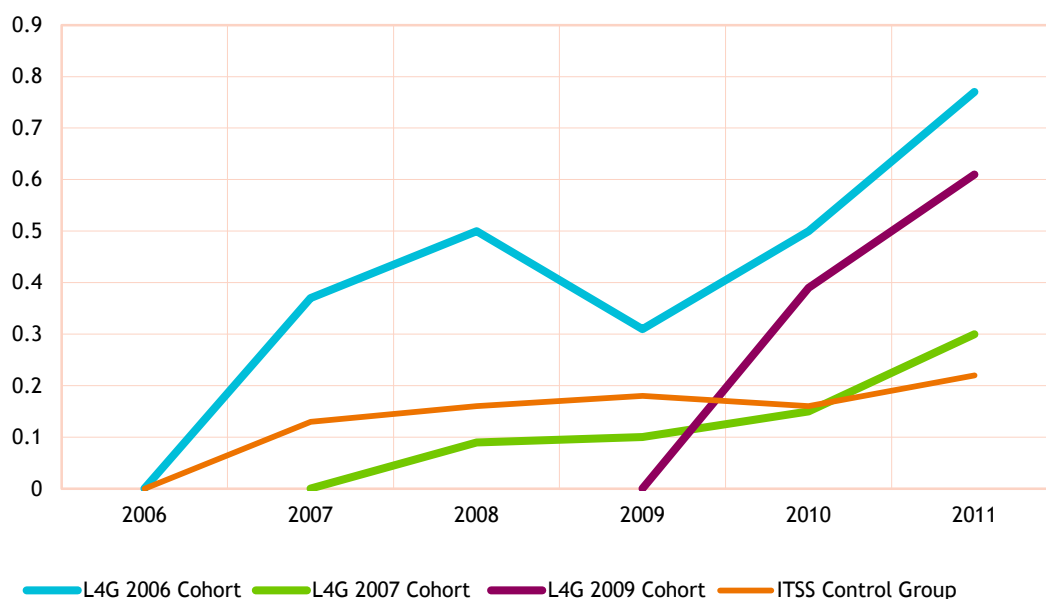


Source: Forfás ABSEI *Year of participation on the programme is the base year

A number of large construction firms were participants on the 2008 programme (the programme was targeted at construction firms but there were a small number of firms from other sectors on the programme also). These construction firms were hit particularly hard by the crisis in the Irish construction sector that unfolded from 2007. It may be the case that although the cohort companies reduced their operations significantly, perhaps they would not have been able to survive had the CEO not participated on the programme. Further analysis would need to be undertaken to fully understand the extent to which participation on the programme enabled companies to survive rather than cease operation all together.

However, impressive growth was recorded on average by the cohort companies in the ITSS sector from the 2006, 2007 and 2009 programmes. In all cases, growth above the rate of growth of turnover of the control group was recorded.

Figure 6.14: Percentage change in turnover from base year following L4G ITSS, 2006-2011



Source: Forfás ABSEI

The 2006 Software L4G cohort which was composed of ICT firms recorded high growth rates following the programme. They appear to have been harder hit by the slowdown in the global software industry from 2008 to 2009 but were able to recover at a much quicker rate than the control group companies. Based on the quantitative and qualitative analysis conducted during this research it appears reasonable to conclude that the reason the cohort companies performed better than the control group was as a result of the changes implemented by the CEOs following participation on the programme.

Triangulation of results using statistical analysis

Statistical analysis using SPSS software was conducted to analyse the correlation between each of the responses by the CEOs to the survey. In particular, the satisfaction ratings and whether the CEOs did anything differently in their companies and the extent to which the CEOs believed the programme had had a positive business impact. The Pearson Correlation Coefficient shows the linear relationship between two variables. Correlation can be positive, in which case the coefficient will be from 0 to +1 or negative, with a coefficient from -1 to 0. If the correlation is positive it means that as one value increases, so does the other. A high positive correlation is found when the Pearson correlation coefficient is from 0.5 to 1. In the case of the L4G programme tests were carried out on 7 variables to identify correlations. In particular whether a high level of satisfaction with elements of the programme was correlated with a high rating on whether action was taken as a result of the programme and thirdly, whether this correlated with the CEOs view of the extent of the positive business impact as a result of the programme.

The findings were as follows:

- There is a strong correlation (0.645) between the level of changes implemented in the business (actions taken by the CEO) and the extent to which the CEO believed a positive business impact had been made on the business as a result of the L4G programme;
- There is a strong correlation (0.610) between the CEOs view that the programme enhanced their personal leadership capability and the satisfaction with the development of a growth strategy for the business;
- CEOs that were highly satisfied with the networking element of the programme were more likely to believe that the networks helped them to grow their companies (correlation coefficient of 0.618); and
- There is a moderate to strong correlation (0.502) between the level of satisfaction with the development of a growth strategy for the business and the extent to which the programme had a positive impact on the business.

Conclusions and findings

Appropriateness

The programme is appropriate in that it is aligned to national policies for management development and export-led growth and it is aligned with Enterprise Ireland's corporate strategies.

Synergies/Overlap

Enterprise Ireland does not have an explicit strategy to link L4G with other Enterprise Ireland programmes. However, companies that participate on L4G will have a greater awareness of other supports offered by Enterprise Ireland and will be in a better position to benefit from them, particularly strategic or transformational programmes such as the Enterprise Ireland Lean Business Offer.

Effectiveness

The findings of this study show that the participating companies achieved significant improvements in their business performance following their participation on the programmes and further, the improvements were sustained beyond the first year.

The results of the data analysis showed that the participating companies grew their annual sales by on average a compound annual growth rate (CAGR) of 10 percent per year more than the control group. The participants exceeded the export growth of the control group companies by on average a CAGR of 55 percent and improved their sales per employee ratio by a CAGR of 15 percent more than the control group on average each year following the programme.

The focus of the evaluation was on the outputs in terms of whether the companies improved their business performance in the key metrics and as concluded in this section, this was achieved for turnover and exports and although actual employment declined in most cases during the recession, productivity increased.

A majority (77 percent) of the CEOs that responded to the survey, believe the L4G programme they attended had a positive impact on their businesses. This, together with the supporting analysis, is evidential that the programmes met the objectives as set out and did have a positive business impact for the participating companies.

Recommendations

The following opportunities to improve future programmes based on this research were identified in the evaluation:

- The introduction of pre programme testing such as the use of the Learning Transfer System Inventory or benchmarking would be helpful to both the participants and Enterprise Ireland to understand the needs and subsequent improvement in areas found to be weak;
- Planning the evaluation of a programme at the design stage (ex-ante evaluation) should ensure the right measures are identified, data is collected and monitored and necessary changes made quickly to improve future programmes;
- There needs to be closer collaboration with programme providers from the early planning stage to evaluate and monitor the programmes so that there is clarity of objectives among all stakeholders and better working relationships between the Enterprise Ireland team and the providers;
- A formalised commitment by the participants at the closing stages of the programme should be introduced as this could help them monitor their own objectives and progress towards these. This would also help Enterprise Ireland to evaluate whether participants objectives are met. This may potentially identify gaps that could be addressed by further supports, for example mentoring or extension of the coaching element of the programme.

Since this evaluation was undertaken, learnings from the research were communicated to Enterprise Ireland management and some recommendations were implemented as a result. These included the following:

- An evaluation consultant to work on the M4G (management for growth) programme to ensure pre-programme measures were captured. The consultant that was appointed has worked with each cohort of M4G. The individual participant needs were identified at the initial stage of the programme and the consultant worked with the business coaches to translate the findings and communicate the specific areas they needed to work on with the participants; and
- Enterprise Ireland set up a survey monkey account as a tool for CMD team members to carry out evaluations. Enterprise Ireland worked with individual programme managers to design their surveys. To date about 2,000 clients have been surveyed using this survey monkey account.

Looking to future evaluation, it is recommended that Enterprise Ireland's CMD programmes should be articulated through a Programme Logic Model chain of causal links between inputs and activities, outcomes and impacts. While the L4G programme has clearly identifiable objectives and rationale, performance metrics are not clearly defined. This should build from the Management 4 Growth pre programme metrics experience. The use of the survey tool at pre programme stage would be useful for comparative performance assessment. Aligned to this is the need to establish and/or identify appropriate control groups, preferably, at pre participation stage.

An evaluations policy for CMD programmes should be developed, guided by the Forfás Framework for Evaluations and the draft evaluations policy proposed as part of the original research underpinning this evaluation. The evaluations policy could be embedded in future tenders for programmes. At the same time, it is necessary to strike a balance between evaluation requirements and administrative burden.

Another key area to be addressed in terms of evaluation quality relates to data availability from the Annual Business Survey of Economic Impact (ABSEI) and the limiting consequences for

evaluation. Specifically, performance and financial data should be captured prior to programme participation with the objective of comparative measurement at a future date.

