

ENCOURAGING
ENTREPRENEURSHIP:
EVALUATION OF THE
ENTREPRENEURSHIP
SUPPORT PROGRAMME
2013-2016
EXECUTIVE SUMMARY

March 2016

Executive Summary

The Entrepreneurship Support Programme 2013-16

The Entrepreneurship Support Programme (ESP) is a flagship, high profile programme of entrepreneurial support delivered by Highlands and Islands Enterprise (HIE) and Scottish Enterprise (SE). It is designed to support high growth Scottish companies and those with growth potential, and to stimulate the development of a culture of entrepreneurship in Scotland, in order to realise significant and accelerated growth in global markets.

The objective of the Programme is to create more high-impact entrepreneurs, by supporting existing entrepreneurs, helping to create new entrepreneurial businesses, and transforming the entrepreneurial ability of existing businesses.

The current ESP programme for 2013-16 provides pan-Scotland support, and draws on HIE's strategic relationship with the Massachusetts Institute of Technology (MIT). The ESP has four key components:

- **Entrepreneurship Masterclasses (Masterclasses)**, a series of training sessions designed to advance the skills of high impact entrepreneurs to allow them to personally develop and accelerate the growth of their businesses;
- The **MIT Entrepreneurship Development Programme (EDP)**, a week-long, high-level, intensive residential executive education course at MIT in Boston, teaching skills for high-impact entrepreneurship to highly ambitious entrepreneurial individuals within businesses;
- The **MIT Industrial Liaison Programme (ILP)**, a portal to MIT's research developments, resources, and faculty expertise, as part of HIE's ongoing strategic relationship with MIT; and
- The **Global Ambitions Network (GAN)**, a pilot to test appetite for ongoing peer learning/cohort networking amongst ESP participants, comprised of a cohort of 76 entrepreneurial leaders from across Scotland.

Evaluation approach

ekosgen was commissioned to evaluate the ESP 2013-16 in October 2015. This report presents the summary findings, focussing on the benefits and economic impacts achieved to date and those forecast for the future.

A mixed method was employed including a desk review of HIE and SE management and monitoring information, a review of international practice in the field of entrepreneurship education and primary research.

A total of 76 ESP participants provided survey responses (a sample of 21%) were obtained to assess experience of support, identify impacts and benefits, and capture any points of learning. Consultations were also completed with operational and strategic stakeholders to explore ESP's successes, impacts and effectiveness to date, as well as any lessons for future delivery.

The analysis also incorporated an emerging findings workshop to discuss results and initial conclusions to shape the final report.

Programme performance

With a budget of £1.046m and accounting for anticipated cost recoveries that offset a potential overspend, there is a modest level of underspend expected of around £33,000 by the end of March 2016.

A total of 372 individuals from 219 businesses had participated in the ESP (to November 2015), around 60% of whom were SE-supported companies. There was a total of 681 instances of participation across all event types. There was notable representation from the Technology, Food & drink, Life sciences and Tourism sectors. Of the total number of participants, 27 had attended the EDP in Boston with a further 13 expected in 2016, which is strong participation and above target.

To October 2015, 581 masterclass attendances had been recorded with projected numbers expected to be below the target of 700 by the end of the Programme period. However, some individual Masterclasses such as *Disciplined Entrepreneurship* and *Entrepreneurial Sales Strategies* have exceeded targets. Engagement with the ILP has also been more limited than expected, and activity in the pilot GAN is relatively modest, though this may be partly explained by it starting in 2015.

ESP in the global entrepreneur landscape

The ESP offers a unique offer in terms of entrepreneurship training relative to other entrepreneurship-focused executive education courses. This is particularly so in light of the role that the EDP plays in terms of delivery and the entrepreneurial development offer. The following courses were reviewed as part of the evaluation to clarify the ESP's position in terms of entrepreneurship education.

Course/location	Description	Observations
Entrepreneurship Bootcamp, Babson College, Massachusetts, USA	An intensive five day residential course for international participants. It is focused on planning, launch and growth of new ventures. The Bootcamp is delivered through lectures, case studies, group work and in-depth discussion sessions, with a strong emphasis on networking and peer-to-peer learning.	The activity and any support offered appears to be very much focused on the duration of the course rather than as an after-care support activity, with limited participation in LinkedIn groups.
Launching New Ventures, Harvard Business School, Massachusetts, USA	This is a five-day residential course that supports start-ups and SMEs to either build a new venture or develop innovation capabilities. It is a higher-volume course delivered through Harvard's case study model of teaching, and focuses on overcoming obstacles faced by entrepreneurs.	The participants are expected to have considerable professional experience and demonstrable leadership abilities. Further, the course does not integrate with other HBS courses, nor does it offer access to wider HBS alumni or its entrepreneurship system.
Powering Growth, INSEAD, Fontainebleau, France	Powering Growth is designed for managers concerned with strategies for performance and profitable growth, and aims to help participants focus on the needs of customers as a method to fuel growth, rather than internal processes.	Delivery of training is more traditional in approach, incorporating lectures and group work/discussions, whilst follow-up support is informal and largely driven by participants.
Open Innovation and Corporate Entrepreneurship, ESADE, Barcelona, Spain	This is directed towards corporate 'intrapreneurs' and technology start-ups. The focus is on experiential learning, with on-going coaching throughout the intensive five-day programme.	However, like Babson's Bootcamp, there is limited follow-up support and a reliance on LinkedIn groups.

Course/location	Description	Observations
VIGO Programme, Finnish Government, Finland National System for Entrepreneurship	Developed and launched in 2009 to address gaps in the country's National System for Entrepreneurship, particularly in high growth venturing. It is an innovative accelerator programme designed to bridge the gap between early stage technology firms and international venture funding. Focused on the demand side, it stimulates close working between start-ups and experienced business people.	Though not an education/training programme as such, and currently undergoing an evaluation, there are nevertheless a number of elements where the ESP could take learning from to inform future delivery – particularly the close working, over a period of time, between the companies and accelerator groups.

Based on the evidence of the international review, the ESP in Scotland, given its use of and links to MIT, is amongst the global leaders of entrepreneurial education. Placing the intensive EDP as an integrated component within the wider ESP programme, with a flow from Masterclasses to EDP, is a key strength of the ESP. This is not evident in any of the other courses subject to this review. However, all courses, and this includes the ESP, offer limited aftercare which can be considered a weakness.

Business beneficiary experiences and benefits

Of the 76 beneficiary businesses participating in the study, 54% had their main business units in the Highlands and Islands, with the remaining 46% based in Lowland Scotland. Growth sectors were well represented amongst respondents, particularly technology and engineering, broadly representative of all participants. On the whole, there were more established businesses from the Highlands and Islands and a slightly younger age profile amongst Lowland Scotland companies, reflecting a larger pool of young companies with growth potential in the SE area.

Most respondents were introduced to the programme via their Account Managers, or other HIE/SE contacts. This is to be expected given that companies are selected to participate in the ESP, however it demonstrates the critical role that Account Managers play as Programme advocates, and in helping to overcome any negative perceptions of eligibility or relevance amongst businesses.

Businesses participate in the Programme in order to become more entrepreneurial – this is a key motivation, and is positive feedback for the ESP given its objectives. More than six in ten respondent attendees were attracted by the opportunity to learn about entrepreneurship theories and practices. Further, more than a quarter were attracted by the EDP, and the opportunity to attend a training course held in high regard amongst its alumni. Whilst specific, practical skills are the focus for Masterclass attendees, EDP attendees are more interested in entrepreneurial principles, and the opportunity to learn from inspirational leaders and businesses.

Almost 90% of respondents indicated that their experience of the ESP **either matched or exceeded** their expectations. However, a small number of businesses indicated that they either thought that the ESP was targeted at a more hi-tech audience, or that they were disappointed with elements of the Programme. This included the EDP, for example with the course content and relevance to business operations, or with the delivery styles, although this was very much a minority view.

Masterclasses

Masterclasses are rated positively by attendees. Some 85% of attendees rate them highly, with almost six in 10 rating them as 5 out of 5. As a result of Masterclass attendance, a wide range of benefits were reported by businesses – including the development of marketing or sales approaches, and the development of a wider entrepreneurial culture within businesses.

However, the differing performance of Masterclasses, and specific feedback from some attendees, suggests that there is a need for refinement, and better targeting of Masterclass topics. This may include a tiered approach, with earlier stage Masterclasses engaging a wider audience.

EDP

Feedback on the EDP is very positive indeed. Whilst the EDP was found to have significant value all-round, respondents particularly felt EDP to be thought-provoking, challenging and inspirational. Peer-to-peer learning gained from the week-long residential course was also strongly valued. Respondents report that they have developed or improved their growth and sales strategies to a significant degree as a result of EDP, as well as improving their strategic/business leadership abilities. Importantly, EDP attendees have developed an understanding of how to grow and *scale* the business – a key objective for both HIE and SE.

Individuals and businesses have instigated some fundamental changes to their behaviours and practices as a result. A number have made significant, and in some cases fundamental, changes to their business structure – leading to short-term impacts on profitability, and longer-term stability. Consequently, businesses and stakeholders see the EDP as transformational.

ILP

There is **limited awareness** of ILP, and **relatively low take-up** as a result. The number of businesses benefitting from the service (at around 10% of Programme business beneficiaries) is quite limited, with a general reduction in the use of ILP over the time, with more emphasis being placed on the EDP. However, where ILP has been accessed this has been valued, including a number of cases where companies have accessed MIT knowledge and R&D via the ILP, leading to some strong business benefits as a result.

GAN

Participation to date in the GAN is modest, though there has not been sufficient time to fully demonstrate its added value. The intensity of network participation was limited amongst respondents, with participation deemed moderate at the time of reporting. Whilst cascading of learning acquired by ESP participants and EDP alumni to more individuals/businesses has yet to begin, **there is considerable potential for the GAN** to facilitate this, and be a key part of the broader dissemination of entrepreneurial learning to a wider audience. Use of new technologies may also have a role to play going forward.

Economic impact

A range of economic impacts have already been generated by the Programme's activities and they are forecast to continue into the future. Robust estimates for all programme participant companies, based on the results from surveyed beneficiaries, indicate 141 Full Time Equivalent net jobs created to date and net GVA of £4.9m. These are positive results, reflecting high levels of additionality and low levels of displacement, with few participating businesses operating in local markets. The results imply a total (direct, indirect and induced) impact per participant company of **5** direct FTE jobs and **£524,000** direct GVA, including future forecast benefits.

Based on the total resource input of £1.08m, the Programme has delivered a Return on Investment (RoI) to date of £4.57: £1. The RoI to date in the Highlands and Islands area is £4.20: £1, and in the Scottish Enterprise area is £4.90: £1. This may rise to somewhere in the region of £30-£40:1 if just one third of forecast impacts attributed to the ESP by participants are achieved, such is the level of forecast impacts reported by those surveyed, particularly amongst new high growth technology businesses. Though no definitive comparable evidence is available, it is anticipated that between 40%

and 90% of start-up firms may fail, depending on the risk/technology. Although ESP does not only support start-ups (around a fifth are less than two years old) there are some very strong forecast impacts amongst survey respondents, not all of which will be realised.

Across the Programme, a wide range of 'softer benefits' are also reported by participants as having been achieved to date, many of which will be directly contributing to improved business performance. These include improved strategic business planning (reported by 75%), increased confidence to do business (68%), better leadership and management (65%) and expanded their peer networks (58%). Linked to this, 38% have increased or started undertaking collaborative activity, also positive.

Lessons learned

Whilst on the whole ESP has been effective, the evaluation has identified lessons to guide future delivery. There is potential for **refinement of and more flexibility in Programme delivery**, with scope for additional/ different Masterclasses, as well as possible changes to delivery, and target audiences in some cases. There is also a requirement for **greater post-attendance support and aftercare** to ensure that the benefits of ESP, and particularly EDP, participation become embedded in businesses, as well as to facilitate greater dissemination of networking to maintain post-ESP/EDP enthusiasm. Ensuring impacts and hard outcomes are realised could usefully form part of a monitoring framework going forward. The role of the Account Managers in facilitating/ driving this is critical. There is also scope for complementary activity, such as mentoring, as part of any aftercare offer.

Conclusions

The ESP for 2013-2016 remains a flagship programme for HIE and SE. Overall, the ESP continues to focus on the individual, rather than the business, which is central to engendering entrepreneurial behaviour. The Masterclasses vary in nature, but are on the whole well regarded. The EDP is proving to be inspiring for participants, who return from EDP highly motivated, many benefiting from peer-to-peer contact with businesses outside Scotland. Attending Masterclasses may give them the skills they need to act on the inspiration gained through EDP.

Though the use and application of ILP seems to have reduced as the focus on EDP has increased, there are opportunities for HIE and SE to reinvigorate the ILP approach. The GAN is at a relatively early stage, and is not working particularly effectively at present although it has the potential to develop. Many members want to network, and the GAN could be an effective route to achieve this.

The ESP is valued by those who have participated and a wide range of benefits are identified for businesses and individuals. Importantly, participants are reporting a greater ability to think about how they may scale up the business. This is encouraging, particularly given the early stage of many businesses where scaling up can help them move to the next stage of the business lifecycle. Further, the critical role of the SE/HIE Account Managers in putting forward appropriate companies is clear from the evaluation. Account Managers also have a role to play in ensuring that businesses and individuals are able to put new skills and knowledge into practice post-support.

The ESP is currently monitored in terms of activity during Programme delivery, but as there is no formal follow-up, there is a requirement to develop a formal plan to monitor how the EDP participants in particular, but also ESP businesses more widely, can be assisted further to realise their growth ambitions. This would also support the monitoring of forecast substantial future benefits and longitudinal evaluation.

The ESP 2013-2016 is meeting its objectives to deliver high quality entrepreneurship support to businesses across Scotland. MIT continues to be at the forefront of support in this field globally and Scottish companies are benefiting from this relationship, which has been nurtured and developed by

HIE in particular over time. The ESP is improving the entrepreneurial ability of the vast majority of participants, both in terms of companies and individuals.

Some of the forecast impacts are very high, partly a result of the inspiration and “can do” ethos instilled by the Programme. The challenge for SE and HIE is to ensure that these forecast impacts are realised.

Recommendations

Ten recommendations arise from the evaluation findings to inform future activity:

Recommendation 1: Continue to seek to work with aspirational individuals in growth companies who have the ability to take ideas forward and engender change in the business. This is a continuation of the current approach.

Recommendation 2: Retain the ‘special nature’ of Masterclasses and to largely retain the two-day delivery model, although some consideration should be given to more condensed one-day Masterclasses if their high quality and networking opportunities can be guaranteed.

Recommendation 3: Ensure that (a) all Programme-related material and marketing makes it clear the Programme is for growth businesses regardless of sector (or stage) to overcome perceptions that the Programme is not for them; and (b) that Account Managers are consistently put at the forefront of Programme advocacy (if this is not already the case) and given the tools/information to perform this role effectively.

Recommendation 4: HIE should continue its ILP membership but considers ways to reinvigorate this part of the Programme through disseminating the benefits of what ILP can bring to both Account Managers, SE/HIE sector teams and businesses. There are some good examples of where ILP has brought tangible benefits to businesses and these should be captured and used to promote ILP, for example, through peer advocacy, case studies and so forth. Monitoring and recording the benefits of ILP participation should form part of the future monitoring arrangements (see recommendation 10). HIE and SE should remain close to MIT and the way it develops its approach going forward.

Recommendation 5: Additional Masterclasses should be considered as part of the ESP. These could include Masterclasses related to customer discovery and one that extends the availability of the existing Start Global courses available to some SE companies. Additional classes could be developed around pitching to investors and co-development of start-ups by investors (part of the best practice offer in Finland).

Recommendation 6: There is potential for complementary activities to the ESP to be considered. As well as the activity around financing and investors this could extend to mentoring, perhaps as post-ESP support, that is part of the after-care offer and which seeks to embed the benefits of the ESP/EDP more firmly in the business.

Recommendation 7: That the Account Managers are put at the heart of ensuring that the post ESP/EDP aspirations of participants materialise and that they are supported to fulfil this role. This may include helping the Account Managers to match participants to post-EDP mentors, or that SE/HIE encourage Account Teams to help ESP/EDP participants to ‘spread the word more widely’ within their businesses/management teams to realise business change/growth. Further, at least one member of each Account Management team should have attended EDP and there should be regular attendance by Account Team members at Masterclasses.

Recommendation 8: That the GAN is reviewed and membership of the Network updated to allow more businesses/individuals to join if some existing members are not going to participate. The cost and content of events should be carefully reviewed. There may need to be consideration of a more innovative use of new technologies and social media to facilitate networking and to maintain the connections that are made through both Masterclasses and the EDP. These may be advanced online discussion groups on LinkedIn and/or some form of intranet (Scottish Entrepreneurs). It may be possible to establish a high-spec IT-based approach more cost effectively than GAN events.

Recommendation 9: The current model works and is sound, however, there is value in HIE and SE keeping abreast of new MIT thinking and to consider in turn how this is best applied in the Scottish context, whilst also drawing on best practice in Europe.

Recommendation 10: That the initial thoughts around monitoring and evaluation contained in this review are fully developed and implemented, with the ESP Senior Responsible Officer in SE and HIE, responsible for ensuring this is achieved and followed through.

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