

Measuring the Difference



*How to evaluate the impact of
management and leadership development*



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The Wales Management Council is an employer-led body, funded by the Welsh Assembly Government to promote the development of managers in the private, public and voluntary sectors in Wales.

The Wales Management Council aims to inspire, motivate and drive change in the perception, delivery, take-up and funding of management and leadership development in Wales.

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*How to evaluate the impact of
management and leadership
development*

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FOREWORD

The problem with management and leadership development is that we all believe it is important, and we all have personal anecdotes of the way in which raising skill levels has helped to improve business performance. But there is no hard, convincing, public evidence that developing management skills impacts on the bottom or the top line. It is therefore not surprising that managers question whether an investment in management development will bring a measurable return.

One of the strategic objectives in our *Agenda for Action*, published in 2003, was to

Set up an evaluation and monitoring framework to assess the outcomes and impact of leadership and management development in Wales.

Ewart Keep and Ken Mayhew of the ESRC Centre on Skills, Knowledge and Organisational Performance argued, in *The Future Shape and Direction of Workforce Development in Wales – Analysis and Options Paper*, 2003, that we need

a clear, concise and watertight business case that “skills pay” in a way that will convince sceptical employers to alter their investment patterns significantly.

In 2004 John Burgoyne, Wendy Hirsch and Sadie Williams of the Management and Leadership Development Research Network, wrote a major report for DFES entitled *The Development of Management and Leadership Capability and its Contribution to Performance: the evidence, the prospects and the research needed*, in which they argued

More evaluation research needs to be built in to management and leadership development initiatives themselves, so that evidence is used to steer and improve, on the base of evidence, their effectiveness.....

More research is needed to understand how management and leadership capability contributes to performance, and how the different channels through which this operates are activated in different contexts. This will help to target management and leadership development effort.....

But the task is not an easy one. As Lyn Bicker, managing director of TSO Consulting argues in an article in the ILM's *Edge* magazine

Distinguishing the benefits of training from other business drivers can prove tricky. Training evaluations can often be inconsistent and subjective, while miscommunication between those who commission training and those participating in it can lead to mutual frustration and lack of trust. The result? Measurement for many organisations amounts to little more than a poorly designed and costly tick-in-the-box evaluation sheet. These post-training so-called ‘happy sheets’ are often nothing but a short-lived and sometimes defensive sticky-plaster solution. Simple satisfaction with a training event is arguably the least relevant business intelligence managers require.

The article goes on to emphasise the importance of relating the training to the needs of the business (not simply because there is money to be spent), post-training debriefing sessions, knowledge sharing, and

Measuring training over the longer-term and through a comprehensive assessment of knowledge, skills attitude and performance, ensures a consistent approach. Processes for this include the appraisal system or 360-degree feedback which help to make explicit the link between development and effective job performance.

and finally and tellingly

The single most important ingredient in successful return on investment, which makes a positive contribution to a wide range of organisations, is enjoyment. Learning should be enjoyed and seen as an opportunity for personal and professional growth. Because satisfied staff help create the kind of organisational culture that positively impacts on the bottom line.

The Wales Management Council believes that we need to grasp the nettle of the evaluation of management and leadership development in Wales.

ELWa and other agencies are already giving priority to this in relation to their various programmes, but we believe it is equally important to bring this down to the level of individual companies and organisations.

What is lacking at present is an effective questioning process that will help businesses and organisations establish for themselves whether management and leadership development activity is making any difference to the productivity of their staff and their organisation.

We have therefore commissioned the Leadership, Enterprise, and Economic Development Unit of Cardiff Business School to carry out research that will aim to propose solutions to the following two problems:

- How do we help businesses and organisations measure whether improvements in management and leadership skills impact on their business performance?
- What would be the most appropriate methods to use in the Welsh context where the business profile is dominated by SMEs with under 20 staff?

and then to pilot their proposed solution with a select group of companies and organisations across Wales.

This is the report on their research findings.

The report starts with a comprehensive survey of current literature, and then goes on to develop a ground-breaking evaluation tool, and includes the highly informative results of focus group discussions and piloting of the tool itself.

We hope the proposals set out in this report will be of significant benefit to businesses and organisations in Wales, and in other parts of the UK.

Wales Management Council

February 2006

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I. EXECUTIVE SUMMARY

The Leadership, Enterprise and Economic Development (LEED) Unit at Cardiff Business School has compiled this report on behalf of the Wales Management Council.

The aim of the study was to devise a tool to help businesses (where the business profile is dominated by SMEs with under 20 staff) to measure whether improvements in management and leadership skills impact on their business performance.

The report is based on the findings of a seven month study investigating existing evaluation frameworks, business performance indicators, and management and leadership competencies. Management and leadership development (MLD) can and does impact on business performance. However, the business benefits of MLD are not always clear to SMEs. Indeed, it is also perceived that many providers are not confident about demonstrating the tangible business benefits of their own courses.

To determine whether MLD activity produces real benefits for SMEs required the investigation of the relationships between those activities and their effects on the business performance of SMEs (i.e. measuring the transfer of knowledge, skills, and attitudes from the training context to the workplace).

As the tool is targeted at SMEs from all sectors employing less than 20 people it was important that it met a number of criteria, namely that it was

- generic to suit different types of businesses from different sectors
- flexible to allow SME managers to tailor it for their own needs
- be completed quickly and easily
- relevant to all types of MLD activity and skills
- capable of measuring short-term and longer-term impacts
- be available at no cost to the SME.

A summary of the desk research is presented in Section 4 of this report. Over 80 publications were reviewed from a broad range of sources including academic journals, books, reports, and articles both nationally and internationally. The vast majority present a consistent message about quantifying the impact of training on business performance; i.e. they talk about what should be done without actually doing it.

The report has highlighted the difficulties in measuring the impact of MLD. This is due to the idiosyncratic nature of SMEs and the multitude of differing types and levels of MLD. (A recent report by the LEED Unit identified over 1600 providers of MLD in Wales).

Despite these difficulties, we have developed an evaluation tool using some of the techniques and indicators identified in the desk research, combined with our own thinking about how best to measure the impacts of MLD.

Our tool consists of a worksheet to be completed by the SME and some simple guidance notes.

The worksheet is split into two areas. The first part of the worksheet links the business objectives to the management and leadership skills. The second part measures the impact of the skills acquired on the individual and ultimately on the performance of the business.

The guidance notes provide a step-by-step approach to completing the worksheet. They include examples of skills and competencies that can be developed and provides examples of how to measure the impact of these on both the individual performance and on the business. The tool is not prescriptive but it does provide practical examples, based on what SMEs actually use.

Ideally a business should start with a top-down approach, looking at specific areas of the business to focus on and then identifying where and how MLD can help improve this. However, the tool can also be used from the bottom-up - for example an employee may be seeking personal development and can then link this to higher level outcomes such as business performance. The tool helps this process by showing the potential links between personal development and benefits to the organisation from investment in MLD. Where possible it is important that the worksheet is completed jointly by the person undertaking the MLD and the owner/manager to ensure commitment of both parties and an effective evaluation. Where the owner is undertaking the training they should obtain feedback from their work colleagues or if they do not want to do this, they can seek external assistance.

A really interesting aspect in piloting the tool was the different responses from providers of MLD and SME managers. Providers of MLD generally emphasized how profitability, turnover and employment should be the main indicators (despite acknowledging the difficulties of this).

However the SME managers did not focus on these indicators and talked instead about indicators such as changes in behaviour which they believed MLD had the greatest impact on. The SME managers were not concerned about calculating the extra turnover increased as a result of the MLD. They were more interested in impacts that they could see in their day-to-day business.

Despite the acknowledged difficulties, this has been a ground-breaking study in helping businesses to show that MLD can really make a difference to a company's bottom line and is therefore worth the investment.

This tool is in its early stages and will need to be developed further as it is tried out by SMEs. However, we believe that it has potential and could become an important part of managers' decisions about MLD. It is also envisaged that the tool could be used by funding bodies to help them justify their investments in MLD.

In the longer-term it could help to stimulate demand through demonstration that MLD can and does impact on business performance.

2. INTRODUCTION

The development of management and leadership skills in the economy has gained prominence in recent years. The Wales Management Council (WMC) along with other key stakeholders such as the Welsh Assembly Government, ELWa, and the Welsh Development Agency, have all recognised the importance of good management and leadership skills to the economy as a whole.

The *Agenda for Action Strategy* compiled by the Wales Management Council highlights the need to gain tangible information demonstrating how management and leadership development (MLD) can impact on business performance. One of the key aims of the strategy is:

To set up an evaluation and monitoring framework to assess the outcomes and impact of leadership and management development in Wales.

The Wales Management Council commissioned the Leadership, Enterprise & Economic Development (LEED) Unit at Cardiff Business School to develop an evaluation process for organisations to assess the impact of their leadership and management activity.

The aim is:

To research, make recommendations for, and pilot an evaluation system by which businesses and organisations across Wales can assess the outcomes and impact of their management and leadership development activity.

The solutions proposed in this report seek to address two problems:

- How do we help businesses and organisations measure whether improvements in management and leadership skills impact on their business performance?
- What would be the most appropriate methods to use in the Welsh context where the business profile is dominated by SMEs with fewer than 20 staff?

The report comprises the following sections:

- Section 2 provides an introduction to the **key issues**.
- Section 3 outlines our **approach and methodology**.
- Section 4 provides a **summary of the desk research on evaluation tools and review of management and leadership indicators**
- Section 5 presents an **overview of the tool** and the **findings of the primary research**
- Sections 6 and 7 conclude the report and provide **recommendations on how to take the tool forward**.

3. KEY ISSUES

Management and leadership development (MLD) can and does impact on business performance. However, the business benefits of MLD are not always clear to SMEs. Indeed, it is also perceived that many providers are not confident about demonstrating the tangible business benefits of their own courses.

From research undertaken by the LEED Unit, we know that SMEs are much less likely to receive management training than their counterparts in larger organisations.

There are two possible explanations to account for this:

- "ignorance, or lack of knowledge": small business owners are not aware of the benefits of management training and consequently provides less than an optimal amount of it for themselves and their employees.
- "market-forces": business owners provide a less-than-optimal level of training because they anticipate that the costs associated with training may exceed the benefits (returns) to be derived from it.

Lack of management and leadership skills in SMEs is one of the most common causes of the relatively high failure rates that continue to weaken the Welsh economy.

However, the management and leadership skills required to successfully develop different sized companies, in different sectors, at different stages of their growth path is not well understood.

For example, although certain generic managerial skills are often highlighted as 'crucial' to good management practice, it is the effective *deployment* of these skills within individual firms which makes the difference between success and failure.

Ultimately, it is the way in which managerial skills are deployed to support the efficient use of resources within the organisation that decides whether senior managers and leaders can generate a sustained and successful growth path for their business.

MLD programmes are therefore very important because if the training agenda is properly targeted on these skills, it can enable managers to provide better leadership.

The development of management *and* leadership skills needs to be linked closely together because managers are the key agents of change in the organisation.

Managers tend to have control over the learning environment within the organisation and can influence the approach of other staff to training.

In this sense managerial awareness of the benefits of training is of vital importance: if key skill gaps exist among managers then there is little chance of the rest of the organisation gaining new skills.

Inevitably skills gaps will exist in technical and functional areas of management like IT and finance, but it is in the area of inter-personal and motivational skills that the biggest gaps often exist, and these are often the hardest to measure.

Currently a wide range of opportunities is available in Wales to develop managerial skills. However, as our own research indicates, the sheer number and diversity of programmes can create problems in identifying the right option for the individual business manager.

MLD seems to be conceptualised in diverse ways by different organisations and individuals.

From our own experience of running leadership development programmes, MLD appears to have had most impact where it is seen as a driver (supported by benchmarking) of integrated organisational planning, rather than just an ad-hoc training programme.

Ultimately, for MLD programmes to be successful they will have to be strongly focused on the interests of individual managers and closely related to the needs of the organisation - otherwise they will be seen as increasingly irrelevant to the future growth and survival of the businesses in Wales. However, not enough emphasis is being placed on the tangible impacts of MLD, or if it is, it is not being communicated effectively.

Key to the development and up-take of MLD is the need to establish an effective evaluation framework for SMEs against which performance can be monitored.

The framework must be focused on knowledge inputs and real learning opportunities where managers can gain expertise and confidence rather than an assessment package measured against existing Occupational Standards or NVQs. Increasingly, firms are becoming sceptical of the value of some of these certifications - especially where there is a one-sided focus on qualifications over experience.

For development programmes to be successful they have to be focused on the interests of individual managers and related to the needs of the company.

Overcoming these problems will require a better balance to be struck between demand and supply.

And here lies the problem: to boost MLD in Wales will necessitate an increase in the demand-side in terms of encouraging increased take-up of skills development programmes and raising awareness of the benefits of training to both the company and the individual.

However, to achieve this, and to successfully engage those managers who are sceptical of the benefits of training, improvements are required in the quality and relevance of the supply-side.

Uptake of MLD amongst SMEs is perceived to be very low with many, particularly micro-SMEs, not recognising the benefits of such development opportunities.

The term 'management development' does not excite SMEs and is not valued as a key ingredient of business success.

There is a real gap in understanding of how MLD can make a 'bottom-line' difference to performance (both from the SMEs' perspective and in many cases the supplier).

The development of an effective evaluation process that can quantify the impact of MLD is designed to help address this problem by enabling SMEs to identify the benefits to their organisations.

4. OUR APPROACH TO THE RESEARCH

We define the purpose of evaluation as:

Providing data demonstrating the effectiveness of the MLD activity on targeted behaviour which can be linked to improvements in the business performance of the organisation.

However, the type of information, its use and its user will vary depending on the nature of decisions to be made.

To determine whether MLD activity produces real benefits for SMEs requires the investigation of the relationships between those activities and their effects on the business performance of SMEs (i.e. measuring the transfer of knowledge, skills, and attitudes from the training context to the workplace).

SMEs are typically constrained by time and resources, and very much focused on day-to-day issues. The demands on SME managers are likely to be different from that of larger organisations. Therefore any evaluation process needs to take this into consideration in the development of a suitable framework. We drew on our own research as well as that of others to review the most appropriate methodology for Welsh SMEs (focusing on those with less than 20 employees) to measure how improvements in management and leadership skills are impacting on their staff and their organisations.

Key factors that we consider to be important in the development of an evaluation process are listed below. These are indicative and not exclusive:

- Fit for purpose – i.e. it must provide a *meaningful* evaluation tool that will encourage SMEs to engage in MLD
- Simple to understand and use since most SMEs do not have time to complete complex evaluation processes
- Clearly defined with an explicit purpose
- Tailored specifically to the needs of SMEs
- Able to evaluate ‘soft’ outcomes (i.e. behaviour, attitudes etc) as well as ‘hard’ outcomes (such as increases in market share or profitability)
- Linked to objectives that matter to SMEs
- Capable of measuring short-term and longer-term impacts
- Takes into account all potential competencies that can be acquired given the depth and breadth of MLD opportunities available
- Generic – can be applied to SMEs from different sectors
- Leads onto more in-depth evaluation where required
- Be available at no cost to SMEs.
- Takes account of the different types of competencies i.e. knowledge, skills and attitudes, and uses appropriate techniques to assess them.

5. WHAT OTHER PEOPLE SAY

The aim of the first part of the project was to:

- Identify and review existing business performance indicators appropriate to Welsh SMEs (who typically employ less than 20 people) through research of existing tools and frameworks and;
- Review existing management and leadership competencies/skills and how these can effectively be measured over time

To determine whether MLD activities produce real benefits for SMEs requires an investigation of their effects on the business performance of SMEs.

Over 80 publications have been reviewed from a broad range of sources including academic journals, books, reports, and articles both nationally and internationally. A full list of publications reviewed can be found in Appendix I.

The vast majority present a consistent message about quantifying the impact of training on business performance; i.e. they talk about what should be done without actually doing it.

It is best summed up by Rowe ¹

Management training is more akin to teaching a child manners: one can see the benefits but it is not possible to say that a specific instruction results in a particular response.
--

Some believe that measuring the impact of MLD on performance is ‘impossible’², whilst others believe that management development does contribute to business performance, but there is little or no empirical evidence to support their claims.

There are a handful of notable exceptions that relate to larger organisations: General Motors through the use of a control group were able to monitor and link leadership development directly to better results.

A survey conducted by MCI³ cites improved efficiency, productivity and quality as the main benefits gained from expenditure on developing managers.

Although the desk research can give no hard-and fast answers, they do throw some light upon some of the issues:

- The evidence suggests that most businesses carry out little evaluation beyond ‘happy sheets’.
- There is a considerable body of literature which both identifies benefits from increased management development and casts doubts upon the clarity of the relationship⁴. Most, however, would agree that firms who engage in training are able to identify benefits of some kind. The difficulty lies in quantifying “some kind”⁵.
- The impact of training on business performance has attracted much interest from policy makers and academics, but there is very little formal quantitative analysis.

- The body of evidence is generally considered to be partial, indirect and inconclusive. This is largely due to the relative lack of systematic and consistent data on training activity and performance, and on methodological difficulties associated with its analysis⁶
- There is no single form of management and leadership capability that enhances performance in the same way in all situations, and no single way in which MLD creates this capability. There are many forms of MLD that can generate many different forms of management and leadership capability, which in turn can increase performance in different ways. They will also vary according to the context, size, sector and organisational culture.⁷

The following sections provide a summary of the key areas researched.

Evaluating Training and Development

Although there is considerable literature that purports to deal with the evaluation of training and development, on closer examination most of it is found to be in an instructional or advisory capacity⁸.

- There are numerous books and articles about how to evaluate training, and how important it is to undertake the evaluation of training. There are, however few publications on the results of evaluations that have actually been done.
- The range and number of intervening variables, the difficulties of measurement of higher level performance, and the complexity of the task of an extensive evaluation, all make effective evaluation difficult.
- The evidence suggests that most businesses carry out little evaluation beyond 'happy sheets'.
- Evaluation studies have focused on evaluation of a particular initiative or programme from the providers perspective as opposed to evaluating the impact on the organisation.
- Evaluation of MLD has subjective and objective elements.
- For those that have attempted to measure the impact of training on performance, it has been largely subjective and not statistically robust.
- In practice most evaluation is only carried out at the level of immediate reaction to the training and self-reported benefit.
- Management training and development in SMEs is a relatively poorly researched area and the influencing factors for SMEs are not well understood. A recent review of all issues of specialist peer-reviewed journal 'Evaluation' found no articles dealing with the evaluation of leadership development in the last four years.
- The perceived cost and time-consuming nature of evaluation are a disincentive, particularly for time-constrained SMEs. The evaluation of management development programmes is not a priority for many organisations.

Evaluation methodologies and tools

There are many different methodologies and tools used to evaluate training and development. They have different reliability and validity. A summary of these is presented below, along with other key research findings:

- Evaluation methodologies used include:
 - action research
 - randomised controlled experiments
 - mathematical techniques for statistical results
 - surveys
 - case studies
- Surveys are the most commonly used methodology for evaluating training and development
- Different methodologies used a variety of practical tools including:
 - interviews (structured, semi-structured or unstructured)
 - questionnaires
 - focus groups,
 - visits/observations
 - diary records/learning logs
 - 360-degree surveys
 - competency assessments
 - routinely gathered data
- The most influential and well-know framework for the evaluation of training and development is that of Kirkpatrick⁹. This has four stages:
 - Immediate reactions
 - Learning outcomes
 - Behavioural change (transfer of learning to workplace)
 - Impact on organisation.

There have however been a number of criticisms of the model suggesting for example that casual relationships between the four stages have not been demonstrated and it fails to take into account the intervening variables affecting the transfer of learning.¹⁰

Others have attempted to adapt the framework, but are largely only variations on the same basic model and Kirkpatrick remains widely used and accepted as the predominant framework.

Business Performance Indicators

Business performance indicators are a well-researched area.

According to Neely¹¹ since 1994 new articles and reports on business performance measurement (BPM) are emerging at a rate of every five hours of every working day. Marr¹² has found that there are more than 12 million sites dedicated to BPM. However, the vast

majority of BPM has been focused on larger organisations; there is very limited research on its relevance and take-up amongst SMEs. A summary of the main findings of the research is outlined below:

- Interest in performance measurement and management has rocketed in recent years. Frameworks such as the balanced scorecard and the business excellence model have generated much interest, but not always success. Each framework offers different perspectives on performance
- A widely held view is that most organisations tend to measure what is easy to measure and not necessarily what really matters¹³.
- Existing performance measurement systems are heavily focused on larger firms with different characteristics and resources to that of smaller firms. A review of performance measurement systems in SMEs¹⁴ concluded that “while there has been increased attention on performance measures per se, current literature is inadequate in respect of the specific SME context”. Consequently, most empirical studies on small business have resorted to rather subjective assessment of company performance.
- One of the fundamental mistakes organisations make is failing to link their measurement systems to the strategy of the firm¹⁵. Another common mistake is creating measurement systems that do not measure intangible assets, which are core value drivers in most firms.
- Holton¹⁶ argues that individual performance change as a result of learning is a function of three factors; ability, motivation, and environment.
- One research study¹⁷ revealed a commonly held view amongst SME managers:

“There is a lack of confidence in the performance measures, if we go through the time and effort of producing the performance measures will it actually do anything different at the end of the day?”

The desk research has confirmed that there is no one ‘best way’ to view performance. However, there are a number of key models that were drawn upon to influence the design of a framework suitable for SMEs measuring MLD.

Frameworks Reviewed

- The **balanced scorecard** (BSC) centres key performance indicators (KPIs) on four perspectives; focusing on financials, customers, internal processes, plus innovation and learning, but downplays the importance of other stakeholders such as suppliers and employees
- The **business development standards** developed by the Small Firms Enterprise Development Initiative (SFEDI) is a widely researched framework that has been used by thousands of businesses
- The **performance prism** is a three dimensional model with five facets; the top and bottom facets are stakeholder satisfaction and stakeholder contribution respectively. The three side facets are strategies, processes and capabilities

- Other performance models and frameworks reviewed include; **Results and Determinants Matrix** and **Kirkpatrick**. Figure 1 below presents an overview of those reviewed.

Figure 1: Performance Models and Frameworks

Name	Type	Basic Overview
Balanced Scorecard (BSC)	Facilitates the translation of company's strategy into measurable actions	A collection of Key performance indicators (KPIs) presented in four perspectives; Financial, Customer, Internal Business Processes and Learning & Growth
Strategy Map	Strategic part of BSC	Describes how an organisation creates value by connecting strategic objectives in explicit cause-and-effect relationship with each other in the four BSC objectives
Kirkpatrick	Training Evaluation	4 levels; Reaction (what is the reaction of the learner to the learning experience?), Learning (what has the learner actually learnt?), Behaviour (to what extent have the behaviours of the learner changed?), Results (what is the impact of this on the performance of the organisation)
EFQM	Excellence Model	Non-prescriptive framework based on 9 criteria - 5 are 'enablers' and 4 are 'results.' Used in different ways; self-assessment, benchmarking, identify areas of improvement
SFEDI Standards	A set of standards to help small firms to develop their business - a sort of health check	Focuses on 3 parts of business; winning more business, running the business & getting the most from people in the business
Leadership Qualities Framework	Developed in conjunction with NHS	15 qualities covering a range of personal, cognitive & social qualities arranged in 3 clusters; personal qualities, setting direction & delivering the service
Managerial Assessment of Proficiency (MAP)	Benchmark of managerial performance	12 fundamental competencies grouped into 4 clusters; cognitive, supervisory, administrative competencies & communication competencies
CIPP	Framework for guiding formative & summative evaluations	Based on 'programme' evaluation. Categorises accountability indicators into four components; context, inputs, process & product
Performance Prism	Performance measurement and management framework	Based on 5 distinct but logically linked facets ; stakeholder satisfaction, stakeholder contribution, strategies, processes & capabilities
National Occupational Standards	Management and leadership competencies	Based on 6 core competencies broken down into sub layers: managing self, providing direction, achieving results, working with people, using resources, facilitating change

Baldrige Award Framework	Used to assess management systems and identify major improvement areas	Based on a weighted score of 7 categories of performance criteria: leadership, strategic planning, customer & market focus, measurement, analysis, knowledge management, human resource focus, process management & business results
Porters Value Chain Framework	Helps to analyse specific activities which firms can create value & competitive advantage	Based on primary activities: inbound logistics, operations, outbound logistics, marketing & sales, service and support activities: firm infrastructure, HRM, technology development & Procurement
Skandia Navigator	Measurements that comprise a holistic view of performance & goal achievement	5 areas are covered; financial, human, customer, process, renewal & development focus
Value Reporting Framework (PWC)	Measuring & managing performance	Consists of 4 categories of information: market overview, strategy, value creating activities & financial performance
Results-based Leadership Approach	Connecting leadership attributes with leadership results	Results based formula: "Effective leadership = Attributes x Results" 4 criteria balanced, strategic, lasting & selfless - deliver results in 4 areas; employees, organisation, customers & investors

Management and Leadership Competencies

The issue of managerial and leadership competence remains one fraught with difficulties. There are many different views on defining and applying these competencies.

- A competency is a cluster of related knowledge, attitudes and skills that affects a major part of a job; that correlates with performance on the job; that can be measured against well accepted standards; and that can be improved via training and development. ¹⁸
- 'Managerial Competence' is not something that can be developed in isolation from its context. ¹⁹
- McKenna²⁰ argues that to be competent is never about being competent, but always about *becoming* competent.
- Most core management competencies are generic and apply to most managers, regardless of function or type of organisation.²¹
- Woodruffe²² defined competency in terms of the types of behaviours that a person must display in order to be competent. He argues that competencies should...enable the organisation to match its human resources against the resources it needs...upon which they should be developed.
- Boyatzis (cited in Hayes et al²³) refers to an underlying characteristic of a person that might be a motive, trait, skill, aspect of one's self-image or social role or a body of knowledge and Albanese (cited in Hayes et al²⁴)²⁵ describes managerial competency as a skill and/or personal characteristic.

- The paradox as argued by Burgoyne (cited in Hayes et al²⁶)
“is that the more universally true any given list of competencies is, the less immediately useful it is to any particular choice about how to act and behave in a specific situation.”
- Various competency frameworks have been developed such as MAP (Managerial Assessment of Proficiency) which groups management competencies under four headings; administrative, communication, supervisory and cognitive; and the model developed by the Learning and Skills Research Centre. However the most developed and relevant to this study appears to be the National Occupational Standards for Management and Leadership developed by the Management Standards Centre²⁷ (See Appendix 2).
- Some studies focus on competence based qualifications as a way of measuring management development. However, given that this study focuses on SMEs, it is less likely that SMEs will opt for accredited learning and are more likely to be focused on work-based learning.

Conclusions

The desk research confirmed what we believed to be the case at the outset of the study, that there are significant difficulties associated with measuring the impact of MLD on small firms. It is clear that it will not always be possible to quantify the impact of MLD on business performance.

Notwithstanding this the review proved useful in stimulating a number of new ideas about possible approaches to linking management development activities to business performance.

It is clear that whatever method of evaluating MLD is adopted, it is important that assumptions and methods, as well as the limits of the data used, are specified and taken into account in attributing impacts to MLD.

And any tool needs to be able to address the key questions that SME managers will have, namely:

- What is the trainee supposed to be able to do as a result of training/development?
- How will I/we know what this will look like?

6. THE EVALUATION TOOL

Having reviewed existing performance frameworks and leadership competencies, and taking into consideration the target market for the tool (SMEs with less than 20 employees) we have developed an evaluation tool using some of the techniques and indicators identified from the review together with our own thinking about how best to measure the impacts of MLD. Our tool is presented in Figure 2 below. It consists of a worksheet to be completed by the SME and some simple guidance notes. The illustration shows a blank worksheet, and then a worksheet with possible headings inserted.

The most relevant framework is the business standards developed by SFEDI (See Appendix 1). The standards have been widely researched and in contrast to other frameworks have been developed with small businesses. However, they do have limitations for our purposes. In particular the focus of the standards is on business development and they do not look specifically at management and leadership skills or attempt to measure the impact on business performance. Nevertheless, we have adapted some of the content for our evaluation tool.

Given the target market, it was important that the tool was designed in such a way to ensure that it was:

- Generic to suit different types of businesses from different sectors
- Flexible with the capacity for SME managers to tailor it to meet their own needs and that of their business
- Able to be completed quickly and easily
- Relevant to all types of MLD activity

We therefore split it into two areas. The first part links the business objectives to the management and leadership skills. Whilst, the second part looks at measuring the impact of the skills acquired on the individual and ultimately on the performance of the business.

The guidance notes provide a step-by-step approach to completing the worksheet. They include examples of skills and competencies that can be developed and provide examples of how to measure the impact of these on both the individual performance and on the business. The tool is not prescriptive but it does provide practical examples, based on what SMEs actually use (taken primarily from the focus groups and one-to-one consultations, but also the desk research).

Ideally a business should start with a top-down approach, looking at specific areas of the business to focus on and then identifying where and how MLD can help improve this. However, the tool can also be used from the bottom-up - for example an employee may be seeking personal development and then link this to higher level outcomes such as business performance. The tool helps this process by showing the potential links between personal development and benefits to the organisation from investment in MLD.

In terms of measuring the impact, it is envisaged that the evaluation tool could be carried out at different stages to incorporate 360 degree feedback, as well as self-evaluation. Previous research has shown that 360 degree feedback is a vital tool in assessing 'improvements' in individual's behaviour and performance. Ideally this should be carried out pre-and post the MLD activity and again after a period of 6-12 months, as some impacts of the MLD will take time to take effect within the organisation.

The Evaluation Tool

Decide which part of the business to concentrate on

1.		Target Date
2.		
3.		

MEASUREMENT

1.	What have I learnt? (immediately)	Individual Performance (immediate and medium to long-term)	Organisational Results (medium to long-term)
2.	1.	2.	3.
3.	2.	3.	1.

Figure 2: The MLD Evaluation Tool

Decide which part of the business to concentrate on

GETTING THE MOST FROM PEOPLE

E.g. Delegating & Managing your time

<ol style="list-style-type: none"> 1. 2. 3. 	<p>Target Date</p>
--	--------------------

MEASUREMENT

<p>What have I learnt? (immediately)</p> <ol style="list-style-type: none"> 1. 2. 3. 	<p>Individual Performance (immediate and medium to long-term)</p> <ol style="list-style-type: none"> 1. 2. 3. 	<p>Organisational Results (medium to long-term)</p> <ol style="list-style-type: none"> 1. 2. 3.
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7. HOW TO USE THE EVALUATION TOOL

Management and Leadership

To a very large extent the success or failure of any business operation is dependent on the skills of its managers.

Effective managers and leaders get the best out of people. A well-managed workforce is one where there is a common purpose, where everyone understands where the company is going and how they fit within the plan. This isn't just a matter for larger businesses. Even if you only employ one or two people you still need to make sure that you make the most of their abilities and aptitudes. Inevitably, a well-managed workforce will impact on productivity. The success of the business is therefore largely dependant on the **management and leadership skills deployed** by the manager/owner.

Why evaluate?

Any learning and development activity undertaken should be regarded as an investment and like all sound investments there should be a positive return.

But, how do you know what this return is? The business case for investing in the development of managers is compelling. Research shows that developing the management and leadership potential of you/your managers can:

- Increase productivity and quality of work
- Increase profits
- Reduce staff turnover and absenteeism
- Improve motivation

Development that achieves these results is typically:

- Linked to business goals and performance
- Part of a company-wide strategy
- Focused on setting tangible objectives for managers
- Provides opportunities for the newly acquired learning to be **transferred** to the job
- Part of a company policy, which sets out who is responsible for planning, implementing and evaluating training and development

The difficulty many businesses face is not so much why training and development should be evaluated, but how.

Businesses often overlook evaluation, perhaps because the benefits, particularly financial ones, can be hard to describe in concrete terms. Effective training changes your employees' behaviour, knowledge, skills, and attitudes. If you want to evaluate your training then you need to measure these changes.

This guide will show you how to identify the benefits to your business from undertaking management and leadership development.

It is not only about new skills learnt or improvements in performance. To get meaningful information you need to measure **what** has improved, in **what ways**, and the precise impact on the **bottom line**.

Who is this guide for?

This guide is for owners or managers of small and medium sized firms from any sector who are interested in developing their business through management and leadership development.

What are the benefits?

Training costs can be significant. Most employers are prepared to incur these costs because they expect their business to benefit from employee's development and progress.

This guide will show you how to

- Maximise the benefits of management and leadership training and development for both the individual and the organisation
- Provide a return on investment aligned to business needs
- Ensure efficient and effective use of scarce resources
- Track the development of staff knowledge and skills
- Inform future training plans and strategy

Getting Started

The guide can be used in a number of ways; one of your employees may have identified a management development course they wish to undertake. Alternatively, you may be looking at a specific area of your business and how this might be improved.

The key thing to ensure is that any management and leadership development you undertake, whether it is work-based or externally delivered responds clearly to your **business needs**.

We recognise that each business is unique and that there are many different forms of management and leadership development. The guide has been designed to allow you to tailor it to the needs of you and your business.

It will guide you through the steps you need to take as well as give you information and skills needed to measure the impact of management and leadership development on the performance of your business.

The examples given have been provided from Welsh businesses who show how management and leadership development has impacted on the performance of their businesses.

STEP 1 – Determining business objectives

This step helps you to determine which area of the business to focus on and requires you to break this down to meaningful objectives for your business.

For example, maybe you want to focus on freeing up some of your time to allow you to plan for the future of your business, or maybe you want to win some more business. If you want to win more business how do you plan to do this, through getting more sales from existing customers or finding new ones? If it is from existing customers, how do you plan to do this? Maybe you think the sales team is not performing as well as it could be due to poor motivation and teamwork.

Write down the current objectives for your business/department on the worksheet.

The objectives must be realistic, specific and measurable. For example, an objective to 'halve the number of customer complaints within 6 months', is more measurable than 'to provide the best customer service' You will need to think about the time frame for achieving these objectives. Is it something that can be addressed within a few weeks or is it something that will take longer to implement?

The table below may help you get started.

Which part of the business do you want to concentrate on?

WINNING MORE BUSINESS		RUNNING THE BUSINESS		GETTING THE MOST FROM PEOPLE		
Getting more sales	Getting new customers	Getting directions & controls right	Getting most from resources	Managing & delegating your time	Getting the right people	Getting more from staff & contractors

Adapted from SFEDI

STEP 2 – Management skills

Having identified your business objective/s the next step is to determine the management skills that can help address this objective. Going back to the example above, it is the responsibility of the sales manager to get the most out of his/her team. To enable him/her to do this more effectively he/she would benefit from motivation and team-building skills.

Another example is the owner who wants to free up some of his/her time to plan for the business and may benefit from developing skills related to time management, delegating and prioritising, as well as thinking strategically.

There are many different skills and competencies that managers can develop to enable them to improve their performance. Some examples of these are given below:

BUSINESS STRATEGY & ANALYTICAL THINKING	PEOPLE ABILITIES	TASK ABILITIES
Decision-making/risk management	Communicating effectively	Time Management and prioritising
Manage/implement change	Motivation	Marketing
Decision making	Team building	Delegation
Setting goals	Build confidence	Multitasking
Strategic & analytical thinking	Ability to engage & listen	Technical skills
Direction & Strategy	Give feedback	Supervising
Thinking creatively	Get commitment	Financial awareness
Business planning	Give responsibility	Staff development
Visionary	Networking	Appraisal
Spot-seize opportunities	Valuing & supporting others	Budgeting

If it is for one of your managers, it is important to discuss this with the person concerned and agree on the skills that require developing.

Once this has been agreed write these skills on the worksheet.

STEP 3 - Measurement

Having established what skills are required to achieve your business objectives, it is important to think about how you will measure whether it has been successful or not, and what, if any improvements need to be made.

This has been split into three levels:

- **What have I learnt?** This is to be completed by the trainee immediately after the training or development programme.
- **Individual Performance:** This looks at the effect of the learning on the performance of the individual back in the workplace.
- **Organisational Results:** This links the performance of the individual to the impact this has had on the organisation.

Measurement is not just about collecting statistics. There are many different types of measurements that businesses can use. You need to decide what is most appropriate for you and your business. Some examples of different types of measurement are given below. Ideally measurement should be done before and after undertaking management development.

What have I learnt?

Immediately following the training the trainee should make a note of the key skills or knowledge that they have learnt. This should be entered on the worksheet.

For example, after completing a strategic leadership development programme you might have a heightened awareness of yourself and those around you, or may be it has given you the opportunity to think more strategically. Depending on the nature of the development programme it might be that you have learnt different techniques for negotiating or motivational skills. Or it may be that you have had a change in mindset, or you have learnt how to become more confident. It does not need to be a long detailed list – it may only be one or two key skills learnt.

Individual Performance

This looks at how the new skills learnt have affected your individual performance back in the workplace. It might be that you think your confidence will increase which makes you more able to deal with that tricky supplier or customer. Or it might be that through an increased awareness of yourself and others, you communicate more effectively with your staff. Further examples of this are given in the table below.

EFFECT ON INDIVIDUAL PERFORMANCE	
Develop & implemented business plan	More assertive
Develop productive relationships with colleagues	Heightened understanding of my own and other peoples roles/behaviours
Develop productive relationships with suppliers/customers	Develop customer service improvements
Better able to prioritise workload	Greater managerial flexibility
More diplomatic	More decisive
Develop personal networks	Confidence in the future

Once you have identified how the skills you believe you have learnt will affect your performance at work, it is important to determine a way to measure this.

The type of management and leadership development embarked on, e.g. short course on time management, or a longer-term strategic development programme, will determine which method for measurement is appropriate. Key to this is identifying areas that are **meaningful** for you and your business.

Quantifiable objectives are easy to measure such as the number of goods produced or the number of repeat orders. Objectives about quality or behaviour are more difficult, but arguably have more impact on a business. For example, if you want to measure staff satisfaction, you might look at:

- Promptness of arrival
- Levels of performance
- Days off sick taken
- Engagement in teamwork.
- Laughter/sense of fun in the workplace

If you wanted to measure negotiating skills, you might try discussing case scenarios, asking targeted questions and observing work in context.

Use feedback from trainees, colleagues and managers to get data for qualitative assessment.

For example if you think that the trainee will be able to communicate more effectively with your staff, a way of measuring this could be to ask your colleagues how they perceive the manager before the training and then ask the same questions afterwards and then again in say 6 months time. This could be done verbally or through a short questionnaire. Examples of questions to ask might include: have things improved, have things changed; are the staff happier as a result of it; are they more satisfied, more productive, more inspired to help make the difference?

Ensure objectives are **achievable**. Don't have unrealistic expectations. For example, a sales manager will be de-motivated by exaggerated sales targets.

Organisational Results

Organisational results specify how the individual's performance benefits the organisation. Where possible try to express each objective in financial terms by costing the outcome of the training. This might cover:

- Profit made
- Time saved
- Productivity increased
- Absenteeism prevented

Qualitative indicators might include a change in the culture of the organisation: employees who enjoy coming to work and enjoy their job will be more productive than those who don't.

There are many different types of performance indicators that can be used to specify organisational results. These have been derived from extensive research and consultation with Welsh businesses. It is by no means an exhaustive list, but provides examples of what other small to medium sized businesses in Wales currently use. Some of them are short-term indicators, whilst others such as length of service are a longer-term indicator.

CUSTOMER SATISFACTION	EMPLOYEE SATISFACTION
Customer satisfaction i.e. speed of response, advice, knowledge of g/s, satisfied overall	Length of service
Repeat business from customers	Staff turnover
Renewed business through referrals from customers	Staff sickness levels/ absenteeism
Improved responsiveness to customers	Improved morale of staff
Improved supplier/customer relations	Engagement in team work and process innovation
Improvements in quality leading to greater customer loyalty and/or new business	Personal achievements
Flexibility in responding to customer needs	Greater understanding of value of training and HRD development in general
	Punctuality of staff
PRODUCT/SERVICE PERFORMANCE	FINANCIAL PERFORMANCE
Improved quality	Product pipeline cost reductions
Number of late orders	Increase in profitability
New product(s)/service(s) developed/ introduced	Higher sales conversion rate
Improved Quality of service (end to end) i.e. lost/damaged/JIT	Secure finance
Improved business processes	Increase in turnover
Introduction of new systems	Increase in sales
Innovation related activities i.e. adopting new technology	Increase in employment
Improving existing products/services	Cost reductions
	Increased market share
OTHER BUSINESS TARGETS	
Influencing people	Time for planning
Business plan	New ways of working
Freeing up of time	Awareness of how you spend time
New business opportunities	Company vision defined/communicated
Delegation/ Control	Commitment from staff
Process management	Public recognition
Organisational effectiveness	Improved efficiency in working practices
Confidence in future	Better tracking of projects and evaluation of their worth to company
Competitiveness	More productive meetings
Access to new markets	

Selecting the right performance measure for a given business is difficult because every dimension of business performance can be measured in several different ways. Delivery performance, for example, can be assessed by counting the number of orders delivered on time, or the percentage of orders delivered on time. What about orders that arrive when promised, but are incomplete? It is important to have a balance range of measurements. Information must be analysed and acted upon.

As with individual performance you will need to decide how you are going to measure organisational results. You need to ensure the measures you decide on are meaningful to your business and can be measured easily.

It is important to **re-evaluate** at regular intervals. It gives a more accurate picture and shows whether improved standards are maintained.

Different ways to use the Worksheet

There are many different ways to use the worksheet.

For example a manager may want to embark on a management programme for personal development. By starting at step 3 you can work backwards linking the personal development with how it can also benefit the business in a tangible way. I.e. by attending a course on project management, the manager has learnt some of the skills required to manage a project successfully, such as planning, control and decision-making. This in turn has meant the project he/she is currently responsible for is completed ahead of schedule and under budget.

Another example might be that staff under line manager X from company X keeps turning over staff. The MD sees the reason for this is due to lack of management skills of the individual trying to lead that team. So by helping develop that person, the stability and retention of staff can be used as a key evaluation indicator.

8. PILOTING THE EVALUATION TOOL

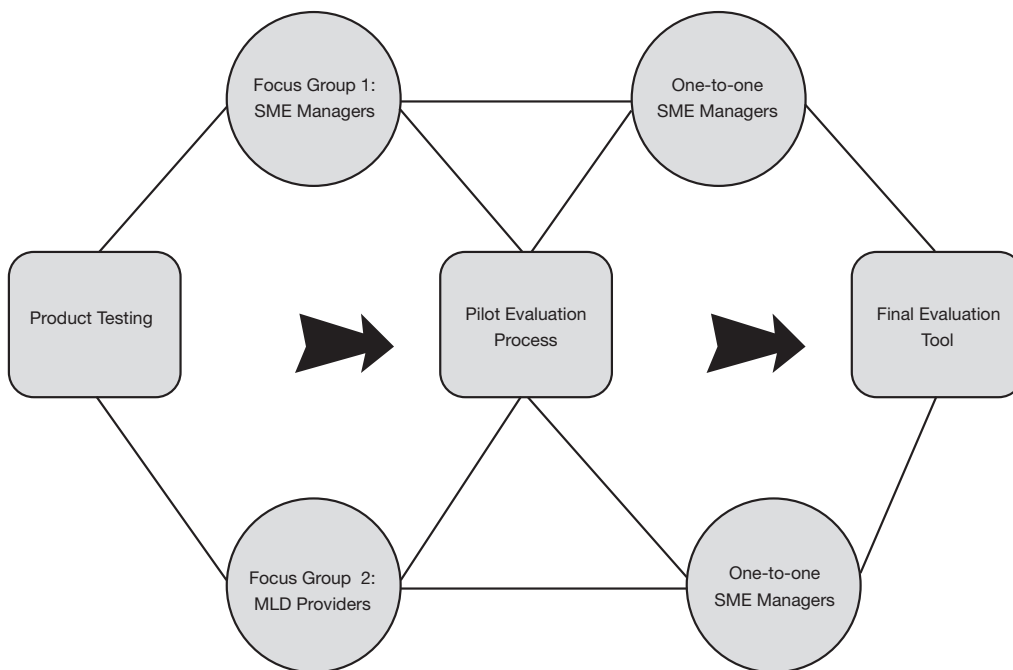
We have piloted the tool with a number of SME managers through focus groups and one-to-one discussions and received valuable feedback on its validity, relevance and suitability.

The process adopted for piloting and testing the evaluation tool is illustrated in Figure 3. Within the timeframe and available resources focus groups were selected as the most cost effective way of testing our proposed solution.

To maximise the outputs from the focus groups SME managers who have already undertaken MLD were targeted. A separate focus group was held with MLD providers, ensuring an inclusive approach to the development and piloting process. Finally, a number of one-to-one consultations were held with SMEs to obtain feedback on the tool.

An overview of the outcomes of the focus groups is presented below. More detailed findings of the focus groups and briefing documents can be found in Appendix 2 and 3.

Figure 3: Process for Piloting the Evaluation Tool



Summary of Focus Group 1: SME Managers

The first focus group targeted SME managers who have recently undertaken or are currently engaged in MLD from a wide range of sectors and at different stages of growth.

The project team felt it was important that the first focus group should be exploratory and open, giving SME managers the opportunity to share their experiences and thoughts about measuring MLD rather than being presented with the tool and simply asked their views on it. This approach enabled a creative environment which allowed the framework to be tested.

Seven SME managers attended, representing a broad range of sectors and sizes including manufacturing, transport and services. A list of those who attended the focus group can be found in Appendix 3.

The focus group was structured around four key questions:

- Why did you decide to undertake MLD?
- What difference did it make (to you & to the organisation)?
- How do you measure the impact of MLD on the performance of your company?
- What measurements do you think would be appropriate for SMEs employing less than 20 people?

The focus group provided an insight into SME managers' rationale for embarking on MLD which varied from wanting to develop specific skills to arguably less tangible reasons:

“at the time I don't think I identified anything in myself that particularly needed developing, it was more a holistic thing”

The SME managers provided many examples of the benefits they have gained in undertaking MLD both at an individual and organisational level. Interestingly, the majority tended to focus on the impact MLD has had in the workplace:

“It transformed my company totally and I've effectively made myself redundant completely from my old position and I'm not hands-on at all. Everybody now takes responsibilities where it belongs in the business and we have a common purpose, everybody understands their role in the plan. And I'm able to be almost full-time strategic and in search of the new opportunities and the new directions, so I'm working on the year after next planning rather than this week's panic. In any area you'd like to mention you would not recognise the business from what it was in 2000.”

“Using the port analogy of a ferry going from one port to another, I've now gone away from anything going back and forth. I'm looking at which ports we should go to next, that's the difference, that's where I've changed.”

A clear organisational benefit arising from MLD is the ability to plan for the future. It is well-known that most small businesses spend most of their time 'fire-fighting' with little or no time to plan for the future of their business, yet research shows that successful businesses are strategic in their outlook, planning ahead:

“We're now looking four years ahead...and I've never worked in that way before.”

“Colleagues have seen a difference in us, and the way that we plan...and that now is starting to fundamentally change the organisation.”

When participants were asked whether they measure the impact of their MLD, there was a mixed response. Some don't attempt to measure it. Others use informal methods, whilst a few have formal metrics that they use such as customer satisfaction. Some useful suggestions for performance indicators were presented, none of which will work all the time for every SME but some of which most SMEs could probably use to track whether MLD makes a difference. These have been incorporated into the evaluation tool guidance notes.

"I think...some sort of performance appraisal. It's actually sitting down and talking to them. Are they achieving the targets you want them to achieve, where are the gaps, does that then trigger a learning and development gap, creating a personal development programme for that person. That's the point where you start to jointly identify areas for improvement."

"That's what you do with your suppliers, you ask them to have deadlines, and you ask them to have quality and to deliver according to budget. Why don't you do the same with your employees...they have a commitment to you and if they achieve this then you achieve what you wanted, and you know they are working effectively...because it starts from the top."

An interesting observation by one participant who commented on why small businesses may be reluctant to engage in training and development:

"There seems to be a fear factor, particularly amongst smaller businesses that if you train people they might leave...you should be more afraid that if you don't train them and they stay."

Summary of Focus Group 2: MLD Providers

Although the tool is primarily designed for organisations to complete their own evaluation of the impact of MLD activity on their organisations, providers of MLD are an important part of the equation, particularly for the longer-term impacts of raising demand for MLD.

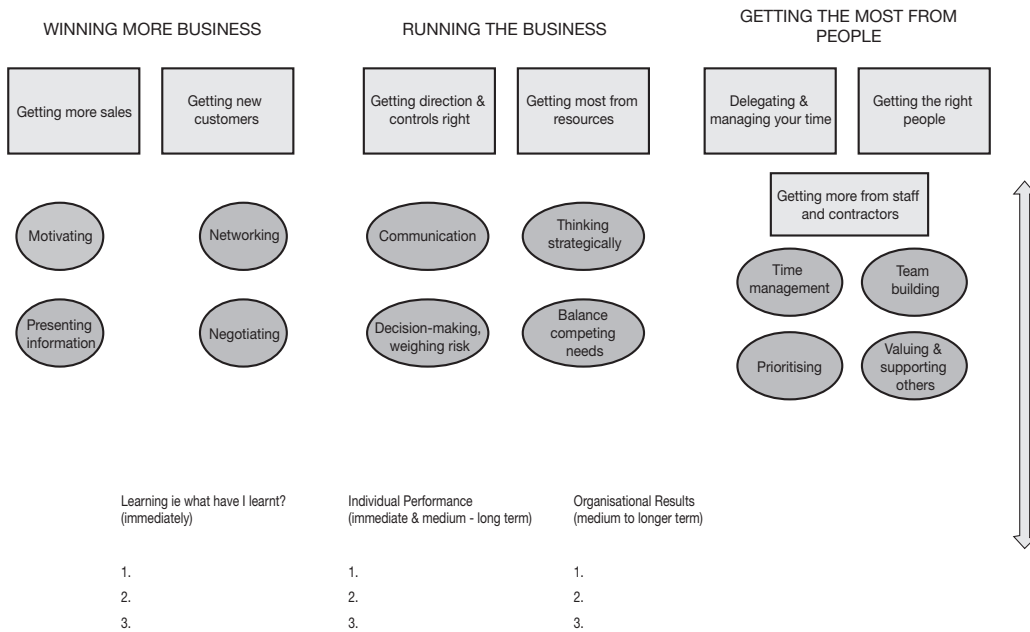
The second focus group targeted key business/MLD providers (offering different types and levels of MLD) to consider whether the management and leadership competencies we have developed are applicable and appropriate. A list of those who attended the focus group can be found in Appendix 4.

The focus group was structured around the following questions:

- What tools do you currently use to measure effectiveness of your own training and development programmes?
- What do you think are the key indicators for measuring the impact of MLD on the performance of a small business?
- What are your thoughts on the framework? Anything you dislike/like – suggestions for improvement/modification?

Participants were presented with the framework in Figure 4 below as a basis for discussion.

Figure 4: Evaluation Framework



Adapted from SFEDI

A summary of the feedback from the second focus group is outlined below.

Interestingly when asked “What tools do you currently use to measure effectiveness of your own training and development programmes?” the majority of providers talked about the benefits of MLD to the organisation as opposed to the overall effectiveness of the programme or initiative. This in contrast to the desk research which indicates that the majority of providers just use ‘happy sheets’ to evaluate their MLD.

Some providers take a holistic approach to MLD looking at it from the business perspective rather than just individual skills:

“Before talking about training you talk about business development and business growth and it just happens to come through training, through leadership, but it’s really about the business and where the business wants to go and where they want to succeed”

As with the first focus group, participants acknowledged the difficulty in isolating the MLD activity from other aspects of the business to determine whether this caused the change in business performance.

“It has to be attacked at a hard quantitative level, but balanced with a more qualitative level...and then the two need to be aligned in some way”

Participants were asked the same question as the first focus group ‘What do you think are the key indicators for measuring the impact of MLD on the performance of a small business?’

Interestingly, the provider focus group tended to talk in broad terms about the issues, whereas the SME managers in the first focus group focused more on practical solutions.

“Ultimately it’s about profitability, employment and turnover.”

“It’s identifying the needs first of all and then addressing that problem. The evaluation is you’ve already identified what the issues are in the first place”

“The way that SMEs measure their improvement is quite idiosyncratic.”

The contrast between the two focus groups in terms of the different discussions was extremely interesting; both provided different but valuable contributions. It was encouraging to see that the providers of MLD do go beyond the ‘happy sheets’ in evaluating their programmes and initiatives. Providers also tend to look at MLD from the business perspective rather than focusing on an individual.

One-to-One SME Feedback

Having taken on board the comments from the SME Managers and providers of MLD, a number of SME managers were presented with the evaluation tool and accompanying guidance notes and asked for their individual feedback.

In piloting the tool it was important to target people who have embarked on different types of MLD activity, as well as different sectors and experiences to ensure that the tool applied is generic (i.e. a 2-day course on time management as opposed to a 6-month mentoring programme). Participants from the first focus group were asked to draw upon the different types of MLD which they have embarked on. We had hoped to receive referrals from the second focus group, but these were not forthcoming.

Individual SME managers were asked for their feedback on the following:

- Is it easy to understand/follow?
- Are there any parts of the guide that you think should be expanded/reduced?
- Is it something you would consider using?
- Do you think that small businesses and managers could benefit from completing it?
- Do you have any suggestions on improving it?

The tool was very well received by the SME managers.

All SME managers found it very easy to follow and did not suggest any changes. Some commented on the simplicity of it and the relatively short amount of time required to complete it. The vast majority said that they would use it. One of the SME managers is already using it as part of their IIP assessment. One SME manager described the guidance notes and worksheet as *“first rate, easy to follow and understand”* but emphasized the need for it to be completed flexibly on a joint basis.

CONCLUSIONS

This study has extensively researched existing business performance indicators and management and leadership competencies/skills. It has shown that although there is an abundance of literature on evaluation and performance indicators, there is very little out there on what is actually being done in SMEs.

A vast majority of the existing frameworks and competencies have been developed with the larger organisation in mind. Clearly, the relevance of these is questionable for an SME due to their differing needs and requirements.

This study has provided ground-breaking research in the area of evaluating the impact of MLD on the performance of a small business. It has put forward a way of helping SMEs to measure the impact of their MLD activity on the performance of the business.

Section 5 of the report has highlighted the problems many SMEs have in using performance indicators and the difficulties of research in this area due to the idiosyncratic nature of SME life and the difficulties in developing a tool to capture the multitude of differing MLD opportunities that exist.

Despite this we have developed an evaluation tool and accompanying guidance notes for SMEs and their managers who are investing in MLD. The tool has successfully been piloted on a group of SME managers and providers of MLD through two separate focus groups and one-to-one consultations. One SME manager has already used the tool to help them with their IIP assessment.

A really interesting aspect of this study was the different responses from the two focus groups. Providers of MLD generally emphasised how profitability, turnover and employment should be the main indicators (despite acknowledging the difficulties of this). However the SME managers did not focus on these indicators and talked instead about indicators such as changes in behaviour which they believed MLD had the greatest impact on.

This group of SME managers were not concerned about calculating the extra turnover increased as a result of the MLD. They were more interested in impacts that they could see in their day-to-day business.

The challenge is that the first focus group of SME managers suggest that MLD has shown that they do not expect MLD to have a direct impact on turnover, but see it as primarily influencing behaviour which may in turn have an effect on growth and profitability.

This tool is in its early stages and will need to be developed further as it is tried out by SMEs. However, we believe that it has potential and could become an important part of managers' decisions about MLD. It is also envisaged that the tool could be used by funders to help them to justify their investments in MLD.

In the longer-term it should have the potential to provide qualitative assessment of different MLD opportunities (given the estimated 17,000 different opportunities currently available to Welsh SMEs²⁸) and may well help stimulate uptake in MLD by demonstrating the benefits to SMEs which are often understandably sceptical about whether it can really make a difference to a company's bottom line and is therefore worth the investment.

RECOMMENDATIONS

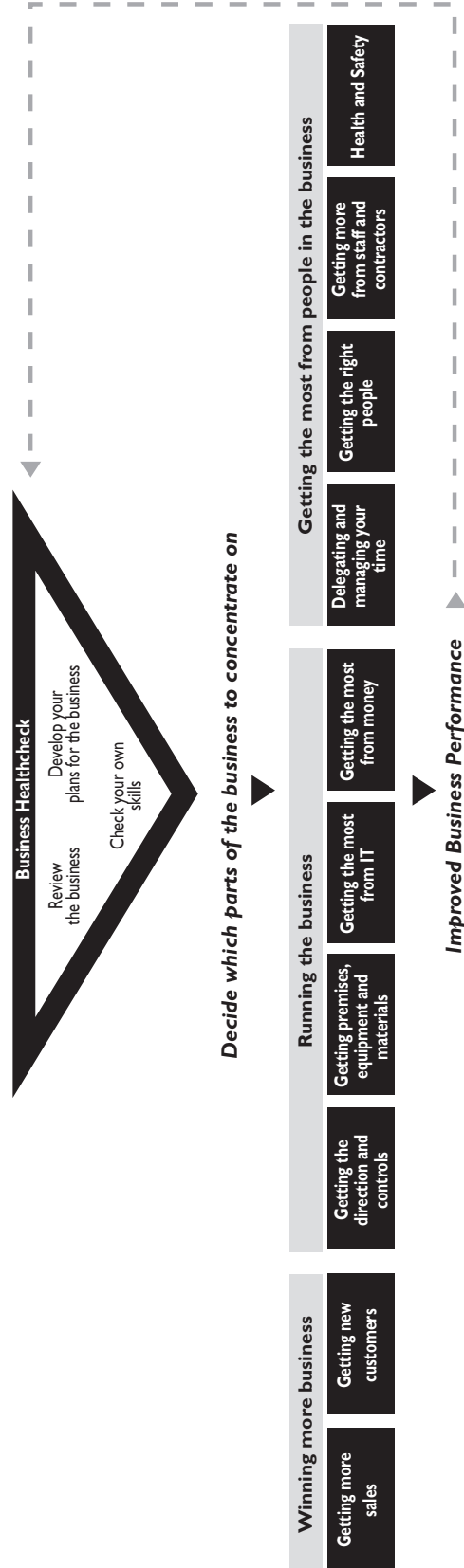
Our key recommendations are outlined below:

- Although the tool has been welcomed by the SME managers with whom we have piloted it with, we recommend that it is tested more widely across a broader range of SMEs in Wales.
- We recommend holding a briefing meeting with MLD providers and SME managers to raise awareness of the evaluation tool. We suggest that SMEs that have found the tool useful be invited to speak at the event.
- This tool has been successfully piloted on those already engaging in MLD. The real challenge is to try and reach those who are not engaging in MLD. Through the successful adoption of this tool, case studies can be generated clearly proving the benefits of MLD, which should be disseminated to those SMEs not currently engaging in MLD.
- The evaluation tool can be incorporated as part of a mentoring process with SME managers.
- We would recommend that the guidance notes we have developed be produced in a booklet format.
- Given that there is very limited research on its utility in the SME environment the tool we have developed has generated new information and knowledge in the area and should be disseminated widely through websites, publications and conferences.
- This tool has been designed to help businesses self-evaluate the impact of MLD on the performance of their business. What it does not do is to help SMEs decide on which particular training or development programme will meet their needs. Given the multitude of MLD opportunities available it would be very useful if the tool could be extended to incorporate this element.

APPENDIX I

Summary of SFEDI Standards

How to use SFEDI Standards to Develop your Business



APPENDIX 2

National Occupational Standards for Management and Leadership

The new occupational standards for management and leadership, approved in May 2004, describe the level of performance expected in employment for a range of management and leadership functions or activities.

The new standards are the third edition to be produced and were developed by the Managements Standards Centre between 2002 – 2004 following extensive consultation with individuals, employers and other key stakeholders.

The standards are designed to act as a benchmark of best practice. They represent a major progression from the 1997 standards (the second edition) as the number of units has been reduced from 77 to 47. This reflects that fact that many managers felt that the 1997 suite was too unwieldy for practical use and contained large areas of duplication.

The other major development is that the standards now include behaviours that underpin effective performance. This is in recognition of feedback from employers that the soft skills which managers bring to their role are as important as the hard technical skills they possess.

The standards contain a matrix to show how each unit applies to each of four levels of management: team leader, first line manager, middle manager, and senior manager.

Unlike previous versions of the standards it is intended that this suite will be subject to incremental change using feedback collected from new and existing users.

The standards are intended to be benchmarks of best practice.

They coherently bring together the outcomes, behaviours and knowledge required to deliver identified management functions into a tool that can be used by individual managers and their employers to

- describe the key activities of a manager
- describe the skills they need
- evaluate the skills they already have
- identify the skills they will need
- support continuing professional development
- evaluate the skills already in the workforce
- identify skill gaps
- plan training and recruitment
- prepare job descriptions
- prepare recruitment advertisements
- support appraisals
- aid selection and recruitment
- aid employee retention.

The main unit headings are listed below.

Full details of the standards can be downloaded free of charge from www.management-standards.org. A CD-ROM is also available, via the website, for £5.

The key purpose of management and leadership is to provide direction, gain commitment, facilitate change and achieve results through the efficient, creative and responsible deployment of people and other resources.

A. Managing self and personal skills

1. Manage your own resources
2. Manage your own resources and professional development
3. Develop your personal networks

B. Providing direction

1. Develop and implement operational plans for your area of responsibility
2. Map the environment in which your organisation operates
3. Develop a strategic business plan for your organisation
4. Put the strategic business plan into action
5. Provide leadership for your team
6. Provide leadership in your area of responsibility
7. Provide leadership for your organisation
8. Ensure compliance with legal, regulatory, ethical and social requirements
9. Develop the culture of your organisation
10. Manage risk
11. Promote equal opportunity and diversity in your area of responsibility
12. Promote equal opportunity and diversity in your organisation.

C. Facilitating change

1. Encourage innovation in your team
2. Encourage innovation in your area of responsibility
3. Encourage innovation in your organisation
4. Lead change
5. Plan change
6. Implement change

D. Working with people

1. Develop productive relationships with colleagues
2. Develop productive relationships with colleagues and stakeholders
3. Recruit, select and keep colleagues
4. Plan the workforce
5. Allocate and check work in your team
6. Allocate and monitor the progress and quality of work in your area of responsibility
7. Provide learning opportunities for colleagues

E. Using resources

1. Manage a budget
2. Manage finance in your area of responsibility
3. Obtain additional finance for your organisation
4. Promote the use of technology within your organisation
5. Ensure your own action reduces risks to health and safety
6. Ensure health and safety requirements are met in your area of responsibility
7. Ensure an effective organisational approach to health and safety

F. Achieving results

1. Manage a project
2. Manage a programme of complementary projects
3. Manage business processes
4. Develop and review a framework for marketing
5. Resolve customer service problems
6. Monitor and solve customer service problems
7. Support customer service improvements
8. Work with others to improve customer service
9. Build your organisation's understanding of its markets and customers
10. Develop a customer-focused organisation
11. Manage the achievement of customer satisfaction
12. Improve organisational performance

APPENDIX 3

Focus Group I: SME Managers

Briefing document

We are currently working with the Wales Management Council to identify ways of evaluating the impact of management and leadership development on the performance of a small-medium sized business.

The aim is to come up with solutions to address the following two problems

- **How do we help businesses and organisations measure whether improvements in management and leadership skills impact on their business performance?**
- **What would be the most appropriate methods to use in the Welsh context where the business profile is dominated by SMEs with fewer than 20 staff?**

i.e. the development of a tool/framework so that organisations can assess the outcomes and impact of their management and leadership development activity.

This is a groundbreaking study and we hope to lead the way for the rest of the UK.

A vital component in this study is getting the valuable views of people such as yourself who have recently completed a management/leadership development programme.

Following our invitation to lunch on 16th June at Cardiff,, we would be extremely grateful if you could spare up to an hour after lunch to discuss some of these issues.

The first focus group targeted SME managers who have recently undertaken/ or are currently engaged in MLD from a wide range of sectors and at different stages of growth.

The project team felt it was important that the first focus group should be exploratory and open, giving SME managers the opportunity to share their experiences and thoughts about measuring MLD rather than being presented with the tool and simply asked their views on it. This approach enabled a creative environment which allowed the framework to be tested.

The LEED unit has recently finished delivering a 15-month leadership development programme entitled 'Sustaining Profitable Growth' (SPG). Over 40 SME managers from across South Wales participated, a selection of whom were invited to attend the first focus group.

7 SME managers attended, representing a broad range of sectors and sizes including manufacturing, transport and services. A list of those who attended the focus group can be found in Appendix 6.

The focus group was structured around four key questions:

- Why did you decide to undertake MLD?
- What difference did it make (to you & to the organisation)?
- How do you measure the impact of MLD on the performance of your company?
- What measurements do you think would be appropriate for SMEs employing less than 20 people?

A summary of the salient points from the focus group is outlined on the following pages.

Why did you decide to undertake MLD?

As one would expect posing the question 'why did you decide to undertake MLD?' received a wide-ranging response. People's rationale for embarking on MLD varied from wanting to develop specific skills.

"to develop my leadership skills"

"I could see the benefits my manager had from embarking on the course...I could see how I could take those things and apply them to my team to make my team better."

to a more general, arguably less tangible reasons:

"at the time I don't think I identified anything in myself that particularly needed developing, it was more a holistic thing"

"I'd been running my own business for 8 years...it gradually dawned on me that I knew nothing about business or management or leadership and I didn't really have a business...I made every decision."

What difference did it make?

Participants were then asked 'what difference did it make?' This question was split into two areas; firstly the benefits to the individual, and secondly the benefits to the organisation.

Whilst the focus group participants had all been on the same MLD programme (SPG), the impact it had on them was diverse. They were also able to draw on other MLD they had benefited from.

• Individual Benefits of undertaking MLD

Interestingly, although participants were asked to initially focus on how MLD has benefited them individually, the majority tended to focus on the impact that the MLD has had in the workplace. However, examples of individual benefits are given below:

"...understand what my goals were and how I wanted to get there"

"It's making an awareness of how you spend your time"

"...gave me the confidence to move out of an HR role into a line management customer service operations director role, which was quite unheard of in the business"

"I was learning new skills, I was developing new ways of talking to people and I'm a strong believer that ...an organisation can make profit only if its people are working together. Going on a management development course has always helped me to refresh my memory on how to get people focused on what we wanted to do and develop new techniques on measurements and motivation for the staff."

"I'd spent a couple of stimulating days...with people who'd challenged me and they'd asked me lots and lots of questions and somehow that had made my brain function in a much better way."

"Using the port analogy of a ferry going from one port to another, I've now gone away from anything going back and forth. I'm looking at which ports we should go to next, that's the difference, that's where I've changed."

• Organisational Benefits of undertaking MLD

A lot of the benefits cited by participants centred on how the change in their behaviour (as a result of MLD) affected positive changes in their work colleagues and consequently on the performance of the business. This may, in part be due to the fact that they all embarked on the same MLD programme. Nevertheless, it provides some clear business benefits in undertaking MLD.

"I was a very green manager...referring to a previous management development course...I learnt things on the course ...I didn't implement it, a few things half-heartedly but I didn't. But on this course I definitely did...the difference was when they (staff) came to me I suddenly said well what do you want to do about it...after a while it resulted in fewer people coming through the door with a problem, they were sorting it out themselves, which made their performance much better."

A similar benefit was felt by another participant:

"...because they were having to jointly come up with the solutions and not bringing me problems, bringing me solutions, that was the big change, that was the big step change"

Other business benefits include:

"making sure that they (staff) were achieving what they were committed to"

"The vision and values was very valuable to me, and I argued it through my senior management team...we had values but not a vision, we now have a vision ourselves."

"influencing the senior management team"

"I've been much more reflective in the way that I approach tasks and the way in which I interact with clients."

"networking – I've developed a strategic alliance"

Moreover, some benefits were more tangible than others:

"It transformed my company totally and I've effectively made myself redundant completely from my old position and I'm not hands-on at all. Everybody now takes responsibilities where it belongs in the business and we have a common purpose, everybody understands their role in the plan. And I'm able to be almost full-time strategic and in search of the new opportunities and the new directions, so I'm working on the year after next planning rather than this weeks panic. In any area you'd like to mention you would not recognise the business from what it was in 2000."

"...it helped me to develop a business plan; it helped me to secure finance"

"I've just secured a very valuable...which means that my client can now go ahead with a 25 year investment plan in their production line. I've managed that process and I've adopted a lot of the things that I've learned from SPG in working with the managing director, the technical director of the client organisation. This is an SME making a difference to a very large company and we're going to grow."

A clear organisational benefit arising from MLD is the ability to plan for the future. It is well-known that most small businesses spend most of their time 'fire-fighting' with little or no time to plan for the future of their business, yet research shows that successful businesses are strategic in their outlook, planning ahead.

"We're now looking four years ahead...and I've never worked in that way before."

"Colleagues have seen a difference in us, and the way that we plan...and that now is starting to fundamentally change the organisation because if you have got all your functional specialists working together on four year plans, then you know exactly where you're going, you're all going in the same way."

"Example of a company I coached...a software company was not able to develop the software within a short period of time, they were normally starting and never knew when it would be finished...in March this year they started to deliver the software and licence it. They would never have been able to do that before. But at the same time...they have learnt how to work together...and their profit went up £300,000 in a year on a £1.2m turnover. So that proves that putting in place the right management leadership style helped to move the company forward."

An interesting observation by one participant commented on why small businesses may be reluctant to engage in training and development:

“There seems to be a fear factor, particularly amongst smaller businesses that if you train people they might leave...you should be more afraid that if you don't train them and they stay.”

Measuring the Impact

Participants were asked whether they measure the impact of their MLD. There was a mixed response. Some don't attempt to measure it. Others use informal methods, whilst a few have formal metrics that they use such as customer satisfaction.

“We do employee satisfaction surveys, staff turnover, it's all improved, turnover's improved, profits have improved.”

“I carry on doing the 360° appraisals every year, if not 6 months and my reflectiveness as a leader can be measured, my style has changed dramatically. So I think it's quite easy to measure.”

“On the micro level, people who've been through this particular SPG journey in my organisation...their teams have the lowest absenteeism of the whole organisation and their absenteeism has improved over the last couple of years.”

“If you come into my organisation and you ask anybody is X doing the same job he was doing before the course and the answer would come back...no, he's doing a different job and that's measurable I would have said.”

“I look at the four corners of the company which are the shareholders, customers, people and what I call the process...and look at does the strategy satisfy these four corners. So we start with the vision and the mission and then we look at different initiatives that you have to achieve...during the year what do you really want to achieve...we split it into either business processes, customer focus, human resource focus, process management, financial and market, supplier and...organisational effectiveness. And when you look at these.....we have a measurement on everything.”

“We have embarked on an employee questionnaire”

Participants were then asked what measures they think would be appropriate for SMEs employing less than 20 people. The difficulties in developing appropriate indicators were acknowledged:

“I don't think that in the end financial is what it's all about...my thought was this is a sustaining profitable growth programme, which means it's in the future, you can't measure two years after the event.”

“The question is how much does the leadership, all the things we've been doing, has affected our businesses and I suppose it's hard to say, cos unless you rewind the whole thing and say well what would the business performance have been in a comparable organisation, if you can find a comparable organisation.....that's the best way of actually trying to identify whether or not a particular business is performing better, because it's management.....or has it just been the general economy.”

“I've got a fundamental problem with it...and I've wrestled with it since I got the questions through. I'm not certain you can do it. I'm not certain.”

Having acknowledged the difficulties, participants provided a number of useful suggestions which are summarised below:

“My view is that it's not measurement of the effectiveness of the training, it's the effectiveness of the person, and a person who has a personal commitment with you, you know exactly where you are going...and what the performance is that you are measuring...you have a commitment to me, did you achieve it or not, if not, why not, how can I help you?”

“That’s what you do with your suppliers, you ask them to have deadlines, and you ask them to have quality and to deliver according to budget. Why don’t you do the same with your employees...they have a commitment to you and if they achieve this then you achieve what you wanted, and you know they are working effectively...because it starts from the top.”

“It’s also how you renew your business through your former customers, so that’s quite important.”

“In terms of outputs...personal development...you can look at turnover, profitability. But there’s also that creative edge and white thinking space that people have acquired from the SPG programme and the influence that the out-take of SPG groups have given to their clients in terms of working and making them think differently and do things differently. I’m not sure you can necessarily measure that.”

“...you’ve got to have some sort of baseline data”

“What you really need to consider is some kind of 360 examination of the company before and after, so if somebody commits to going on a course, you speak to their customers, you speak to their staff, you speak to... and establish where it is. You go back to that 2 years later and then you ask the same questions.”

“We didn’t use to meet delivery deadlines, we do now, we didn’t use to be very imaginative, and we’ve launched 3 new products in the last five years or whatever. Our staff are happy, they’re sick less, they move on less frequently or more frequently, but for more positive reasons. Our customers, our shareholders our suppliers all view us differently.”

“How you measure the success is are you customers coming back to you all the time and asking for more? Are your people staying with you or are they leaving?...So you look at your people, you look at your customers and you can find out if it is working or not and that’s leadership, because you attract people to you, that’s basically what it is.”

“I think...some sort of performance appraisal. It’s actually sitting down and talking to them. Are they achieving the targets you want them to achieve, where are the gaps, does that then trigger a learning and development gap, creating a personal development programme for that person. That’s the point where you start to jointly identify areas for improvement.”

“You don’t apply the same things to a start-up that you would apply to a more mature organisation or to a growing or declining one...you have to see where they are on the life-cycle of the company...if it’s an entrepreneur you don’t force him to have measurements, and to train his people...he will never do it...at some point in time he will sell his business to somebody else and start something else, because that’s his life. What’s interesting is when you start growing...you recognise that you now have to have a different leadership style and I have to do something about it. And that’s where you start putting measurement...before that you don’t really need it because it’s the charisma of the person that is leading the business that makes the business anyway.”

Although not one of the original questions the focus group concluded with a lively discussion about stimulating MLD:

“Sitting round this table you’ve got...a range of people from different sizes of organisations who’ve equally benefited...it’s letting other managers hear our stories, it’s talking it through, and it’s saying how you benefited. I think that’s the key to all of this.”

“An entrepreneur wants to take his business where he wants to take it. He’s not particularly interested in developing people along the way and we are in danger of actually trying to put larger organisational values or processes on top of what is a small business trying to grow.”

“To persuade people to embark on this...you go to most people who are running businesses, running busy departments, you say we will show you a way to give you time, to free up your time – that’s how I would do it!”

Concluding Remarks on Focus Group I

The focus group has provided an insight into SME managers' rationale for embarking on MLD. The SME managers provided many examples of the benefits they have gained in undertaking MLD both at an individual and organisational level. Some SME managers are actually measuring the impact back in the workplace. Others provided ideas for performance indicators, none of which will work all the time for every SME but some of which most SMEs could probably use to track whether these sorts of activities make a difference.

Participants in Focus Group I

Kevin Stephen, Spotnails Ltd

Alan Meek, Smoke Control Services Ltd

Robert Chapman, Robert Chapman & Company

Mark Andrews, Milford Haven Port Authority

Denise Currell, Careers Wales West

JB de Lartigue, HR2All

Jacquie Meek

APPENDIX 4

Focus Group 2: MLD Providers

Briefing document

The LEED Unit at Cardiff Business School (formerly the Small Firms Unit) are currently working with the Wales Management Council to identify ways of evaluating the impact of management and leadership development on the performance of a small business.

The aim is to come up with solutions to address the following two problems:

- How do we help businesses measure whether improvements in management and leadership skills impact on their business performance?
- What would be the most appropriate methods to use to measure this impact? Can a reference tool or framework be produced to help firms better assess the outcomes and impact of their management and leadership development activity?

The framework will need to be produced in the Welsh context where the business profile is dominated by SMEs with fewer than 20 staff.

Although the tool is primarily designed for organisations to complete their own evaluation of the impact of MLD activity on their organisations, providers of MLD are an important part of the equation, particularly for the longer-term impacts of raising demand for MLD.

The second focus group targeted key business\MLD providers (offering different types and levels of MLD) to consider whether the leadership competencies we have developed are applicable and appropriate.

Take-up for this focus group was lower than that of the previous focus group with 5 people attending. Nevertheless some valuable contributions were made on how they currently evaluate their own MLD programmes. A list of those who attended the focus group can be found in Appendix 7.

The focus group was structured around the following questions:

- What tools do you currently use to measure effectiveness of your own training and development programmes?
- What do you think are the key indicators for measuring the impact of MLD on the performance of a small business?
- What are your thoughts on the framework? Anything you dislike/like – suggestions for improvement/modification?

A summary of the feedback from the second focus group is outlined below.

Measuring the Effectiveness of MLD programmes

Participants were asked: 'What tools do you currently use to measure effectiveness of your own training and development programmes?'

Interestingly the majority of providers talked about the benefits of MLD to the organisation as opposed to the overall effectiveness of the programme or initiative. This in contrast to the desk research which indicates that the majority of providers just use 'happy sheets' to evaluate their MLD.

“From the LEAN perspective...the three we use are quality, cost and delivery...how does that (MLD) impact on the quality, cost and delivery dimensions of the business.”

“We found that...a lot of them tended to measure things in terms of whether or not the employee was still with them...would be seen as a very positive outcome...especially for graduates.”

Some providers take a holistic approach to MLD looking at it from the business perspective rather than just individual skills:

“We initially carry out an evaluation of the company, trying to identify areas where they feel they have issues as a business and show them where the development side could help solve those issues. So rather than sheep dipping everybody into a management programme, it's finding out what issues the company is facing.”

“It's evaluating what's going wrong in that environment and then looking at the qualities of the person that's leading that team and looking at how you then give them a solution that best meets the issue, and that's quite clear to evaluate, because if it improves... you've already identified the weak area and through development the weak area is removed, you tend to find that the evaluation is in the results of that person going through that programme or training”

“Rather than a training needs analysis it's almost a company health check...what are the issues that the organisation is facing. Do they need training and development?”

“Before talking about training you talk about business development and business growth and it just happens to come through training, through leadership, but its really about the business and where the business wants to go and where they want to succeed.”

As with the first focus group, participants acknowledged the difficulty in isolating the MLD activity from other aspects of the business to determine whether this caused the change in business performance.

“The programmes we're doing have some impact on the profitability of the organisation, or productivity or growth in terms of employment and turnover. So at one level there's a quantitative measure that has to take place, but there's also a qualitative...that's a tricky one as far as I'm concerned because it's so hard to unbundle the inputs in those changes and work out, was it a good market, was it training, or whatever it was that actually caused it.”

“It has to be attacked at a hard quantitative level, but balanced with a more qualitative level...and then the two need to be aligned in some way.”

“...you've no real way of knowing well would it have happened anyway, was it a range of other factors...so it becomes a very complex equation.”

“...suppose sales, profitability don't increase, but there are other benefits that are acquired by the company that might have an impact in the longer term or might just be better for the company per se.”

One provider summed up the views widely held by the SME managers from the first focus group:

“...generally the SMEs we work with don't actually measure those kinds of improvements in a systematic way. They do it much more intuitively...that's partly because they are driven by two main drivers; business needs (where they recognise specific skills which are lacking, or technological changes where they are the instigator of the training rather than the employee) and the second is a more general need to respond to employees who wish to be developed in less specific ways”

Key Indicators for Measuring the Impact of MLD

Participants were asked the same question as the first focus group ‘What do you think are the key indicators for measuring the impact of MLD on the performance of a small business?’

Interestingly, the provider focus group tended to talk in broad terms about the issues, whereas the SME managers in the first focus group focused more on practical solutions.

“Ultimately it’s about profitability, employment and turnover”

“It’s identifying the needs first of all and then addressing that problem. The evaluation is you’ve already identified what the issues are in the first place.”

“...by developing the graduate, they’d actually developed new business opportunities that they hadn’t thought of and that’s rather different from the way a large corporation would go about things...it’s a much more flexible, fluid and intuitive than...getting a financial return on the basis of something you’ve done”

“The way that SMEs measure their improvement is quite idiosyncratic.”

“...the issues that small businesses have are that while the manager’s onus, are actually trying to do their best, their priority is the company, very much of the time. Their priority is keeping the company on an even keel and keeping their workforce in jobs, so therefore their own self-worth is put on the back burner. So trying to educate them out of that is extremely difficult.”

“Fundamentally, I think that businesses and the business owners need to be re-educated...they need to buy into the longer-term and that it hasn’t just been a quick hit.”

An interesting observation from one participant regarding in-house development:

“SMEs often don’t recognise that they can provide development from within their own resources...when you start talking about training and development, they tend to see it as some external bought in service. So they make links between the cash they have to pay for external training and the benefits they get.”

Observations on the Framework

The evaluation framework was presented to the focus group for discussion.

“if there is a way to re-invent the language on it and put it into more realistic terms for small businesses”

“look at it from a personal perspective; try to get them out of that mindset”

“A real issue for us is to help the companies understand that actually helping them to develop their leaders and the managers and all of their staff is an investment not a cost.”

“The complexity of the different impact of loads of different variables on the outputs creates a big problem.”

Concluding Remarks on Focus Group 2

As mentioned above the contrast between the two focus groups in terms of the different discussions was extremely interesting; both provided different but valuable contributions. It was encouraging to see that the providers of MLD do go beyond the ‘happy sheets’ in evaluating their programmes and initiatives. Providers also tend to look at MLD from the business perspective rather than focusing on an individual.

Participants in Focus Group 2

Stephanie Chard, Concepts SPC
Theresa Holdsworth, ELWa
Helena Williams, Acorn Learning
Simon Elias, LERC Unit Cardiff Business School
Andrew Rix, CRG

APPENDIX 5

One-to-One SME Feedback

Having taken on board the comments from the SME Managers and providers of MLD, a number of SME managers were presented with the evaluation tool and accompanying guidance notes and asked for their individual feedback.

In piloting the tool it was important to target people who have embarked on different types of MLD activity, as well as different sectors and experiences to ensure that the tool applied is generic (i.e. a 2-day course on time management as opposed to a 6-month mentoring programme).

Participants from the first focus group were asked to draw upon the different types of MLD which they have embarked on. We had hoped to receive referrals from the second focus group, but these were not forthcoming.

Individual SME managers were asked for their feedback on the following:

- Is it easy to understand/follow?
- Are there any parts of the guide that you think should be expanded/reduced?
- Is it something you would consider using?
- Do you think that small businesses and managers could benefit from completing it?
- Do you have any suggestions on improving it?

The tool was very well received by the SME managers. All SME managers found it very easy to follow and did not suggest any changes.

Some commented on the simplicity of it and the relatively short amount of time required to complete it.

The vast majority said that they would use it.

One of the SME managers is already using it as part of their IIP assessment.

One SME manager described the guidance notes and worksheet as “*first rate, easy to follow and understand*” but emphasized the need for it to be completed flexibly on a joint basis.

We would have liked to pilot the tool with a greater number of SMEs and we would also have liked to measure the SME managers’ pre-management development activity, immediate post-activity and then again at a later date. However, given the time constraints of this study it was not possible.

APPENDIX 6

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APPENDIX 7

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