



Leadership Development in Small and Medium Sized Enterprises

Final Report

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1 Executive Summary

This report presents the outcomes of a two-phase programme on leadership development in Small and Medium Sized Enterprises (SMEs) in South West England.

Phase One of the programme was an independent piece of research to identify leadership challenges within SMEs. Data was collected by means of face-to-face interviews with 20 SME leaders across the Region and was supported by interviews with leadership experts/practitioners and a literature review. Finally, a half-day forum was held, to explore the outcomes of the research and how this could be used to develop an educational programme for SME leaders. The research identified four principle areas of concern for SME leaders in the South West Region:

- **Strategic:** how can SMEs respond to the increasing rate of change and competition in business?
- **Human resources:** how can the SME leader/manager best develop and utilise the capabilities of his/her workforce?
- **Leadership:** how can the SME leader/manager free him/herself up from day-to-day operational concerns to develop a strategic vision and direction for their business?
- **Other:** a range of concerns about other issues such as location, legislation, external advice, information gathering, and awards and accreditation.

Phase Two of the programme used the outcomes of this research, and the discussion forum, to develop an educational programme for SME leaders. This programme comprised a number of different elements to be compared and contrasted, including: facilitated workshops, formal topic sessions, a short course on “people skills”, company consultancies, and an Internet forum. As in Phase One, the programme finished with a discussion forum to explore the outcomes and next steps.

Evaluation of the educational programme revealed that there is a demand for leadership development within SMEs in the South West, particularly for peer group discussion amongst senior managers and directors. A number of lessons were identified and have been presented as recommendations for future training and development programmes with SMEs.

2 Acknowledgements

The author would like to extend his gratitude to all individuals who contributed towards this research, especially the SME managers and experts who were kind enough to spare their time to speak with me and attend training sessions.

I would also like to acknowledge the significant contribution of other members of staff at the Centre for Leadership Studies, including Alan Hooper, Keith Bolden, Rohini Terry, John Potter, Howard Betts and Sue Murch. My gratitude goes also to David Fryer for his thorough and useful external evaluation.

Additional thanks is extended to the programme sponsors and their representatives, namely: Graham Cheetham (DfEE), Liz Georgeson (SWRDA), Sean Fielding (University of Exeter) and Ben Neild (Marchmont Observatory), without whose contributions (both financial and intellectual) the programme would not have proceeded.

Final thanks are offered to Barry Warburton, of the Bristol and Western Manufacturers Association (BEMA), and Tim Melville-Ross, of the Institute of Directors (IoD), for their endorsement and support of our work.

3 Background

3.1 Report content

This report presents a summary of the findings/outcomes of a project on leadership development in Small and Medium Sized Enterprises (SMEs) in South West England conducted by the Centre for Leadership Studies (CLS) at the University of Exeter from July 2000-June 2001.

The primary aims of this project were twofold: firstly to identify the leadership development needs of SMEs and secondly, to deliver a pilot educational programme tailored to these requirements.

To address these aims, the project had a two-phase structure:

- Phase One comprised a series of interviews with 20 SME directors to identify what they perceived to be the major barriers/challenges to running their businesses. This information was complemented by further interviews with support providers/experts on leadership, a literature review and a discussion forum.
- Phase Two used the outcomes of this research to devise a training/support programme for SME leaders. This work was evaluated throughout and finally summarised/reviewed at a second discussion forum.

Overall, the programme gives some useful insights into leadership issues in SMEs as well as lessons on the most appropriate ways of providing support/education to this sector.

3.2 Why look at leadership development in SMEs?

The last decade has seen a marked change in the extent to which leadership and strategic development are viewed as central to business success. The rate of this change is particularly well documented by the IoD survey in 1998 where leadership and strategic development were recognised as the most important Board issues, when they were not even listed in a similar survey in 1990. Further support comes from sources such as the DTI (DTI, 1995, 1997) who conclude that leading companies have “visionary leaders” who somehow manage to “unlock” the potential of their employees.

SMEs, constituting over 56% of the UK workforce and 52% of all UK turnover (DTI, 1999), represent a significant force within the British economy, however, their involvement in leadership and management training tends to have been minimal to date. Not only are programmes often inaccessible to them (through factors such as lack of finances and time), but there is also evidence to indicate that this is impacting negatively on their ability to succeed. In 1998 the British Chambers of Commerce survey confirmed that “existing skills deficiencies in sales, management and administrative staff were adversely affecting competitiveness in almost one-third of small firms”. More recently, the Federation of Small Businesses survey of 22,000 British SMEs revealed that “only 9% of respondents stated that they were satisfied or very satisfied (1%) with the usefulness of government funded business support services” (Carter, Ennis, Lowe, Tagg, Tzokas, Webb and Andriopoulos, 2000).

These findings seem to imply that current initiatives are failing to meet the requirements of small businesses in some fundamental way; an impression further endorsed by Sargent (1996), who concluded that SME owner-managers feel that current training opportunities “lack practicality and are too academic in terms of their style of delivery”. The current programme was, therefore, commissioned to identify the specific leadership needs of SME managers and directors and to develop an educational/support programme tailored to these requirements.

3.3 Programme funding

The programme was jointly sponsored by the Department for Education and Employment (DfEE), Marchmont Observatory, South West Regional Development Agency (SWRDA), and University of Exeter Reach-Out fund. In addition, a small contribution towards room hire and refreshments was requested from participating SMEs.

3.4 Structure of the report

The remainder of report is structured in four main parts:

- The first part gives an overview of the methods and outcomes of the Phase One research.
- The second part gives an overview of the content and outcomes of the Phase Two educational programme.
- The third part presents an independent evaluation of the programme.
- And the fourth part presents a discussion of the programme, lessons learnt and recommendations for the further roll-out/implementation of leadership development programmes for SME leaders.

4 Phase One - Research

This section outlines the methods and outcomes of the Phase One research into leadership challenges in SMEs. A more comprehensive account is given in the Phase One Report (Bolden and Terry, 2000), available from the Centre for Leadership Studies.

4.1 Aims and objectives

The aim of Phase One was to identify the principal leadership challenges/issues in SMEs in the South West of England. More specific objectives were as follows:

- To explore, more generally, the most significant business challenges in SMEs.
- To compare the responses of SMEs in different sectors, size bands, etc.
- To determine an appropriate content and format for an educational/support programme for SME leaders.
- To identify whom should participate in such a programme.

4.2 Procedure

To address the research questions, it was deemed that a primarily qualitative method would be most appropriate, combining a number of key elements: literature review, expert interviews, interviews with SME leaders, and a discussion forum.

4.2.1 Literature review

The research began with a literature review to identify previous research and work on leadership development in SMEs. The search was limited to UK-based work targeted at smaller companies and published within the last ten years. A variety of relevant papers were identified, ranging from small-scale investigations of training programmes to wide-scale surveys of business practices and challenges. Of particular note were two recent large-scale surveys, the South West Employers Survey (Prism Research, 2000) and a study by the Federation of Small Businesses (Carter et al., 2000). A full bibliography is given in the Phase One report.

4.2.2 Expert interviews

In addition to the literature review, attempts were made to help determine current thinking on leadership in SMEs by discussion with leadership experts and practitioners. In total, four 45-minute interviews were conducted in addition to a two-hour brainstorming session.

All interviewees emphasised the importance of leadership in organisations of all sizes and a pressing need to address leadership development in SMEs in particular. They felt that much of the current leadership support from government and educational institutions fails to reach small firms, perhaps due to the differing agendas of the public and private sectors, and inappropriate modes of delivery.

The reluctance of senior SME managers to participate in formal leadership development programmes was discussed, as was the potential problem that the people who really need leadership training the most may be those who don't think they need it. The primary concern within SMEs, it was stated, is keeping the company running on a day-to-day basis and, therefore, strategic leadership is not always high on the agenda.

All interviewees generally believed that leadership skills and capabilities can be learnt or "released" through appropriate education and experience, and that the essence of good leadership is common across all organisations, irrespective of sector or size (even if contextual differences may impact on the precise nature of the leaders' role).

4.2.3 SME interviews

The main content of the Phase One research was based upon a series of structured interviews with senior SME managers.

Procedure

Through preliminary work, an interview schedule was developed to explore the following issues: organisational structure, strategy, barriers, location, role, staff, and training and development.

Research participants were selected from the University of Exeter Business Relations Office database with additional contacts from the Bristol and Western Engineering Manufacturers Association (BEMA). In total 40 people were contacted of whom 20 were subsequently interviewed. Of those who were not interviewed, only eight refused, one had gone out of business and the remaining eleven failed to reply and could not be re-contacted by the researcher.

Interviews lasted between 30 and 90 minutes, with all being conducted by the same researcher. Respondents were assured of confidentiality and each interview was recorded and fully transcribed. A second researcher, in collaboration with the interviewer, performed content analysis of the transcriptions in order to identify core themes.

Description of sample

The principle characteristics of the sample were as follows:

- **Role of respondent:** All interviewees were the most senior directors/managers within their organisation.
- **Location:** Participants were limited to the South West of England; the majority (15/20) being based in Devon (eight in the Exeter area) and one each from Cornwall, Bristol, Gloucestershire, Somerset and Wiltshire.
- **Sector:** The majority of participants (12/20) were from the manufacturing sector. Other business activities included: architecture, accountancy/finance, environmental consultancy, marketing and communication services, software development, motor retail, and tourism/leisure.
- **Company size:** Companies ranged in size from eight to 366 employees¹. Two firms had under 20 staff; seven had 20-50; five 50-100; four 100-200; and two over 300. Only two of the 20 companies employed large numbers of temporary workers (due to seasonal or fluctuating nature of work); and only four had more than 10% part-time staff; elsewhere labour forces were fairly stable and well-established.
- **Ownership:** Nine interviewees were founder members of their organisation; four were family businesses; three were management buy-outs; and 15 individuals had a substantial stake in the ownership of the company. Only three of the 20 companies were not wholly British-owned and of the British-owned firms only one was a subsidiary of a larger organisation.

Findings

Free-form content analysis revealed 11 broad themes within the interviews: competition; managing change; current restrictions, barriers and weaknesses; potential threats and challenges; company strengths; strategy and the way forward; human resource management; interviewee and perception of role; leaders' information and training requirements; location; and issues particular to SMEs.

¹ Although SMEs are traditionally regarded as having fewer than 250 employees, for the purpose of this research we chose to include a number of larger organisations if they were structured such that operational units behaved as SMEs (i.e. had fewer than 250 employees).

These were subsequently condensed into four principle categories:

- **Strategic concerns:** Most interviewees viewed organisational change in a positive way and nearly all agreed that in order to survive they must embrace change within their organisation. The rate of change appears to be especially strong within the manufacturing sector where SMEs now find themselves competing on a global scale, however, regardless of organisational sector, external changes such as market fluctuations and new government legislation must be anticipated and reacted to. Many respondents indicated that they are responding to increased competition through enhancing their customer service provisions, quality systems and lead time and focussing on “value added” processes whilst outsourcing others which are less profitable.

All companies expressed a desire for growth and see it as a key to long-term corporate survival. Where companies are not growing (or even shrinking) this is usually seen as a temporary set back in response to external pressures such as a decline in core markets. Most are looking to obtain growth through increasing productivity and turnover rather than through large-scale recruitment or investment.

- **Human resource concerns:** Generally, most interviewees believed that they maintain a committed and motivated workforce and that the skills of their staff are key in dealing with change. However, parochial attitudes and regional difficulties in recruiting and developing skilled technical and managerial employees are a potential barrier to growth.

In-house training is often implemented to address the development of workers with technical skills, but the development of managerial-level employees is generally rather more ad-hoc. The tight operating environment of SMEs tends to result in lean management structures and a focus on financial and performance outcomes. As a result, management and personal development opportunities tend to be informal (on the job) rather than formal.

The SME leader, him/herself, is almost always technically qualified, with a good knowledge of the business and market, however, leadership and management skills tend to be acquired through experience rather than training (and are often only addressed out of necessity). Many SME leaders nearing retirement appear to now be finding themselves in a situation where there is no one within the organisation who can replace them, and little chance of bringing in someone from externally. They find this of concern, as most hope for the long-term survival of their business after they leave.

- **Leadership concerns:** There was a general recognition of the importance of leadership in SMEs, particularly with regard to developing a strategic outlook and the ability to cope with change. Due to the rate and nature of change there is an increasing need for SMEs in mature markets to look outwards, determining new opportunities and solutions. To achieve this, the leader must first find a way of freeing him/herself up from day-to-day operational concerns so that he/she has the time to consider strategic issues; the key to this is seen to lie in the effective development/management of employees.

The SME director needs to combine elements of both leadership and management in their role, and of the skills deemed necessary (such as delegation, planning, prioritising, problem-solving, monitoring and decision-making), delegation was considered the most important. The leaders' ability (or inability) to delegate impacts greatly on their capacity to manage time and ultimately to be freed up for strategic thinking and long-term planning. Delegation in SMEs is made difficult, however, by a perceived lack of appropriate staff to whom the leader can delegate. The shortage of trained/experienced individuals at an appropriate level within the organisation may

result in the leader feeling unable to delegate many tasks and responsibilities. This problem is compounded by the increased impact of mistakes within SMEs, the leaders' own emotional investment in the organisation, the fact the leader may often be the best qualified person for the job and the initial time-investment required when delegating. Ultimately, however, a failure to delegate is damaging, resulting in the leader working excessively long hours, focussing on the short rather than long-term, and perpetuating the problem of there being no one to delegate to as the skills are not developed elsewhere in the workforce.

- **Other issues:** A wide variety of other issues were raised which help shed light on the nature of running an SME in the South West region. Some of the main points are as follows:
 - *Location:* nearly all respondents indicated that they were based in the South West because of the improved quality of life in relation to other areas. The relative geographic isolation of businesses in this region has only a limited impact on their ability to compete on a global scale. Main frustrations about working here, however, include poor transport infrastructure, difficulty recruiting staff, and not being taken seriously on a national level.
 - *Awards and accreditation:* there were a variety of views in relation to the importance of awards (such as IIP and ISO9001) but in many cases, the process of accreditation itself was viewed as more important than the actual award. In manufacturing industry 'preferred supplier' awards were often viewed positively and seen as a way forward.
 - *Information gathering:* in general, leaders tend to acquire their knowledge through reading (trade journals and financial newspapers) and networking (membership of trade organisations/associations, attending conferences and client contact). Quite a few also attend events run by bodies such as Business Link and Professional Associations.
 - *External advice:* although most recognise the value of seeking external advice on particular issues they are quite selective about who they approach. In general, attitudes towards consultants are fairly negative as are views of "academics" (except for activities such as design and prototyping). There is a feeling, however, that SMEs need to look beyond the confines of their organisation and share experiences in order to learn from others.
 - *Legislation:* it is widely felt that increasing government legislation (such as employment law, health and safety and the environment) are placing a large burden on SMEs, making them uncompetitive in relation to larger and foreign organisations.

4.2.4 Discussion forum

Once the research interviews had been completed and a preliminary analysis performed, participants were invited to a half-day workshop at the CLS to explore how the work could be best carried forward and fed into a leadership development programme for SMEs.

Procedure

All interviewees were informed of the event and invited at the time of their interview, with a reminder beforehand. The aim was to explore the major issues raised during the preliminary research and to identify the most suitable approach for establishing a leadership development programme tailored to the needs of SMEs.

In total 20 people attended: eight SME Directors; four representatives from partner organisations; one training consultant; and seven members of staff from the CLS. During group work, participants were divided into three sub-groups (each lead by an experienced

facilitator) to address a number of questions. Group membership was determined so as to ensure as wide a range of backgrounds in each group as possible.

Outcomes of group work

The group work addressed three main questions, the outcomes of which were as follows:

- **What is the key leadership issue for SMEs?** Following much discussion, two of the three groups failed to reach consensus on this issue. The group that did reach agreement believed the central issue to be about “letting go” – the leaders ability (or inability) to hand over responsibility for operational issues so that he/she can focus on the strategic development of the organisation. The fact that the other groups failed to reach a consensus, however, implies that the issue is actually specific to each individual and/or organisation and although SMEs face similar challenges, the relative importance of each of these is dependent on the circumstances.
- **What is the best method for the delivery of leadership development to SMEs and who should participate?** Although there was little consensus on the key leadership issue it was widely agreed that there is a need for leadership development opportunities tailored for SMEs. It was agreed that any effective programme should include a variety of elements to be selected according to the particular needs of the organisation. These elements include: facilitated workshops for SME leaders to share experiences in a peer-group setting, promotion of best practice, and opportunities for the development of potential future leaders. Further recommendations included: utilising existing networks and forums to gain access/membership, offering the opportunity for role modelling/mentoring, lobbying national bodies to increase recognition of the importance of effective leadership, and evaluating possible links between leadership and business performance.
- **What extra learning input would improve your performance?** Only two of the three groups had sufficient time to discuss this question. They approached it in a way to identify some of the necessary criteria of an SME leadership development programme. Requirements included that, where possible: participants should be involved from different levels of the SME; an emphasis should be placed on the development of practical skills such as delegation, time management and team work; and the programme deliverers must be credible to participants (i.e. they must demonstrate leadership or other capabilities themselves that would be effective in the SME environment).

General discussion

Following the group presentations, the floor was opened up for general discussion. A lively debate arose which built upon the group work. The main points were summarised by one of the facilitators at the end and were as follows:

- **Development of the next generation of SME leader:** There was widespread agreement that a key concern within SMEs should be the development of potential future leaders. Current SME leaders need assistance in the development of future leaders through help with: selection and identification of employees with the potential to become leaders; the “fast-tracking” of such individuals to help them rapidly acquire the necessary skills; and exposing future leaders to situations where they can acquire the credibility necessary to be recognised and accepted by subordinates.
- **Addressing different levels of need:** It was agreed that leadership development should be matched to the needs of different people within the SME. Present leaders should be offered opportunities for improving their skills and understanding so that they can find new ways of addressing their needs; future leaders should be offered the types of opportunities discussed earlier and the current leader, given aid in

identifying and developing these people; and any models or approaches should address the dual needs of leadership and management.

- **Commitment of training providers and participants:** It was agreed that for any leadership development programme to be effective a commitment is required from both participants and providers. The SMEs' commitment is to make candidates available and support and encourage them in this activity, whilst the providers' commitment is to deliver what they promise, such that participants are suitably motivated to continue attending.
- **Funding:** There was also agreement that any programme should be, at least, partially subsidised so that not all the weight and commitment to the programme is expected from the SMEs themselves.

4.3 Summary of Phase One research

Phase One findings clearly indicated a desire for growth within SMEs in the South West, but that this was being inhibited by barriers such as over-regulation, fierce competition, and recruitment difficulties. Although many of the problems experienced appear to arise from factors external to the organisation, there is a general realisation that solutions must come from within and, more specifically, through the improved management of human resources and the freeing up the leader to focus on strategic development.

A variety of training and development needs were identified, specifically for informal input and support on issues relating to the identification and development of potential future leaders. This, it was proposed, would require a dual approach of developing the skills and insights of current SME leaders to enable them to identify potential future leaders, as well as offering additional learning and experiential input to support the development of these people. Assistance is also required in developing the strategic thinking and person management skills of leaders at all levels.

These recommendations were taken as the start point for the Phase Two educational programme.

5 Phase Two - Educational Programme

5.1 Aims and objectives

Phase Two of the project built upon the outcomes of the Phase One research to develop and pilot a leadership development/support programme for SME managers. Specific objectives included:

- To compare and contrast a number of different educational approaches to leadership development.
- To evaluate sessions in terms of content, delivery and impact.
- To identify the most effective means of involving/targeting SMEs.
- To determine how such a programme could be modified for wider-scale implementation.

5.2 Structure of Phase Two

The structure and content of Phase Two was largely determined through the outcomes of the Phase One research, with additional direction from a multi-disciplinary steering group and input from SME participants themselves.

It was decided that this part of the programme should comprise two principle components: an educational programme and additional research elements. These are discussed in turn.

5.2.1 Educational programme

The educational programme comprised a number of leadership development activities which could be compared in terms of effectiveness and practicality. These activities fell into four main categories, each touching on particular issues raised during Phase One.

- **Topic sessions:** These were designed as short one-off events offering practical advice on key skills identified during Phase One. They were held in the early evening (6-8pm) and were primarily didactic in nature. Group size ranged from 10 to 13 but a larger group could have been accommodated. In total, four sessions were run over a period of just over two months, on the following subjects: change leadership, delegation, time management, and strategic business planning². An experienced trainer in his field delivered each session.
- **People skills course:** "People issues" were identified as a clear concern for SMEs in the Phase One research and this short course was devised to enable participants to explore this area in greater depth. The course comprised four sessions (plus an additional session on request) over a period of 11 weeks, each looking at a specific issue related to dealing with people at work. Sessions lasted three hours (timings agreed by participants) and involved a good deal of group work and discussion as well as didactic input. Group size ranged from 5-7 although up to about 12 could have been accommodated, and although, the initial intention was to keep group membership constant, only two people managed to attend all of them. The content of individual sessions was as follows: personality profiling (two sessions), groups and teams, succession planning, and managing conflict. An experienced trainer in his field delivered each session.
- **Facilitated workshops:** The Phase One research indicated a desire, on behalf of SME leaders, to have the opportunity of discussing their own leadership issues with

² Although, several of these are topics are more commonly associated with "management" than "leadership", they were presented in a way which emphasised the leadership aspect – i.e. how using these skills can allow the leader to free him/herself up from day-to-day operational concerns to focus on more strategic issues.

other SME leaders in different industries/sectors and ultimately to develop a peer-support group. The workshops were, therefore, designed to offer them the opportunity of meeting to share personal issues/case studies with the aid of a trained facilitator. A total of four two and a half hour sessions (timings agreed by participants) were run over a period of three months. Group size ranged from 4-6, although up to 12 could have been accommodated, and, like the people skills course, although the initial intention was to keep group membership constant, only two people managed to attend all of them.

- **Consultancy visits:** The final element of the educational programme aimed to offer SME directors the opportunity of receiving a heavily subsidised one-day company consultancy from an expert on leadership. Four such consultancies were included in the programme budget and allocated on a first-come-first-served basis.

These four approaches differed in the degree to which they required commitment from participants and also in terms of the specific or generic nature of their content. To increase the likelihood of attendance once registered, and also to make the pilot programme more “realistic”, small financial contributions were demanded from participants.

Each individual session was evaluated in terms of content, delivery, timing, usefulness, etc. in addition to an overall final evaluation of the programme as a whole. The outcomes of this evaluation are presented in the next section.

5.2.2 *Additional research elements:*

In addition to the main educational programme, three further elements were included to increase the breadth and depth of the research.

- **Internet forum:** An Internet resource comprising a web-based discussion forum and access to relevant/useful information for use by participants in all aspects of the educational programme.
- **Discussion with other SME training/support providers:** A review of other SME training/support providers both regionally and nationally to place outcomes/findings in a wider context and draw upon lessons of best practice.
- **Final forum:** Phase Two concluded with a workshop/forum drawing together SME managers and service/support providers to reflect on the good and bad points of the pilot educational programme, and to explore how it could be improved/modified for wider-scale implementation.

A fuller description of each of these is given in section 5.4.

5.3 Outcomes/evaluation of Phase Two educational programme

5.3.1 *Participation*

In total 24 people, from 19 different organisations, attended at least one session of the educational programme. Appendix One gives detailed figures on recruitment and attendance, but the main outcomes are presented below:

- The recruitment figures clearly indicate the importance of personal contact in recruiting and targeting participants. Relatively high interest and participation rates were demonstrated by those people involved in Phase One of the research and those contacted directly by the University/Business Link, but very low rates from those contacted via more general mail shots/publicity.
- The attendance figures indicate three distinct patterns of participation: the first (n=12) only attended evening topic sessions; the second (n=6) attended a large number of sessions from all components of the programme; and the remainder (n=6) attended a variety of sessions on a more ad-hoc basis.

- Participants were generally of very senior levels within the organisation.
- Although most were located within a half-hour radius of Exeter, several of the more committed participants travelled significantly further.
- Many people had difficulty in managing to attend all sessions (especially those during the daytime) even when the programme organisers made strong attempts to agree dates and times with them in advance. In several cases, people were unable to confirm their attendance until shortly before the event and at many sessions there were 2-3 who failed to turn up on the day.

5.3.2 *Session evaluation*

The evaluation of individual sessions was primarily based upon a single-page questionnaire distributed to participants by the project manager at the end of sessions. Questions covered subjects such as the organisation, content and usefulness. A full summary of results is given in Appendix Two. Specific points of note, however, are as follows:

- Overall, ratings were very positive on all dimensions.
- Workshops were generally rated as less well organised, with less clear aims than other sessions, although more positive ratings were given for the third and fourth workshops of the series, during which participants presented real-life case studies. This finding is perhaps unsurprising, as workshops were left open, and unthemed, for discussion to develop as appropriate.
- Course sessions were generally rated as more beneficial for the professional development of participants than the others. This was particularly true of the first three sessions, which dealt with the personality profiling of individuals and teams, and were rated, overall, as the most useful subjects, and areas in which participants wished to pursue further training/development.
- Ratings of topic sessions varied according to the subject matter and presenter. The most positive ratings of teaching style and content were given for the final session on strategic business planning and the least positive ratings of usefulness, overall, were given for the session on change leadership.

Elaboration from written comments indicated the following:

- Course and topic sessions were often too short for the subjects covered, requiring follow-up and/or a more specific focus.
- Topic sessions sometimes required more group discussion and increased practicality.
- Workshops sometimes suffered from a shortage of participants.

These findings are supported by the authors' own experience of attending all sessions (see section 6.2 for further observations).

5.3.3 *Overall programme evaluation*

An overall programme evaluation was performed by means of a questionnaire distributed to participants at the end of taught sessions. A total of 14 questionnaires were completed and returned; findings are presented in Appendix Three. A summary of the main findings is given below.

- Most respondents said they had found all sessions helpful and interesting. Of particular note, however, were the sessions on personality profiling, strategic business planning, time management and managing conflict. No sessions were clearly identified as being disappointing or unsuccessful.

- The main reason for missing sessions was due to a “lack of time” rather than any concerns about lack of finances or interest. Of the sessions people missed, managing conflict, was the main one they would have liked to have had attended.
- Few recommendations were made as to additional subjects to include in the programme, but those mentioned included: managing blocks to change, negotiation/bargaining skills, stress management, and more detailed practical applications.
- Session location was generally rated as convenient, with an overall preference for evening sessions.
- Very little use of the Internet forum developed for this programme was reported.
- Peoples’ reasons/motivations for participating in this programme were fairly diverse, but primarily revolved around personal development and developing skills to better manage others.
- Nearly all respondents indicated that they would be interested in pursuing further leadership development at the University of Exeter. Of the types of leadership development activities participants would consider doing, the most popular were leadership workshops/discussion groups (n=13) and short informal courses (n=12); occasional topic sessions were also popular (n=10). Half of the respondents (n=7) said they would be interested in longer, accredited courses and acting as a mentor. Low to moderate levels of interest (n=5-6) were also displayed in company consultancies (both as consultant and client), mentoring (as client), and on-line web-based learning.
- Recommendations as to how more SME leaders could be encouraged to participate in the programme generally involved developing closer links between SMEs and the University, and using word-of-mouth and networking. Some higher profile advertising, was also recommended, perhaps through case studies in the local press.
- Final comments generally implied that participants had found the programme helpful but that there were still problems in applying the principles and finding sufficient time to invest both in and out of the company.

5.3.4 *Company consultancies*

When the educational programme was devised it was expected that the company consultancies would be particularly popular, as a heavily subsidised way of gaining expert advice on practical issues. In reality, however, demand turned out to be low; with only five participating companies demonstrating any significant interest and only three eventually taking up the offer (one company received two visits).

Although, specific contexts varied, each consultancy ended up dealing with development of the senior management team through individual and team profiling. With the exception of one, all the consultancies were conducted too late in the programme to perform any real evaluation, and in that case, the consultancy led to further development work, including additional visits.

It is significant, however, that in all cases the demand for consultancies arose as a direct result of involvement in other aspects of the leadership programme rather than a particular desire for “consultancy” per se. This implies that the consultancy element of the programme supplemented, rather than replaced, the educational sessions and was dependant on the participant knowing the person who would be invited into the company.

5.4 Outcomes/evaluation of Phase Two additional elements

5.4.1 Use/impact of Internet forum

Early in Phase Two of the research an Internet site for the SME leadership programme was published on the CLS web site at the University. This site comprised two main elements:

- **Web pages:** a series of pages describing the research project, outcomes of Phase One research, structure of Phase Two educational programme, diary of events, and links to other relevant web sites.
- **Web forum:** an on-line discussion forum for participants in the SME leadership programme.

Unfortunately neither of these elements appeared to be particularly well used (see section 5.3.3), and despite the Project Manager's attempts at starting discussion in the forum, no SME entries were submitted.

Where computing technology did come into own, however, was by using email as a means of contacting programme participants. This turned out to be a very effective way of contacting SME directors quickly without the need for repeated phone calls, and enabled interaction, especially when determining suitable dates and times for sessions and reminding people about forthcoming events. Indeed, email was often a more effective means of contacting people than by post, as they tended to process messages themselves (rather than passing via secretary/assistant) and could access messages even when out of the office.

Email was also used as a medium for a number of the mail shots to potential participants and was, to some extent, more effective than post not only because of the reduced cost, but also because it tended to elicit a more immediate response.

5.4.2 Review of other SME training/support providers

In addition to running the educational programme, the Project Manager also made attempts to identify related training provision to SMEs both in the South West Region and nationally. The main aim of this was to draw upon best practice and lessons learnt as well as to identify potential collaborators for further initiatives. In total, five main sources were explored: Business Link, the Innovation Advisory Service (University of Sheffield), Marchmont Project, Exeter Innovation Centre and the University of Exeter (Business relations and Continuing Professional Development). General lessons were as follows:

- **Recruiting SME participants:** The difficulties of gaining the participation of SME directors in training and development work were common across all initiatives. It was generally felt that direct contact and "foot work" were the primary means for developing links. The importance of value for money and "quick win" solutions were likewise seen as valuable in ensuring continued participation.
- **Project collaboration:** Much as it was agreed beneficial to develop collaboration between different parties, such as training and service providers, the reality of such projects implies that they are hard to manage. Competing agendas tend to inhibit effective collaboration, with such initiatives frequently to deliver what was intended. True value, however, can be added when services are complementary and co-operate effectively.
- **Session timings:** Reports from other training programmes for SME managers indicated that it is best to minimise the impact of sessions on the working day, with ideal times being either very early morning or in the evening. Two to three hours tends to be the optimal length for sessions.
- **Funding:** Concerns were expressed as to the best way to fund programmes as those which are "too cheap" risk being undervalued by participants and those which are "too expensive" won't be attended. The diversity of SMEs (from 1-250 employees) means

that the perception of “value for money” will, no doubt, vary as a function of company size. In order to secure external funding it was generally agreed necessary to tie in with other initiatives and focus on a regional level.

5.4.3 *Final forum*

The final forum, run after all educational elements had been completed, gave participants the opportunity of discussing the preliminary outcomes of Phase Two and exploring how the programme could be carried forward for wider-scale implementation.

The event was run during the morning and began with a short overview of the programme and an evaluation of the Phase Two educational elements. Participants were then divided into three mixed groups for group work on “how can this best be carried forward in the South West” and then reunited for feedback and a plenary session. In total, 21 people attended, including 10 SME directors/managers, three CLS staff, three University Business Relations staff, a representative from the Marchmont Observatory, a representative from the South West RDA, a representative from the EEF and an independent training consultant.

Outcomes of individual group discussions are given in Appendix Four, whilst a summary of the main issues arising from the plenary session is given below.

- Overall it was agreed that there was a potential, and demand, for this sort of leadership training/support in the South West.
- It was agreed that the “course” session format (three hours on a specific subject with a small group size and much discussion), in conjunction with workshops, was perhaps the most appropriate mode of delivery.
- It was recommended that, in addition to this, the programme should offer access to a number of other “experiences” within the same framework (such as consultancy, mentoring, company visits, and more in-depth study/training).
- Crossmead Conference Centre was generally agreed as a good location for sessions but that it would be worth considering running sessions elsewhere should particular geographic clusters develop.
- It was agreed that, in general, the evening is the best time for taught sessions but that the daytime is perhaps better for more demanding elements, such as the workshops. There was some indication, that Managing/Owner Directors (and those travelling a significant distance) preferred sessions to be held during the day, but others found the evening to be better³.
- It was argued that the most effective means for marketing/promoting such a programme is through word-of-mouth. It was thus agreed essential to maintain the involvement and commitment of current participants in future work and to encourage them to identify additional members.
- Due to the importance of personal recommendation in recruiting participants it was proposed that the programme should aim to develop and grow “organically” rather than via “big splash” mail shots and events, although occasional mail-shots/press releases should also be used to broaden the field of participation.
- Much time was spent discussing what makes this programme unique and how it should be branded/marketed. It was argued that this programme is different from other initiatives by its focus on leadership at the most senior level in the organisation. It was also agreed that the fact that it is a partnership between SMEs and the University (rather than Business Link, the RDA, etc.) is important.

³ Authors note: this finding is interesting when one considers that the timings of course and workshop sessions were agreed in advance with participants and at no time did anyone recommend holding them in the evening.

- As one of the main strengths of the current programme has been the development of strong personal relationships between participants and a mutual understanding of issues, it was argued that committed participation is essential, and far preferable, to occasional attendance. It was also argued, that to maintain these types of relationships it is necessary to have the ongoing involvement of a known programme organiser acting on behalf of the University/CLS.
- The issue of accreditation was discussed and it was agreed that it may be good if, at least some components of, the programme could be academically accredited. This may help when securing external funding and also for younger participants to gain additional qualifications.
- It was agreed that the issue of funding was difficult, but that in order to succeed, the programme should be, at least initially, externally subsidised. There may be the opportunity to reduce, or remove, this subsidy once the programme has been running for some time and participants have identified the value that it adds to their organisations. An argument could be made for certain parts of the programme being free, others partly subsidised, and the rest fully paid by the SME participants.
- Finally, it was argued that there is a need to “think big”, not only for the programme, but also for developing business opportunities in the South West, meaning that this programme should be actively led and, where possible, used to influence regional strategy.

5.5 Summary of Phase Two

Evaluation of the Phase Two educational programme indicates a demand for leadership support and development in South West SMEs. More specific findings include that:

- It was generally felt that the content and structure of sessions was good.
- Senior SME managers particularly appreciated the opportunity of facilitated discussion with peers from other sectors.
- Participation in the programme varied, with a relatively small group of people attending the majority of sessions, and a larger group attending evening sessions only.
- Despite a number of mail shots, participants were primarily recruited through personal contact with people associated with the project.
- There was a relatively low uptake on corporate consultancies.
- Nearly all participants would consider doing further leadership development work at the University of Exeter.

6 Further Programme Evaluation

In addition to the evaluation work conducted during the course of Phase Two, three further sources of evaluation material were utilised: analysis by an external evaluator, a review of tutor and participant comments, and a “value for money” exercise. Each of these is now discussed in turn.

6.1 External evaluation

In Phase Two of the programme David Fryer, an independent evaluator, was recruited to review the methodology and conclusions of both the Phase One research and the Phase Two educational programme. Mr Fryer attended programme steering meetings, a selection of educational sessions, and the Phase Two forum, in addition to holding his own personal discussion with participants. The full evaluation report is given in Appendix Five but key points from the Executive Summary are as follows:

- The first Research Phase of the Leadership Project was a thorough and creditable piece of work and the evidence had a direct bearing on the design of Phase Two.
- Despite a significant marketing effort only 24 SME leaders participated in Phase Two and this must be regarded with some disappointment with questions about value for money.
- The work with SMEs needs “branding” in a more attractive way and all the relevant parts of the University, along with partners, needs to be involved in promotion and recruitment.
- There was a high level of satisfaction with the quality of the Phase Two programme and those concerned should be complimented.
- However, there was scope for improvement in the involvement of SME leaders in the delivery of the programmes and in more active participation in discussing real problems and case studies.
- Workshop sessions are a good way of actively involving SMEs whilst also providing for appropriate academic input.
- The consultancy element of Phase Two was not particularly prominent but has potential and should feature in Phase Three planning.
- In considering a Phase Three, it will be important to involve Phase Two participants, to improve considerably marketing and recruitment, to maintain a varied and flexible approach, to demonstrate real benefits to SMEs and to build in the possibility of accreditation where desired.

6.2 Tutor and participant comments

Whilst the Phase Two evaluation questionnaires give a certain insight into the success, or otherwise, of particular sessions, informal tutor and participant comments offer a deeper, if perhaps somewhat subjective, view of the programme. The following are some key points which did not necessarily become evident through other evaluation techniques.

- **Participant involvement:** Tutors were impressed by the level and quality of input from programme participants. Discussions were particularly candid in the course and workshop sessions, which offered a more intimate environment and tended to be attended by the same people. Two conclusions may be drawn from this: (1) group consistency is beneficial as it enables people to get to know one another and thus be more prepared to contribute to group discussions; (2) the SME leaders involved in this programme do demonstrate insight and understanding of leadership issues and can distinguish it from “management”.

- **Industrial sector:** The fact that participants came from a range of industries was seen as beneficial by participants as it led to a realisation that leadership and people-management issues are the same no matter what the business type.
- **Enjoyment:** Not only did participants find many of the sessions helpful in terms of content, but they also found them fun and enjoyable. This was an important motivation for continued attendance.
- **Session timings:** Although the evaluation questionnaires indicated a preference for evening sessions it is interesting that when participants were given a choice about timings, such as for the workshop and course sessions, they chose the day time. Indeed, morning sessions were arguably the most effective as participants were not distracted or tired as they often were in the afternoon and evening. It was also noticeable that participants from further afield preferred attending two events consecutively on the same day, to limit the number of trips.
- **Consultancies:** Of the four consultancy visits, two were performed at the same company. In this instance the Exeter leadership course was used to complement a manufacturing initiative being performed in conjunction with Cranfield University. During these visits the consultants worked with the existing best practice framework, helping with interpretation and implementation of the leadership and people-management elements, rather than attempting to promote an alternative. This approach was much appreciated by the SME and enabled real contributions to be made in a small amount of time. It is thus recommended, that where possible, consultancy work should tie in with existing models of best practice, this will not only benefit the SMEs, but will also encourage an environment of collaboration between different training and support providers and potentially lead to new opportunities.
- **SME case studies:** A number of the trainers on this programme, although very experienced, had not spent much time working with SMEs before and so used case study examples from other types of organisation. Whilst this was beneficial to a degree in widening the SME mind-set, there was, perhaps a greater need for SME specific case studies. It would, thus be worthwhile logging cases arising from the current programme and encouraging increased participation in teaching by SME leaders themselves. The workshops were a particularly fertile ground for case studies and received several useful presentations from participants.

6.3 Value for money

An abstract subject such as leadership does not readily open itself up for “value for money” analysis and the experimental/pilot approach of this programme makes it difficult to view activities in the same way as those for a commercial course. Some simple calculations, however, can be performed to determine whether a programme such as this could be converted to become financially self-sustaining.

- Overall, this project cost in the region of £60k, with £20k going towards the Phase One research and £40k towards the Phase Two educational programme. Considering that participants only contributed £1,600, the programme in its current format would be unsustainable without extensive long-term external funding.
- At face value, the small group size makes extensive external funding poor value for money in relation to the number of beneficiaries (@ £1.6k per beneficiary). This argument could be offset, to at least some extent, however if one argues the wider-scale impact of better leaders both within their own organisations and the Region as a whole.
- The current programme was not entirely comparable to a commercially run programme as it lacked the marketing and branding which would normally be

associated. If one increased participation rates from 24 to 40 (a figure compatible with the initial group sizes outlined in section 5.2.1), the cost per beneficiary drops to around £1k – still expensive but not overly so when considered in relation to the charges from private training agencies.

- Once SMEs become aware of the benefits of a programme such as this they may be prepared to make the financial investment. In the early stages, however, it is still likely that some external funding will be required to encourage participation.
- Finally, whilst it may be concluded that the current programme offered poor value for money for sponsors, it should be recognised that it offered exceptionally good value for money for participants and good learning outcomes for the University of Exeter and training providers.

7 Recommendations and Conclusions

Following evaluation of the Phase Two educational programme, it is concluded that there is a demand for leadership development support in SMEs in the South West and that this programme should be continued if at all possible.

More specific recommendations (in no particular order of importance) include:

- **Session content:** The content of existing sessions appeared to generally be appropriate for the needs of participants, although it is recommended that sessions should be self-contained as people often have difficulty in attending all events. There is also, a genuine interest in the opportunity for peer discussion and this should be included as central element of all sessions.
- **Timing:** The ideal time for taught sessions is probably the early evening, although there may be a need to include some sessions at other times of the day as a concession to people who are travelling long distances and perhaps for more intellectually challenging sessions, such as workshops. Sessions should probably last about three hours as this enables sufficient time for discussion, but not too large a time commitment from participants.
- **Branding and promotion:** It is proposed that what makes this different from other training/support initiatives in the South West, is the focus on “leadership” (as opposed “management” or “innovation”, etc.); the fact that it is delivered by a University (rather than Business Link or private training organisation, etc.); the high involvement of SMEs in programme design; and the pragmatic focus on discussion and problem-solving. With such a large number of competing initiatives in the Region, it is important that the resultant programme is promoted for these characteristics, perhaps as a leadership “experience” rather than simply a training or networking opportunity.
- **Recruitment and marketing:** The recruitment of participants for initiatives such as this is most effective through direct personal contact. Attempts should, therefore, be made to encourage existing participants and other people in regular contact with businesses (e.g. Business Link, banks, etc.) to promote the programme. Ideally, the programme should be actively managed and co-ordinated from the University-end by a known individual who can develop personal relationships with participants. Occasional, higher profile marketing activities (such as mail shots and press releases) may also be required, to increase the breadth of involvement.
- **Sector focus:** In the current programme it became evident that SME leaders from one sector shared many of the same difficulties and challenges as those from another – namely how to get the best out of their colleagues and staff. It is thus recommended that initiatives such as this not be limited by sector, but rather encourage participation from many areas of activity.
- **Practical orientation:** The practical nature of the programme is central to securing the involvement of SME leaders and efforts must be made to ensure this continues. This may involve encouraging participants to present and discuss real-life case studies and issues in their organisations with a view to identifying solutions.
- **Best practice:** To maximise on the potential benefit of this programme it would be useful record examples of best practice and case studies from real SMEs which could be used for reference by tutors and participants.
- **Further development opportunities:** For many subjects, considerable interest was shown in exploring them in more depth, perhaps with other members of the management team or in “higher-level” courses. The current programme, therefore, should act as a gateway to further opportunities such as consultancy, mentoring and accredited training.

- **Target population:** Attendance in the Phase Two educational programme indicated that this programme is best suited to senior SME directors and managers. The Phase One research, however, also indicated a need for the provision of fast-track leadership development to potential future leaders and perhaps more consideration can be paid as to how this could be achieved.
- **Networking:** As the importance of developing personal relationships has been shown to be important in recruiting participants, it can be argued that initiatives such as this should attempt to make use of existing networks such as business forums, supplier networks and trade associations. This will be important, not only in “spreading the word”, but also in developing relationships between participants such that they will feel more comfortable and prepared to discuss issues within the group environment.
- **Funding:** The lack of resources (both financial and other) in SMEs means that they are generally reluctant to invest in a project unless they have a clear understanding of the benefits. For a programme to be successful, therefore, two conditions are likely to encourage attendance: some “quick win” elements, which show the direct benefit of the programme and a low financial commitment (especially at the outset, until participants have identified the benefits). It is, therefore, preferable for programmes such as this to be low-cost, or free, in the initial stages, even if ultimately it must become self-funding.
- **Delivery:** SME leaders are often sceptical of “academics” and “consultants” and it is thus important that sessions are delivered and facilitated by skilled and knowledgeable tutors who are seen as credible. It was argued that one of the main strengths of the current programme was having high-quality trainers, and although this impacts on cost, it is an important element to maintain.
- **Use of Internet/email:** The current programme showed a low use of the Internet as a learning resource for SME leaders although they were receptive to email communications. It is thus recommended that, where e-learning opportunities are offered the emphasis is, at least initially, placed on using the medium of email rather than the Internet. The dissemination of email newsletters with active links to the web is perhaps one way of encouraging increased use of the Internet and should be explored in future programmes.
- **Wider view:** Finally, it was argued that leadership development in SMEs should be viewed within the wider arena. Attempts should be made, where possible, to link the current programme with initiatives elsewhere in the Region and beyond and to draw upon the wealth of experience within SME participants to contribute towards policy and strategy.

8 Further Information

For further information on this, and similar initiatives, please contact the Centre for Leadership Studies at:

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Note: For a more comprehensive bibliography please refer to the Phase One report (Bolden and Terry, 2000).

10 Appendix 1 – Participation in Phase Two Educational Programme

Recruitment

Potential participants were targeted from a number of sources (detailed in Table 1). In total, about 350 people were contacted about the programme, of whom, 38 expressed an interest and 26 registered to take part (two of these people were subsequently unable to attend any session).

Contact source	Number of contacts	Number of expressions of interest	Number of participants	%
Mail shot of participants/those who showed an interest in the Phase One research	30	10	6	20.0
Presentation to University Business Forum	20	0	0	0.0
Postal mail shot to further SMEs from the University of Exeter Business Relations Database	30	3	2	6.7
Postal mail shot to local SMEs from the Business Link directory	120	4	3	2.5
Email mail shot to local SMEs from the Federation of Small Businesses	@120	9	4	3.3
Other SME contacts (via direct personal contact with University/Business Link)	@25	10	9	36.0
Other University participants	@5	2	2	40.0
Total	@350	38	26	7.4

Table 1 – Contacts and participation in the SME leadership programme.

Attendance

Peoples' attendance ranged from none to nearly all sessions. Of the 26 participants there were three who attended nearly all 13 sessions and two who were unable to make any (due to other time pressures); the remainder generally attended 1-4 sessions (Figure 1).

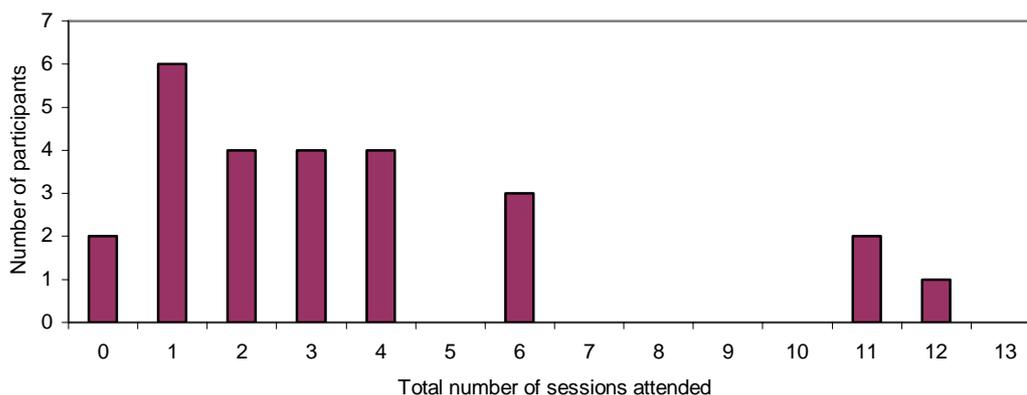


Figure 1 – Number of sessions attended

As for the extent to which people attended multiple streams, the distribution of respondents is given in Figure 2. It can be seen that about half of participants attended topic sessions only and that five attended elements from all three streams.

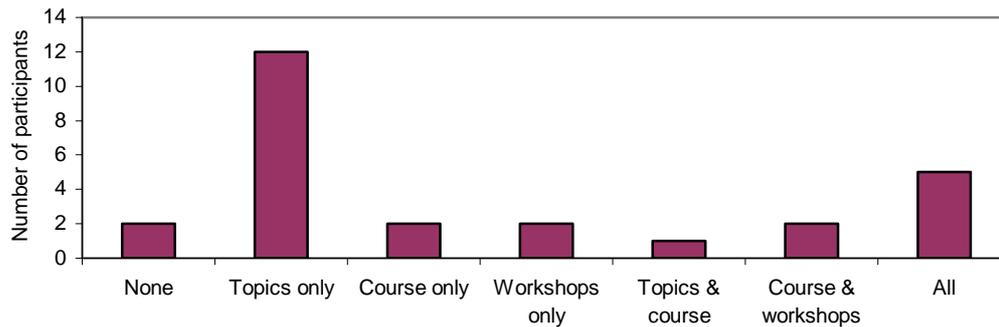


Figure 2 – Number of programme elements attended

Other comments on participation

Further points about participants are as follows:

- Many travelled a significant distance to sessions, including several from North Devon and Cornwall.
- Of the 19 participating organisations, three sent more than one person on the programme.
- Participants were nearly all from very senior positions in the organisation. Managing/Owner Director (n=12), Other senior Director (n=6), Supervisor/middle manager (n=3), Other (n=3).
- Many participants had difficulty in attending all sessions (especially those during the daytime) and there were usually 2-3 who failed to turn up when expected due to more pressing demands at work.

11 Appendix 2 – Session Evaluation for Phase Two

The distribution of responses to each question on the session evaluation questionnaire for the programme as a whole is given in Table 2. It can be seen from this table that overall, responses were predominantly positive on all dimensions, with none being rated significantly more or less highly than another.

Question	Non-resp.	Strongly disagree					Strongly agree		
		1	2	3	4	5	6	7	
The session was well organised	0	0	0	3	2	11	52	21	
The aims/objectives were clearly stated	0	0	1	7	9	18	35	19	
An appropriate level of detail was given	0	0	1	7	6	18	35	22	
Sufficient time was allocated for questions and discussion	0	0	2	6	14	20	25	22	
The session was run in a dynamic and interesting fashion	0	0	0	3	6	9	34	37	
The teaching/content was of a high quality	0	0	1	2	2	8	40	36	
The handouts were of a high quality	6	1	1	2	12	19	30	18	
The timing of the session was convenient	0	0	5	1	12	18	33	20	
I can see a use for what I have learnt in my workplace	0	1	1	6	1	11	40	29	
This session has been useful for my professional development	1	0	3	3	2	16	37	27	
This session has been useful for my personal development	1	0	3	3	6	17	34	25	
I intend to pursue further training/development in this subject	1	1	2	1	12	18	28	26	
Total	9	3	20	44	84	183	423	302	

Table 2 – Overall rating of sessions

Further analyses were performed to see whether there were significant differences in ratings between the different elements of the programme. Table 3 shows mean ratings on each dimension for the three main elements of the educational programme. Highlighted cells indicate values significantly higher (or lower) than those expected, so it can be seen that workshops were, in general, rated lower in terms of their organisation and clarity of aims; whereas the people skills course was seen to have the greatest impact on professional development. Other differences were not statistically significant for the current sample size.

Session_T	Organisation	Aims	Detail	Questions/discussion	Dynamic	Teaching/content	Handouts	Timing	Usefulness	Professional dev.	Personal dev.	Further training
Workshops	5.44	4.67	5.06	5.72	5.61	5.89	4.80	5.67	5.72	5.59	5.53	5.94
Course	6.08	5.77	5.85	5.35	6.19	6.23	5.50	5.54	6.27	6.31	6.00	6.04
Topics	6.11	5.73	5.73	5.33	6.20	6.22	5.79	5.40	5.71	5.67	5.62	5.29
TOTAL	5.97	5.53	5.63	5.42	6.08	6.16	5.52	5.49	5.88	5.84	5.72	5.64

Table 3 – Analysis of ratings by stream

Finally, an analysis was performed to identify which sessions of the programme as a whole received the most (and least) positive ratings (Table 4). The following general conclusions can be made:

- The workshops (with the exception of Session 4) were generally rated lower in terms of clarity of aims, level of detail, content and handouts (there weren't any!) than the other sessions.
- Overall, the course sessions on personality profiling and team profiles were rated significantly higher in terms of usefulness, impact on professional development and the motivation of participants to pursue further training, than other sessions.
- The clearest aims were recorded for the course session on managing conflict and the topic session on delegation (both given by the same presenter on the same day).
- The topic session on strategic business planning was rated highest in terms of the style and content of delivery (the only session in the programme given by this particular presenter).

- Overall, the topic session on change leadership was rated the lowest in terms of usefulness (perhaps because of the primary focus on large organisations).

Session	Organisation	Aims	Detail	Questions/discussion	Dynamic	Teaching/content	Handouts	Timing	Usefulness	Professional dev.	Personal dev.	Further training
W1	5.33	3.83	4.83	5.50	5.67	6.17	5.33	6.00	5.33	5.00	5.17	6.00
W2	5.75	5.00	4.75	6.25	5.25	4.75	4.00	5.50	6.00	5.75	5.25	6.25
W3	5.00	5.25	5.50	5.50	5.25	6.00	4.00	5.25	5.75	6.00	6.00	6.00
W4	5.75	5.00	5.25	5.75	6.25	6.50	5.33	5.75	6.00	6.00	6.00	5.33
C1a	6.00	5.71	5.57	5.00	6.57	6.57	5.86	6.14	5.86	6.29	6.29	6.43
C1b	6.17	6.00	6.17	6.00	6.17	6.00	5.00	5.33	6.50	6.50	6.00	6.33
C2	6.25	5.25	5.75	4.75	6.25	6.25	5.75	5.50	6.75	6.75	6.00	6.25
C3	5.67	5.33	5.33	6.00	5.67	5.33	4.67	5.33	5.67	5.33	4.67	4.67
C4	6.17	6.17	6.17	5.17	6.00	6.50	5.83	5.17	6.50	6.33	6.33	5.83
T1	6.09	5.27	5.55	5.55	5.82	5.73	5.38	5.09	4.82	5.00	5.18	5.45
T2	6.17	5.67	5.58	4.58	6.33	6.33	5.67	5.50	6.25	6.08	6.00	5.33
T3	6.17	6.08	5.92	5.50	6.00	6.25	6.00	5.75	6.08	5.92	5.67	5.42
T4	6.00	5.90	5.90	5.80	6.70	6.60	6.00	5.20	5.60	5.60	5.60	4.90
TOTAL	5.97	5.53	5.63	5.42	6.08	6.16	5.52	5.49	5.88	5.84	5.72	5.64

Table 4 – Analysis of ratings by session

Code	Element	Time	Content
W1-W4	Workshops	Morning/afternoon	No specific content by session.
C1a-C1b	People Skills Course	Morning/afternoon	Personality/psychometric profiling (MBTI/Firo-B)
C2	People Skills Course	Morning	Groups and teams (Belbin Team Inventory)
C3	People Skills Course	Afternoon	Succession planning
C4	People Skills Course	Afternoon	Managing conflict
T1	Topic sessions	Evening	Change leadership (particularly in large organisations)
T2	Topic sessions	Evening	Time management
T3	Topic sessions	Evening	Delegation
T4	Topic sessions	Evening	Strategic business planning

Key for Table 4.

Finally, at the end of the questionnaire, respondents were asked to elaborate on any items they'd given a low score and provide any further comments. These comments have been manually recoded by theme and are presented in Table 5. It can be seen that the main complaints were about sessions not being long enough for the content, a need for more group discussion, and a greater need for practical emphasis.

Comment	Workshop sessions	People skills course	Topic sessions
Session too short/needs follow-up	0	6	6
Session could have benefited from more discussion	0	1	4
Session could have been more practically orientated	0	0	4
Low attendance hindered effectiveness of session	2	0	0
Inconvenient time/location	0	0	2
Poor room	0	1	1
Good session	1	4	11

Table 5 – Further comments

12 Appendix 3 – Overall Programme Evaluation for Phase Two

Of the 14 Programme Evaluation Questionnaires returned, the main results are as follows:

Evaluation of current programme

Best sessions: Of the sessions you attended, were there any which you found particularly helpful?	Worst sessions: Were any sessions particularly disappointing or unsuccessful?
All sessions: 7 Personality profiling: 3 Strategic planning: 2 Time management: 1 Managing conflict: 1	No: 7 Change leadership: 1 All topic sessions limited in value because it is the application of the concepts rather than their identification which matters and which is the most difficult task: 1

Note: these responses have been recoded from open-text questions.

Non-attendance: What were the main reasons why you missed certain sessions?	Missed sessions: Which sessions, if any, did you miss that you would have liked to have attended?	Additional sessions: Were any topics/issues not included in the programme that you would have liked to see covered?
Lack of time: 8 Lack of funds: 1 Lack of interest: 1 Holiday: 1 Non-response: 5	Most others: 2 Managing conflict: 3 Groups & teams: 1 Succession planning: 1 Time management 1 Delegation: 1 Strategic planning: 1	Managing blocks to change: 1 Linking of sessions to Cranfield or European Benchmark QA model: 1 A “drill-down” approach rather than “surface-skim” to topics: 1 Negotiation & bargaining skills: 1 Stress management: 1

Note: some of these responses have been recoded from open-text questions.

Location: Did you find the location of sessions convenient?	Timing: Which of the session timings did you find most convenient?	Internet forum: Did you visit our Internet site/forum?
Yes: 12 70 miles west would have suited better: 1 Crossmead brilliant but main University difficult for afternoon sessions: 1	Morning: 5 Afternoon: 5 Evening: 10	Never: 9 Once or twice: 2 Three or more times: 2 Non-response: 1

Note: some of these responses have been recoded from open-text questions.

General involvement in leadership development

Leadership training: In general, how much time do you spend on developing your leadership and managerial skills?

1-5 days per year: 8

Over 5 days per year: 6

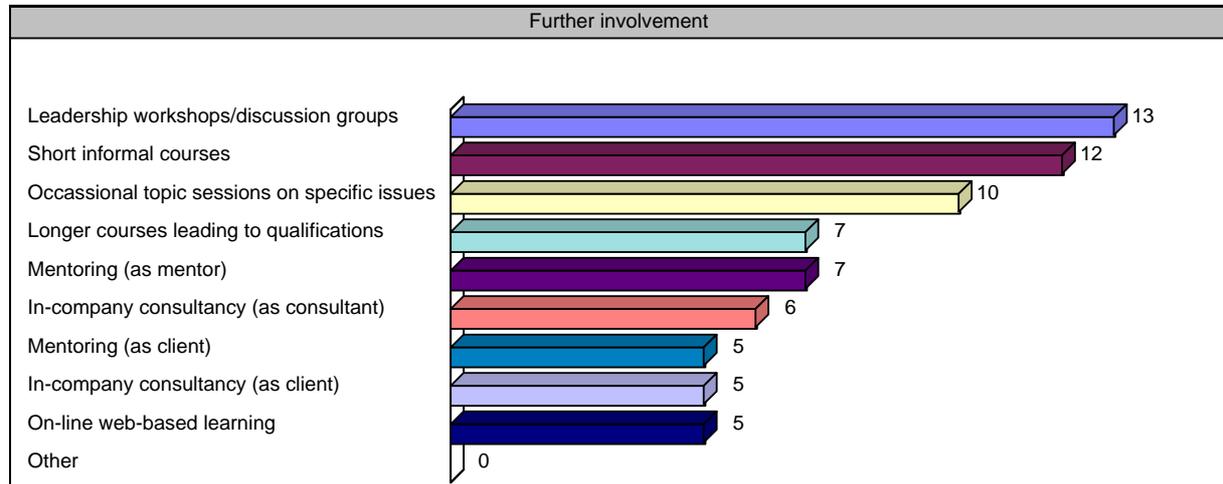
Motivation: What was your main reason/motivation for participating in this programme?

(Note: responses are respondents' own comments)

- Influencing workplace attitudes
- As part of World Class Manufacturing programme and best factory benchmarking
- Self development
- To broaden my mind
- To be better equipped to drive into the future
- To develop/grow the company; realising that I needed to have my skills to do so.
- Interest in subjects
- Recommendation of co-director

- Good value for money; respected speakers/session leaders.
- Gain increased knowledge to apply at work
- To help us achieve World Class Manufacturing and to improve my ability to improve the performance of the management team
- To develop junior managers skills and my own people skills
- To become a better manager

Further involvement: Which of the following types of leadership development/support activities would you consider doing the University of Exeter?



Promotion: How do you think we could encourage participation from a larger number of SME leaders?

(Note: responses are respondents' own comments)

- Some local group discussions with site hosts. Some success stories from implementation.
- De-jargonise and point to the immediate benefit
- Constant marketing/use of press editorials etc.
- Offer very low cost training with acknowledged experts
- By spending more time in the workplace on engineering the potential benefits of the concepts. Positive results are what speak for themselves.
- More foot work
- Show SMEs how they can sort out their problems better
- Use us as a case study when project complete with other components
- Recommendation - encourage existing users to involve others. Mailings very unlikely to be effective.
- Higher profile advertising
- Hold sessions in the evening

Final comments: Do you have any final comments on the leadership development in SMEs programme and how it could be improved?

(Note: responses are respondents' own comments)

- Disappointed with general level of participation.
- Very enjoyable and the sessions have certainly helped with my professional development.
- Tricky - 2hrs wasn't ever enough but I would have struggled to find more time. Very good.
- More self held concept with people encouraged to help each other.
- Early days. Much of what was discussed is common sense to an experienced manager. Much is not achievable in the SME and that which is achievable requires a major "campaign" to implement. It is implementation which is crucial and that is what needs the focus.

13 Appendix 4 – Outcomes of Group Work in Phase Two Forum

GROUP 1

- What? - Participation
 - Need involvement of “smart achievers”
 - Contribution to discussion (workshops)
 - Case study presentations
 - Needs to be well-facilitated
 - Useful to share problems
 - Should offer opportunities for self-help
 - Should lead into other things – refreshers/projects/etc.
 - Need to maintain involvement of current participants
 - Accreditation is possible – may help with funding
- How? - Differentiation
 - Promote as “SME/University partnership”
 - Needs similar format to “course” sessions (i.e. content + discussion)
 - Should encourage “disciples” to spread it by word of mouth
 - Should market as “an experience”, “a network” – can workshops stand alone?
 - Should be a “framework” for a number of “learning experiences” rather than sold as individual events
 - Should be low-cost for SMEs – they won't pay unless they know it offers good value
- Where and when?
 - Early evening is good for courses but workshops require brain-power so are probably best during the day.
 - It is best to have an initial session prior to workshops to offer a focus for discussion and to let people get to know one another.
 - It would be good to offer a range of venues depending on who is participating.
- Marketing?
 - Word of mouth is best
 - Need SMEs to promote it to other SMEs
 - Importance of a name/branding (“SME Leadership Skills”?)

GROUP 2

- Ideal format is cross-sectoral workshops
- Important to identify key players in key companies
- Need to carefully choose subjects/topics
- Sessions need to be vibrant
 - Participative
 - Workshop/clinic idea
- Key note speakers
- Marketing/branding is important “leadership”, “management”, “solutions”...
- Follow-up and follow-through is important:
 - What do they want & need?
 - What are their opinions?
 - How do we maintain participation?

GROUP 3

- Overall programme was enjoyable (and confessional)
- Leadership development is a process – it takes time
- Strength of programme was through the good relationships and shared experiences developed
- Programme benefited from:
 - Diversity of group membership
 - Exchange of experiences
 - Time out from business in a structured environment
 - Tasters that meet an immediate need act as a “hook” but much requires follow-up
 - Expert help on time management, global issues, succession planning, strategy, etc.
 - Could do with specific structured training & follow-up
 - Opportunities for mentoring
- Marketing the benefits
 - scatter gun approach (mailings)
 - Build on current relationships and networks (e.g. SEF, Rotary, etc.)
 - Use case studies (e.g. Svedala)
 - Best practice examples (e.g. Eden Project)
 - Costs – combination of free, paid and subsidised
 - If free, may devalue the service/product
 - Need to raise the stakes – develop a vision for the South West

14 Appendix 5 – External Evaluation Report**EVALUATION OF UNIVERSITY OF EXETER PROJECT ON
LEADERSHIP DEVELOPMENT IN SMALL AND MEDIUM SIZED
ENTERPRISES 2000 - 2001****REPORT BY DAVID FRYER****1. EXECUTIVE SUMMARY**

- The first Research Phase of the Leadership Project was a thorough and creditable piece of work and the evidence had a direct bearing on the design of Phase Two.
- Despite a significant marketing effort only 24 SME leaders participated in Phase Two and this must be regarded with some disappointment with questions about value for money.
- The work with SMEs needs “branding” in a more attractive way and all the relevant parts of the University, along with partners, needs to be involved in promotion and recruitment.
- There was a high level of satisfaction with the quality of the Phase Two programme and those concerned should be complimented.
- However, there was scope for improvement in the involvement of SME leaders in the delivery of the programmes and in more active participation in discussing real problems and case studies.
- Workshop sessions are a good way of actively involving SMEs whilst also providing for appropriate academic input.
- The consultancy element of Phase Two was not particularly prominent but has potential and should feature in Phase Three planning.
- In considering a Phase Three, it will be important to involve Phase Two participants, to improve considerably marketing and recruitment, to maintain a varied and flexible approach, to demonstrate real benefits to SMEs and to build in the possibility of accreditation where desired.

2. INTRODUCTION AND BACKGROUND

This report is an independent evaluation of the above Leadership Development project. Phase Two of the project was a programme of training and support for SME leaders which is the main subject of this evaluation. I also offer some comment on Phase One which was a piece of research and consultation used to devise the Phase Two programme. The University hope that the experience of Phase Two will lead to a Phase Three programme and I also make comment on points for the future. The

project was organised by the University's Centre for Leadership Studies at Crossmead with Richard Bolden as Project Manager. The project was overseen by a Steering Group chaired by the Director of the above Centre, Alan Hooper, and includes membership from University partners and the Department for Education and Employment. The project was funded jointly by the DfEE, Marchmont Observatory, South West Regional Development Agency and the University's Reach-out fund. The total cost of the project was about £40,000 (Phase Two only) with only small contributions from the participating SMEs, totalling about £1,600.

3. BRIEF AND METHODOLOGY

The Project Manager undertook the primary evaluation culminating in his final report to the Steering Group on 11 July 2001. This evaluation, therefore, is essentially an independent audit of the Project Manager's evaluation plus opinions derived from my own observations and participation in Phase 2 elements. A total of 5 days was available for completing this independent evaluation.

The methods used by me to evaluate the project were as follows:

- (i) Discussions with the Project Manager, Richard Bolden, and the Steering Group Chairman, Alan Hooper
- (ii) Study of the relevant documentation particularly the participants' evaluation sheets, the Report on Phase One and the Project Manager's final report
- (iii) Attendance at the Steering Group meetings of 20 February 01 and 11 July 01
- (iv) Attendance and participation in two Topic Sessions (28 March and 31 May), one Course session (31 May) and one Workshop session (7 June) along with the Final Forum discussion on 21 June
- (v) Discussion with the Divisional Director of Svedala of Charlestown (Terry Bell) on 21 June re his firm's use of the consultancy element of Phase Two.

4. PHASE ONE

The report on Phase One was produced by Richard Bolden and Rohini Terry (Research Assistant) in December 2000 and the outcomes are discussed in Part 3 of the Project Manager's Final Report. Essentially, Phase One consisted of interviews with 20 SME directors, further interviews with support providers/experts on leadership (e.g. John Adair and Meredith Belbin) and a half-day workshop for the interviewees. There was also a literature review and the Phase One report lists some 64 pieces of work in the bibliography. This work led to certain conclusions:

- (i) There was a clear understanding of the importance of leadership issues amongst SMEs
- (ii) Programmes aimed at SMEs should be flexible, practical and not too formal or academic
- (iii) Leadership development should build on current skills and prepare them for the development of the next generation of leaders
- (iv) Elements of provision should include facilitated workshops, skill-based seminars and promotion of best practice

- (v) Programme deliverers must be credible and there must be a commitment from both participants and providers
- (vi) The programme should be part-subsidised

These conclusions led directly to the design of Phase Two (see Section 4 below).

Having studied the Phase One Report and seen its influence on Phase Two the following are my evaluative comments:

- (i) Phase One was a very thorough and detailed piece of work although its quality was not wholly reflected in Phase Two in terms of numbers of participants
- (ii) Phase One was full of insight into the leadership needs of SMEs and should remain a useful source document for further project development
- (iii) With hindsight, Phase One might have dealt in more depth with the marketing of programmes for SMEs and the securing of commitment to participate
- (iv) The sample of 20 SMEs consulted was, perhaps, on the small side when the whole sub-region is considered and bearing in mind that a good proportion were already "clients" of the University
- (v) The conclusions did derive from the evidence obtained and had a direct bearing on the programmes selected for Phase Two

5. PHASE TWO - PROGRAMME DESIGN

The structure of the Phase Two educational programme consisted of four parts as follows:

- (i) Four topic sessions from 6.00 p.m. - 8.00 p.m. covering change leadership, time management, delegation and business planning/strategy. They were designed to be primarily didactic in nature
- (iii) Five people skills course sessions, each from 9.00 a.m. – 12.00 p.m. or 2.00 p.m. - 5.00 p.m. covering Personality (twice), Teams, Succession Planning and Managing Conflict. They were designed to include group work and discussion with a continuity of membership through all the sessions - although only two members attended all of them
- (ii) Four workshop sessions, usually 9.00 a.m. until 11.30 a.m. These were free discussion sessions with a facilitator which allowed SME managers to discuss their own issues and case studies
- (iv) Consultancy visits. These offered up to four visits of one-day each per company on a heavily subsidised basis. Of the four proposed all were eventually taken up, although two were conducted at the same firm

An additional element of the project was an Internet Forum but this drew almost a "nil" response from participants.

6. PHASE TWO - MARKETING AND RECRUITMENT

As other projects have shown (e.g. LIFE Project) it is extremely difficult for a University to engage with SMEs and encourage significant numbers to participate in programmes. This was also true for the Leadership Project. About 350 people were contacted about the programme through a combination of mail shots and personal contacts. Out of this number, only 26 people registered to take part and only 24 actually took part. It is significant that personal contacts had the greatest effect which very much illustrates how SMEs respond to networking and word of mouth rather than formal approaches. It is not surprising that the more didactic topic sessions attracted the greatest number (11 to 13) because of their very specific focus and, perhaps, more importantly, that they took place in the evening. One of the aims of the project was to attract some continuity of participation across the different elements. This proved difficult to achieve and only 6 of the participants took part in 6 or more out of a possible 13 sessions.

My evaluative comments on marketing and recruitment are as follows:

- (i) If a Phase Three is to happen then there has to be a much higher recruitment through the maximisation of mail shots and, more importantly, the use of all relevant networks and of the Phase Two participants
- (ii) The Business Link Network of PROSPER could be used more effectively for recruitment
- (iii) Evidence suggests that the marketing effort should largely promote evening sessions as the ability of SME leaders to attend daytime sessions is limited. There is, of course, the counter argument that people are tired in the evenings
- (iv) Future marketing material could usefully include the names and details of SMEs who could demonstrate benefits from previous phases or programmes
- (v) It is a University which is promoting the Leadership Programme and, therefore, the benefits to SMEs of HE involvement should be spelt out e.g. national and international expertise, knowledge of networks, links across to other programmes such as CPD, Innovation Centre etc.
- (vi) The notion of "joining a club" or an entitlement to a certain amount of consultancy help when needed could be a useful marketing tool.
- (vii) As brought out at the final forum, successful marketing needs a "brand" and a name needs to be found (other than SMELS!) which neatly encapsulates both leadership and SMEs
- (viii) It was not clear in the Leadership Project to what extent those other "arms" of the University that relate to businesses were proactive in helping to market the Project. Likewise, during the leadership sessions, there was little marketing or materials made available about University services
- (ix) The low recruitment numbers meant poor value for money. A VFM study should be carried out that takes into account sponsorship, fees, use of accommodation and the costs of tutors.

7. PHASE TWO – QUALITY OF PROGRAMMES

Despite the low attendance figures there was generally a high level of satisfaction amongst those who did participate. This was confirmed by the questionnaire returns, by the discussion at the final forum and by my own observations and conversations. It was not entirely surprising that the workshop sessions were generally rated lower than the other sessions in terms of clarity of aims, level of details and handouts. However, at the final forum, and my own view confirms this, the workshop set up with a focus on real SME situations/case studies plus an expert facilitator was felt to be very productive. When a lecturer, however good, takes most of a two hour session and leaves little time for interaction, then it is not, necessarily, the best way to engage SMEs. The sessions that I attended had high quality presentation with good handouts and illustrated for me the University dimension. My only reservations are around the rather academic top down nature of a two hour talk and the fact that some of the material was not tailored to SMEs in particular. It would have been good to see SME leaders also making inputs alongside the academics for some of the topic and course sessions – this was an opportunity missed and, perhaps, a lesson for the future. I was impressed with a workshop session based on two case-histories from participants which led to a sharing of some very real problems. The tutor was able to facilitate and intervene with helpful theoretical background in the fields of personality types and transactional analysis.

I also spoke in some depth to the Divisional Director of Svedala who had made extensive use of the consultancy element of the project. The firm had leadership/succession issues to consider and the University consultants who visited clearly made a difference to the firm. It was not entirely clear whether the costs of consultancy were set out as part of the leadership project or just individually negotiated by University staff. In other words, was it part of the project or individual/private contracting? It was interesting that the consultancy element received very little attention at the final forum but should not be forgotten when considering Phrase Three.

My main evaluative comments on programme quality are as follows:

- (i) There was a high level of quality in the presentations and good and relevant handouts
- (ii) SME leaders need a chance to share problems and issues with their peers as well as tutors. Some of the sessions did not make enough allowance for this
- (iii) A two hour or longer session which is almost wholly taken up by the presentation, however good, is inappropriate for SMEs
- (iv) It would have been helpful for SME leaders to share in some of the presentations at topic and course sessions
- (v) The workshop sessions are a good way to involve SMEs with their peers and with expert facilitation. Participants in workshops may need to have attended more formal, listening sessions before they have the confidence to play a full part
- (vi) Crossmead is a good venue for the purpose but consideration might be given to other venues in the sub –region – SMEs themselves or partner colleges etc. If the University is trying to build up the Innovation Centre as a prime focus for businesses then that should also be a venue

- (vii) The Consultancy element can work and should remain a future element but there could be more clarity about which consultants are available for which purpose and about costs

8. PHASE THREE – THE FUTURE

Part of the “grand design” is that there should be a roll out of a Phase Three beginning in the Autumn of 2001. From my observations of Phase Two I do believe the work with SMEs is worth extending providing it can be made sustainable and, ultimately, self-sufficient, if external subsidies cannot continue. The work also needs closer integration with the University’s overall approach to the business world and be developed with a sense of awareness about what other providers are offering SMEs (HE, FE, Business Link, Private Trainers etc.)

Some of the evaluative comments made above are relevant to a Phase Three but in addition the following comments are relevant :

- (i) SMEs, particularly those who participated in Phase Two, should play an integral part in both the planning and delivery of Phase Three
- (ii) The Marketing effort will need to be upgraded from the Phase Two effort with the aim of at least doubling the number of participants to, say, about 50
- (iii) Successful marketing may require a project title or brand name that can get into the consciousness of business networks
- (iv) A variety of approaches should be maintained but with more emphasis on participation as opposed to just listening and on real SME problems and case studies
- (v) Where SMEs can demonstrate that working with the University has made a difference to their businesses then such cases should be used as a powerful tool for marketing. The University might engage in some longitudinal research in this field
- (vi) Consideration should be given to building into Phase Three, accreditation towards University qualifications for those who desire it – CPD offers a model for this
- (vii) A “big bang” event might be a useful way of commencing Phase Three – in order to publicise Phase Two outcomes for some SMEs and stimulate recruitment and publicity

David Fryer
July 2001