

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

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1 Introduction

Introduction

1.1 ekosgen was commissioned in October 2015 to undertake an evaluation of the Entrepreneurship Support Programme (ESP) 2013-16. This report presents the findings of the evaluation of the Programme. The ESP is a high profile programme operating across Scotland that seeks to work with some of Scotland's most dynamic companies and those with significant growth potential. The evaluation was undertaken over the autumn of 2015, and reports on impacts achieved to date and those forecast for the future.

The Entrepreneurship Support Programme

1.2 The ESP is a flagship programme aimed at supporting high growth companies and continuing to develop a culture of entrepreneurship in Scotland. It is designed to create more high-impact entrepreneurs, both by supporting existing entrepreneurs, and also through helping to create new entrepreneurial businesses, thereby helping to realise significant and accelerated growth in global markets. The current ESP 2013-16 includes pan-Scotland support delivered in conjunction with Scottish Enterprise (SE), and through the strategic relationship that Highlands and Islands Enterprise (HIE) has with Massachusetts Institute of Technology (MIT).

Study purpose

1.3 The purpose of the evaluation is to identify the economic *and* wider benefits of entrepreneurial support through the ESP. The review is designed to inform the future development of the Programme and seeks to identify what works well, and not so well, in the Programme's current delivery. The report provides a number of recommendations and considerations for the future.

1.4 Specifically, it aims to gauge the impact of the specific elements of the ESP on entrepreneurship amongst Scottish companies. It examines the role played by the Entrepreneurship Masterclasses (Masterclasses) and the Entrepreneurship Development Programme (EDP) in achieving greater levels of entrepreneurialism, as well as the Industrial Liaison Programme (ILP) in providing access to wider learning. Some consideration is also given to the activities of the Global Ambitions Network (GAN).

Study scope

1.5 The research scope included inviting each of the 219 ESP 2013-16 participating businesses and 372 individuals to take part in the study and provide feedback on their views, experiences and the impacts.¹

Study aims and objectives

1.6 The specific aims and objectives for the study were:

- To undertake an assessment of the benefits arising from the delivery of the ESP 2013-16. The evaluation sought to cover the extent to which support impacted on the entrepreneurial culture (in terms of confidence, ambition and skills) and business growth strategies of participating businesses, in addition to more traditional measures of increased sales and employment impacts;

¹ Figures from HIE/SE participant database

- To provide an assessment of cost effectiveness/value for money achieved in relation to HIE and SE's investment;
- To determine which elements of support were perceived to be the most beneficial and expected to deliver ongoing impact;
- To identify any barriers to participation in entrepreneurial development activities;
- To assess demand amongst beneficiaries for future development support that can accelerate innovative and international business growth, taking into account maximum value and best use of time; and to
- Make recommendations for potential areas of future investment based on the components of the current programme and in the context of HIE and SE's operating priorities.

Study approach

1.7 The approach to the study has been to obtain as much detailed feedback as possible from participating businesses. To this end, extensive primary research was undertaken with ESP 2013-16 beneficiaries. Appendix 1 provides the detail of the methodology. The evaluation sought to understand motivations for participation, the extent of entrepreneurial capability and ambition pre- and post- support, and the impact this has had on all aspects of the business.

1.8 In all, the views of 79 businesses were obtained, the vast majority through an in-depth telephone interview. A range of key stakeholders were also consulted. The primary research was supported by desk-based analysis of the beneficiary profile and support accessed, and a review of programme performance data. The team also undertook an international review of best practice of entrepreneurial support programmes to help place the ESP 2013-16 in the context of world-leading support in this field and identify if the ESP can learn anything from the selection of programmes reviewed.

Structure of the report

1.9 The report is structured as follows:

- Chapter 2 presents an overview of the programme, the profile of beneficiaries, and the performance data;
- Chapter 3 is a summary of the international review, a full description is provided as an Annex to the report;
- Chapter 4 analyses the responses from businesses, covering reasons for participation/non-participation, experiences of the different programme elements, and the outcomes of programme participation;
- Chapter 5 is the economic impact assessment, a quantification of the impacts to date and future forecast benefits;
- Chapter 6 presents the conclusions and recommendations.
- Appendix 1 is a summary of the evaluation method.
- Appendix 2 details the stakeholders consulted with.

2 The Entrepreneurship Support Programme in Scotland

Introduction

2.1 This chapter presents an overview of the Entrepreneurship Support Programme (ESP) 2013-16, including a summary of its key component parts and delivery mechanisms. The section also reviews Programme performance data in relation to expenditure and outputs against targets and analyses the beneficiary profile. As a flagship support programme in Scotland, the chapter explores the extent to which ESP 2013-16 has supported its target market of businesses and individuals.

The Entrepreneurship Support Programme, 2013-16

2.2 The ESP is designed to support high growth companies and to continue to develop a culture of entrepreneurship. HIE has been supporting the development of entrepreneurship skills and ambition levels in account managed companies for more than a decade – a key element of which is the strategic partnership established in 2005 with Massachusetts Institute of Technology (MIT).

2.3 The strategic aim of the Programme is to support ambitious, entrepreneurial businesses across Scotland to realise significant and accelerated growth in global markets. The objective is to create more high-impact entrepreneurs, both by supporting existing entrepreneurs, and also through helping to create new entrepreneurial businesses. In addition, the Programme encourages peer-to-peer learning and networks of businesses across Scotland that support and stimulate each other to grow through 'co-opetition' in an entrepreneurial eco-system.

2.4 The current ESP 2013-16 includes pan-Scotland support delivered in conjunction with SE, and draws on HIE's strategic relationship with MIT. For SE, the programme supports Business Plan commitments to high growth companies and their role in creating jobs and wealth in Scotland. The ESP supports HIE's strategic priority of supporting business growth, and also aligns with SE priorities to work more intensively with companies with the ambition to grow internationally and to achieve significant scale. It aims to, *"foster an entrepreneurial and ambitious culture is essential for Scotland to thrive. We require more people with an entrepreneurial mindset and ambition, with an appetite for risk, who can create and grow companies of international scale."*² The ESP 2013-16 has four key components of delivery, namely:

- Entrepreneurship Masterclasses (Masterclasses);
- The MIT Entrepreneurship Development Programme (EDP);
- The MIT Industrial Liaison Programme (ILP); and
- The Global Ambitions Network (GAN).

Entrepreneurship Masterclasses

2.5 The series of Entrepreneurship Masterclasses are delivered by experts on behalf of HIE and SE and are only available to HIE and SE account managed clients. The Masterclasses aim to advance the skills of high impact entrepreneurs to allow them to personally develop and accelerate the growth of their businesses. The benefits for entrepreneurs include increased entrepreneurial skills, the opportunity to network with other Scottish businesses and gaining new business tools to transfer to and implement in their business.

2.6 The experts who deliver their specialist subject areas in each Masterclass have entrepreneurial experience and international credibility. They are designed to *"provide a dynamic*

² Scottish Enterprise (2015) Business Plan 2015-2018

*learning environment where participants will be challenged, inspired and will leave with practical approaches and tools to take back to their teams and businesses”.*³

2.7 The Masterclasses are two-day residential courses which include a day time programme of interactive workshop sessions and an evening programme which includes a networking dinner and guest speakers. The facilitators are experienced practitioners who are skilled at *“delivering high impact, inspiring, aspirational and confidence building content to high growth companies”*.⁴

2.8 Masterclasses vary in subject and most have taken place at least once a year between 2013 and 2015 in UK locations, though primarily in Scotland. An overview of the Masterclasses that have been delivered, detailing frequency and participant numbers by year is presented later in this chapter.

2.9 The Masterclasses are delivered by the following facilitators:

- **Biolauncher** deliver the Financing Masterclasses. The team are comprised of Dr Steve Gardner and Rowan Gardner, both of whom have experience of working with entrepreneurs and management teams on business structures and securing investment, particularly in life sciences.
- **Bill Aulet, MIT** delivers the Disciplined Entrepreneurship Masterclasses, and has also delivered the Marketing Masterclasses. Bill is the Managing Director of the Martin Trust Centre for MIT Entrepreneurship at the MIT Sloan School of Management. He is a senior lecturer in entrepreneurship at MIT with a successful business career of 25 years prior to this position. He works with entrepreneurs, small companies, large companies and governments to promote innovation-driven entrepreneurship.
- **Klozers** delivers the Sales Stage 1 Masterclass in conjunction with the Hunter Centre. They provide sales transformation services through global coaching, consultative selling skills and sales training courses. They provide services to a wide range of high profile global clients.
- **Hunter Centre for Entrepreneurship** delivers the Sales Stage 1 Masterclass in conjunction with Klozers. The focus of the Hunter Centre for Entrepreneurship is to study, research and further entrepreneurship in Scotland. As one of the largest University-based centres of entrepreneurship in the UK, it hosts a team of entrepreneurial experts. It is partnered with recognised institutions such as Warwick, Aston and Imperial Business School. It is also a member of the MIT Regional Entrepreneurship Acceleration programme (REAP).
- **Brian Evje** delivers the Entrepreneurial Leadership, Strategy & Culture Masterclass. Brian helps individuals and organisations lead change and growth, with a focus on aligning leadership, strategy and culture. He has experience of working with high-growth start-ups, global innovation organisations and the public sector. Brian's work with Equipose Alliance involves change management, leadership development, and organisational health. He is also an Associate of Cirrus (a leadership consultant), is a member of the Change Leaders and has served as Vice President for Astia, a global community providing support to high-growth women entrepreneurs and start-ups.
- **Howard Anderson, of the Tuck School of Business** delivers the Sales Stage 2 Masterclass. Howard is recognised as a global expert in entrepreneurship and sales. He has held a number of academic positions including Senior Lecturer at Harvard Business School, and William Porter Distinguished Senior Lecturer of Entrepreneurship at MIT. His academic teaching record includes courses in new enterprises, companies at the crossroads, managing in adversity and sales and entrepreneurship. Howard has substantial business experience and

³ HIE website (2015): <http://www.hie.co.uk/business-support/entrepreneurship/Masterclasses.html>

⁴ *Ibid.*

is the founder of the Yankee Group, a technology research and consultancy firm, acquired by Reuters. He is also a co-founder of Battery Venture Capital, a private equity firm specialising in financing technology companies. Howard holds positions on several high technology boards in communications, computing and advanced materials industries.

- **Liddell Thomson** delivers the Brand Masterclass in conjunction with Graven Images. They are a Glasgow based strategic management, communication and media consultancy with a strong reputation for strategic communication work in public, private and voluntary sectors. They specialise in brand creation and management and have substantial experience in generating brand, reputation and communication strategies in the UK and international settings. They have worked on projects with high profile clients such as the Scottish Government, Audit Scotland, VisitScotland, Diageo, BP and BT.
- **Graven Images** deliver the Brand Masterclass in conjunction with Liddell Thomson. They are experienced in brand creation, evaluation and implementation for ambitious start-ups and global organisations. Graven Images collaborate with businesses to create, implement, manage and evaluate their brands through the strategic integration of brand-thinking and communications. They work with a range of private and public sector clients including British Airways, BBC and Shell.
- **Fearsomengine** deliver the New Product Development Masterclass, and are specialists in new product innovation and development. They provide design, engineering and project management services and are active in the whole design process from the initial product instigation stage until the final market launch. They work in a wide range of sectors including medical devices, high-tech devices, consumer products and marine equipment. They also have an innovative culture within the company itself and assign time to staff for self-started innovation. Fearsomengine have been involved in the success of products such as Safetray and the Gyproc Blade Runner™.

The MIT Entrepreneurship Development Programme (EDP)

2.10 The MIT EDP is a week-long, high level, intensive residential executive education course teaching skills for high impact entrepreneurship. It is designed for highly ambitious entrepreneurial individuals within businesses who have the potential for international growth. It is held on-site at the MIT Sloan School of Management in Boston in January each year.

2.11 EDP delivers academic learning with practical team work exercises, live investment pitching, international networking opportunities and best practice company visits. The application process to attend is competitive and rigorous, with the selection of businesses based on the entrepreneurial ambition of the individual and the growth prospects of the business.

2.12 The course immerses participants in the Innovation Based Enterprise (IBE) approach to venture creation, growth, investment, and exit process. Participants learn core entrepreneurial skills as well as the latest developments in the field. The format of the course includes lectures, workshops and keynote presentations from high profile entrepreneurs, where participants take part in simulated exercises to apply their new knowledge and test their thinking. Programme topics include:

- Entrepreneurial marketing;
- Customer personas;
- Selecting and deselecting markets through evaluating market opportunity;
- Financing an entrepreneurial company;
- Successful pitching and selling strategies;

- Innovative product development;
- Developing USPs; and
- Creating and capturing value.

2.13 Scottish companies attending the programme are exposed to the culture in MIT and in Boston. Additional events are organised by HIE and SE for the Scottish participants with the aim of expanding their network and knowledge of business in the USA. Participants are also encouraged to extend their visit and set up meetings with relevant businesses, customers, investors or partners. This wider networking is supported by HIE, SE and Scottish Development International (SDI).

2.14 The course informs participants of the breakdown of successful business growth through a step-by-step process and the method in which to implement this into their own business or organisation. It also provides participants with an insight into MIT's entrepreneurial culture and provides access to the technology transfer system which connects participants to a global entrepreneurial network.

The MIT Industrial Liaison Programme (ILP)

2.15 As part of HIE's ongoing strategic relationship with MIT, HIE itself is a member of the MIT ILP. The ILP is *"a comprehensive portal to MIT, enabling members to harness MIT resources to address current challenges and to anticipate future needs"*.⁵ The ILP helps members (ranging from private companies to government organisations from around the world) *"to monitor MIT research developments, identify MIT resources of interest, arrange expert face to face meetings with MIT faculty and advise members on research sponsorship and technology licensing opportunities"*.⁶

2.16 HIE has been a member of the MIT ILP since the start of its relationship with MIT in 2005. HIE states that this *"has allowed HIE and some of the companies [they] support to have access to people, departments, projects, technologies, knowledge and events at MIT that they would not otherwise have access to"*.⁷ HIE has its own ILP Liaison Manager on site at MIT, Marie-Teresa Vander Sande, who manages HIE's interest at MIT and its access to and relationships with various projects, departments, staff and students. Specifically, the Liaison Manager can:

- Arrange individual, specialist group or sector-specific visits to MIT;
- Organise private workshops or conferences at MIT;
- Arrange visits by MIT faculty to businesses or regions and be speakers at events or conferences;
- Engage MIT faculty in collaborations with businesses; and
- Facilitate access to the knowledge base of MIT research projects and make connections for and introductions to businesses.

2.17 The ILP is managed by the HIE Sectors, Innovation & Programmes Team but is available to all HIE staff, account managed clients and HIE Key Sectors teams who may be interested in linking their projects or company base with the large body of research and innovation expertise within MIT. It is intended to be used by HIE Account Managers to explore new ideas, approaches or application of tools/knowledge for their account managed clients.

⁵ HIE | ILP (2015) <http://www.hie.co.uk/business-support/entrepreneurship/ilp.html>

⁶ *Ibid.*

⁷ *Ibid.*

2.18 HIE have set up a number of knowledge transfer visits to MIT in the past, and ILP membership allows for direct access to events on the MIT campus, knowledge, research, international experts, faculty members and students, leading to rapid expansion of their global network.⁸ Events and visit programmes have been developed both in Boston and Scotland and a two-way flow of people from MIT and the Highlands and Islands has been actively encouraged.

2.19 ILP membership also allows HIE to meet and collaborate with other ILP corporate members from around the world. Some examples of how Highlands and Islands businesses have benefited from the ILP service in the past are:

- Attending invite-only MIT events and conferences;
- Attending MIT Media Lab Demo Days and Sponsor Weeks;
- One-to-one meetings with world leading experts and MIT faculty;
- Making a new network of contacts within the MIT ecosystem and beyond; and
- Accessing students to collaborate with on research projects.

The Global Ambitions Network

2.20 The Global Ambitions Network (GAN) is pilot to test appetite for structured ongoing peer learning/cohort networking amongst ESP participants. It is made up of a cohort of 76 entrepreneurial leaders from across Scotland (45 from HIE and 31 from SE), selected for their ambitious mind-set and action orientated approach.⁹ The GAN is a series of network events and company visits delivered on a rolling basis. It is intended to facilitate on-going networking and cross-company engagement to maximise the potential impact from participating in the Entrepreneurship Masterclasses and the EDP. It is currently a pilot to test appetite for a pan-Scotland entrepreneurial network.

2.21 The current procured programme of networking for entrepreneurs supported by HIE and SE, started in March 2015 and consists of four network events and seven company visits in 2015-16. A similar schedule is envisaged for 2016-17. The programme aims to develop the Scottish entrepreneurial network and accelerate the performance of the entrepreneurial companies with the most potential for high growth.

Table 2.1: Global Ambitions Network events, 2015/17

2015/16	Location	Date
Network Event 1 – <i>The Power of the Network</i>	Stirling	28 May 2015
Company Visit 1 - <i>ANTA</i>	Tain	25 June 2015
Company Visit 2 – <i>WEST Brewery</i>	Glasgow	31 July 2015
Network Event 2 – <i>International Networks</i>	Edinburgh	31 August 2015
Company Visit 3 – <i>LINN</i>	Glasgow	17 September 2015
Company Visit 4 – <i>BCF Technology</i>	Bellshill	28 October 2015
Network Event 3 – <i>Celebrating Success</i>	Edinburgh	26 November 2015
Company Visit 5 – <i>White Space</i>	Edinburgh	10 December 2015
Company Visit 6	tbc	January 2016
Network Event 4	Inverness	25 February 2016
Company Visit 7	tbc	March 2016

Source: HIE/SE monitoring information.

⁸HIE (2015) MIT Industrial Liaison Programme, at: <http://www.hie.co.uk/businesssupport/entrepreneurship/ilp.html>

⁹ Client's own definition

Programme participants

Selection of participants

Masterclasses

2.22 Awareness of the Masterclasses is raised through Account Managers, who select/refer participants for each Masterclass. For HIE companies, Masterclasses are only open to certain business, and selection criteria is based on Account Managers knowledge and understanding of companies, and their growth potential. A similar selection approach is taken by SE, who focus on high-growth potential companies. In particular, this is done through the High Growth Start-up Unit (HGSU), who work with new, high growth potential companies that are seeking investment. Participation amongst companies supported through the HGSU is strongly encouraged in the *Sales*, *Financing*, and *Disciplined Entrepreneurship* Masterclasses.

Entrepreneurship Development Programme

2.23 The EDP is considered to be the next step, following on from the Masterclasses for selected participants. There is a stringent selection process for EDP attendance, which is currently managed by HIE on behalf of both HIE and SE. Each cohort has around 13 places. Companies are hand-picked/recommended by Account Managers to enter a competitive application process. Recommended companies are usually expected to have a significant growth opportunity, a desire to challenge themselves and develop as business leaders and global entrepreneurs and have the ability to rapidly scale a new product, service or business model. It is not only about the companies, but also about the attributes and ambitions of the individual within the company who will attend.

2.24 The selection process takes three months, from competition launch, to applicants being advised of the outcome. Applicant companies that are invited to participate must complete an application form outlining their ambition, their plan to achieve their objectives, and their current entrepreneurial ability. From these applications, businesses are shortlisted and are invited for interview. Successful companies are then invited to a pre-EDP meeting ahead of the residential course in Boston.

Industrial Liaison Programme

2.25 Referrals to the ILP are managed through Account Managers at HIE. As HIE is the member of the ILP, its membership and use of the service is extended to account managed companies in the Highlands and Islands. Account Managers can request support for businesses via the ILP Liaison Manager. Companies are then referred to appropriate contacts in MIT by the ILP Liaison Manager via the Account Managers. SE companies do not have access to the ILP as membership sits with HIE.

Global Ambitions Network

2.26 As mentioned previously, the GAN is a pilot initiative to gauge interest in a Scotland-wide network of entrepreneurs and global leaders. Companies participate at the invitation of HIE and SE. The network does include EDP participants and it is intended to act as a mechanism to provide on-going support and networking opportunities following the EDP course.

Participant profile

2.27 Table 2.2 profiles the participant businesses in the overall Programme. A total of 372 individuals from 219 businesses have participated in the ESP. The greater number of participants (220) have been from the SE area compared to 152 from HIE. Edinburgh had the greatest proportion of participants (25% overall), followed by Glasgow (23%). Twenty-two per cent of Programme participants came from the Inner Moray Firth area.

2.28 The sector with the highest representation is the technology sector, representing 48% of SE participants, and 33% of total participants. Reflecting the geographical spread of participants overall,

these were largely clustered in Edinburgh (16%) and Glasgow (12%). Life Sciences is the second most represented sector, accounting for nearly 9% of participants, again mainly in either Glasgow or Edinburgh.

2.29 There are some notable differences between the HIE and SE areas, for example in terms of the sectors that the companies are drawn from. The sector with the highest representation within the HIE area was tourism (16% of HIE companies; 7% overall), followed by social enterprises, food and drink, and technology (13% of HIE companies; 5% overall). Creative industries in the HIE area account for a further 9% of HIE companies and 4% overall. Conversely, technology and life sciences businesses tend to be concentrated in the SE area, along with energy and finance/business services to a lesser extent.

Table 2.2: Programme participant profile

Geography \ Sector	Total sample	Academia	Construction	Creative Industries	Energy	Engineering	Finance/Business Services	Food and Drink	Life Sciences	Manufacturing	Oil & Gas	Other	Other Energy	Renewable Energy	Retail	Social Enterprise	Support Organisation	Technology	Telecoms	Tourism	Transport
HIE	152	2	5	13	1	4	7	19	3	5	2	9	6	8	1	20	1	19	1	25	1
Argyll	7	-	-	1	-	1	-	1	1	-	-	-	-	-	-	-	-	-	-	3	-
Caithness & Sutherland	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-	-	-	2	-
Inner Moray Firth	81	2	5	7	-	-	4	9	2	5	2	2	6	4	1	14	1	3	1	13	-
Innse Gall	7	-	-	1	-	1	-	2	-	-	-	1	-	-	-	1	-	1	-	-	-
Lochaber, Skye & Wester Ross	18	-	-	2	-	-	2	-	-	-	-	-	-	1	-	-	-	7	-	5	1
Moray	17	-	-	2	-	1	-	5	-	-	-	3	-	-	-	-	-	5	-	1	-
Orkney	10	-	-	-	1	-	1	1	-	-	-	3	-	3	-	-	-	-	-	1	-
Shetland	7	-	-	-	-	1	-	1	-	-	-	-	-	-	-	2	-	3	-	-	-
SE	220	14	2	4	8	8	16	4	29	2	7	13	-	1	2	-	1	105	3	1	-
Aberdeen	13	3	-	-	-	-	-	-	1	-	7	1	-	-	-	-	-	1	-	-	-
Alloa	2	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borders	9	-	-	-	1	2	-	-	-	-	-	3	-	-	-	-	-	1	2	-	-
Edinburgh	94	2	2	1	6	4	3	1	11	-	-	2	-	1	2	-	-	58	-	1	-
Glasgow	87	5	-	3	1	2	11	3	12	1	-	2	-	-	-	-	1	45	1	-	-
St Andrews	8	4	-	-	-	-	-	-	4	-	-	-	-	-	-	-	-	-	-	-	-
Stirling	7	-	-	-	-	-	-	-	1	1	-	5	-	-	-	-	-	-	-	-	-
Total	372	16	7	17	9	12	23	23	32	7	9	22	6	9	3	20	2	124	4	26	1

Source: HIE/SE monitoring information.

2.30 Table 2.3 details the profile of the 27 EDP participants in the 2013-16 period. It is based on EDP cohorts for January 2014 (15 participants) and January 2015 (12 participants). There is clear clustering by geography and sector. Most participants are either based in Edinburgh, Glasgow or Inner Moray Firth, with over half of the participants from the technology sector.

2.31 It is anticipated that around a further 13 participants will attend the EDP in late January 2016.

Table 2.3: EDP participant profile

	Total sample	Construction	Creative Industries	Energy	Engineering	Food and Drink	Lifesciences	Oil & Gas	Other	Retail	Social Enterprise	Technology
HIE	8	1	-	-	2	2	-	-	-	-	1	2
Argyll	1	-	-	-	1	-	-	-	-	-	-	-
Inner Moray Firth	4	1	-	-	-	2	-	-	-	-	1	-
Moray	1	-	-	-	-	-	-	-	-	-	-	1
Shetland	2	-	-	-	1	-	-	-	-	-	-	1
SE	19	-	1	1	-	-	2	1	1	1	-	12
Aberdeen	2	-	-	-	-	-	-	1	-	-	-	1
Borders	2	-	-	1	-	-	-	-	1	-	-	-
Edinburgh	9	-	-	-	-	-	2	-	-	1	-	6
Glasgow	6	-	1	-	-	-	-	-	-	-	-	5
Total	27	1	1	1	2	2	2	1	1	1	1	14

Source: Source: HIE/SE monitoring information.

Programme performance

Budget and expenditure

2.32 The current budget and expenditure is for the period 2013-16. Some expenditure incurred during 2012-13 has been included as it was paid for out of the 2013-16 budget. For the 2013-16 period, the total project budget was **£1,728,304** (see Figure 2.5). Twenty-five per cent of the original budget was aligned to Masterclass expenditure, with a further 18% aligned to delivery of the EDP.

2.33 A number of additional budget lines were included within the scope of the original budget. These have not been continued due to lack of resource to deliver them. Only the Masterclasses, EDP and ILP were delivered within the scope of the Programme, with the GAN commencing in 2015. This gives a revised total project budget of **£1,046,004.00**.

Table 2.4: Original Programme budget, 2013-16

Budget line	2013-14	2014-15	2015-16	TOTAL
Masterclasses	£ 143,668	£ 143,668	£ 143,668	£ 431,004
EDP	£ 104,000	£ 104,000	£ 104,000	£ 312,000
ILP	£ 55,000	£ 55,000	£ 55,000	£ 165,000
Global Ambitions Network	£ 46,000	£ 46,000	£ 46,000	£ 138,000
Other Executive Education	£ 35,000	£ 35,000	£ 35,000	£ 105,000
Role Models Development	£ 20,000	£ 20,000	£ 20,000	£ 60,000
Accelerator	£ 139,000	£ 132,000	£ 129,000	£ 400,000
Monitoring & Evaluation	£ 10,000	£ 10,000	£ 15,000	£ 35,000
Contingency	£ 27,433	£ 27,433	£ 27,434	£ 82,300
TOTAL	£ 580,101	£ 573,101	£ 575,102	£ 1,728,304

Source: Source: HIE/SE monitoring information.

2.34 Budgeted costs are shared between HIE and SE, with contributions made by SE to HIE project budget lines. Contributions from SE were estimated to total £441,000 against Masterclass, EDP and networking activity. Table 2.5 presents the breakdown by financial year from 2013-14 to 2015-16.

Table 2.5: Original SE contribution estimates.

SE Estimate	2013-14	2014-15	2015-16	TOTAL
Masterclasses	£ 72,000	£ 72,000	£ 72,000	£ 216,000
EDP	£ 52,000	£ 52,000	£ 52,000	£ 156,000
Networking	£ 23,000	£ 23,000	£ 23,000	£ 69,000
Other Costs	£ -	£ -	£ -	£ -
TOTAL	£ 147,000	£ 147,000	£ 147,000	£ 441,000

Source: HIE/SE monitoring information.

2.35 The current Programme expenditure as of November 2015 is £1,079,364.93 (see Table 2.6). This gives an overspend of £33,360.93 (103% of total budget). Accounting for income through anticipated recoveries of c.£105,000, this would place expenditure at around £975,000, or 93% of the initial budget, an underspend of approximately £72,000.

2.36 However, ILP membership for 2015-16 is outstanding (an estimated £39,000; the small amount within the current financial year is for an executive education course part-funded by HIE). This would finalise the overall underspend at £33,000.

2.37 Within this overall picture there has been an overspend against the Masterclasses and EDP budget lines. Some of this is due to delivering additional Masterclasses – 24 were budgeted for, while 26 will be delivered to March 2016 – and higher than expected costs for some Masterclasses. Further, one Masterclass was held in London, which meant additional venue, travel and subsistence costs. Costs associated with the pre-EDP briefing and additional networking events around the EDP were also not originally anticipated.

2.38 The overspend has been offset by a significant underspend on the GAN activity, of some £90,000, as this activity has only commenced in the last 12 months.

Table 2.6: Current expenditure, to November 2015¹⁰

Total expenditure	2012-13	2013-14	2014-15	2015-16	Total
Masterclasses	£ 6,456.25	£ 167,070.02	£ 206,375.61	£ 142,449.21	£ 522,351.09
EDP	-	£ 111,976.07	£ 107,092.17	£ 116,689.79	£ 335,758.03
ILP Membership ¹¹	£ 39,202.82	£ 38,964.12	£ 38,966.10	£ 249.23	£ 117,382.27
Global Ambitions Network	-	-	-	£ 48,075.00	£ 48,075.00
Additional contractor cost	-	£ 6,004.03	£ 37,653.76	£ 12,140.75	£ 55,798.54
Total	£ 45,659.07	£ 324,014.24	£ 390,087.64	£ 319,603.98	£ 1,079,364.93
SE contribution	2012-13	2013-14	2014-15	2015-16	Total
Masterclasses	-	£85,031.84	£97,367.82	£50,865.33	£233,264.99
EDP	-	£77,833.52	£69,689.66	£56,721.85	£204,245.03
Networking	-	-	-	£28,164.00	£28,164.00
Other Costs ¹²	-	£21,500.34	£27,620.09	£16,254.15	£65,374.58
TOTAL	-	£184,365.70	£194,677.57	£152,005.33	£531,048.60

Source: HIE/SE monitoring information.

2.39 In terms of SE's contribution, it has exceeded the original forecast by 20%.

¹⁰ This excludes cost recoveries of c.£105,000, and c.£50,000 staff costs for Programme support

¹¹ The figure for 2015-16 is low as full payment for membership is still outstanding

¹² Mainly attributed to organisational costs associated with Masterclasses

Outputs

2.40 The overall Programme has delivered 681 instances of participation across all event types: Masterclasses, EDP, ILP and GAN. Overall, 360 unique participants took part in the Programme's activities, benefiting on average 1.9 times.

2.41 Table 2.7 provides a summary of outputs against targets across all ESP activity.

2.42 The balance of participation is 44% from HIE-supported companies, and 56% from SE-supported companies (these figures include HIE and SE staff who participated). The majority of participation is in the Masterclasses, as is to be expected.

2.43 The output figures in Table 2.7 illustrate that SE companies have participated less in Masterclasses than anticipated, but more in EDP and networking. The Masterclass participation figures confirm stakeholder perceptions that SE participation has tailed off recently. HIE companies have attended proportionately more Masterclasses (compared to SE companies) than anticipated.

Table 2.7: Programme outputs (instances of participation), to October 2015

Programme	Target To Mar 2016			Outputs To Oct 2016		
	HIE	SE	Total	HIE	SE	Total
Masterclasses	350	450	700	258	323	581
<i>Developing an Entrepreneurial Brand</i>	50	50	100	38	9	47
<i>Disciplined Entrepreneurship</i>	50	50	100	57	98	155
<i>Entrepreneurial Leadership, Strategy and Culture</i>	-	100	100	35	10	45
<i>Entrepreneurial Marketing</i>	50	50	100	22	41	63
<i>Entrepreneurial Sales Strategies</i>	50	50	100	61	87	148
<i>Financing an Entrepreneurial Company</i>	50	50	100	40	64	104
<i>New Product Development</i>	50	50	100	5	14	19
EDP¹³	-	-	39	8	19	27
ILP¹⁴	10	-	10	18	7	25
Global Ambitions Network events (participation)	40	80	120	23	25	48
<i>Global Ambitions Network events (number)</i>	-	-	9	-	-	8 ¹⁵

Source: HIE/SE monitoring information.

2.44 Total Masterclass participation to October 2015 was 581 instances of participation and is projected to be below the target of 700 at the end of the Programme period.

2.45 However, with two more Masterclasses which were scheduled for November 2015 and March 2016 and an average attendance of around 24 per Masterclass, the estimated total number of participants is 631, c. 90% of target.

¹³ No available targets, but feedback from consultations suggest that initially there was assumed to be a 50/50 split of attendees from HIE and SE

¹⁴ HIE figure includes eight companies engaged as part of EDP delivery. Target is defined as '10 HIE staff accessing international expertise at MIT through MIT EDP and MIT ILP'; figures show level of company engagement.

¹⁵ This includes an event in November 2015, and company visit in December 2015. A further three events are scheduled to the end of March 2016.

2.46 Some individual Masterclasses have exceeded targets. Both the *Disciplined Entrepreneurship* and *Entrepreneurial Sales Strategies* Masterclasses have proved popular, exceeding their targets by around 50%. The *Financing* Masterclasses have also surpassed target.

Table 2.8: Masterclass attendees per year, to October 2015

	2013-14		2014-15		2015-16		Total	
	N	Att.	N	Att.	N	Att.	N	Att.
<i>Developing an Entrepreneurial Brand</i>	1	20	1	27	-	-	2	47
<i>Disciplined Entrepreneurship (1)</i>	1	38	1	47	-	-	2	85
<i>Disciplined Entrepreneurship (2)</i>	-	-	1	43	1	27	2	70
<i>Entrepreneurial Leadership, Strategy & Culture</i>	1	33	1	12	-	-	2	45
<i>Entrepreneurial Marketing (1)</i>	1	26	-	-	-	-	1	26
<i>Entrepreneurial Marketing (2)</i>	1	37	-	-	-	-	1	37
<i>Entrepreneurial Sales Strategies (1)</i>	-	-	2	41	2	42	4	83
<i>Entrepreneurial Sales Strategies (2)</i>	1	27	1	38	-	-	2	65
<i>Financing an Entrepreneurial Company (1)</i>	1	33	1	17	1	11	3	61
<i>Financing an Entrepreneurial Company (2)</i>	1	16	1	16	1	11	3	43
<i>New Product Development</i>	1	10	1	9	-	-	2	19
Total	9	240	10	250	5	91	24	581

Source: HIE/SE monitoring information.

2.47 Between 2013-14 and 2014-15, similar levels of Masterclasses were held (nine in 2013-14 and 10 in 2014-15), with a broadly similar level of attendance: on average 27 per Masterclass during 2013-14, and 25 per Masterclass during 2014-15. The *Entrepreneurial Marketing Masterclasses* were only held during 2013-14. So far, there have been fewer Masterclasses delivered in 2015-16 (five at the time of writing), with a lower average level of attendance – circa 18 per Masterclass.

Table 2.8: Instances of multiple participation in Masterclasses

Level of participation	N	%
5 or more Masterclasses	7	2%
4 Masterclasses	10	3%
3 Masterclasses	21	6%
2 Masterclasses	78	24%
1 Masterclasses	209	64%
Total	325	100%

Source: HIE/SE monitoring information.

2.48 There have been 325 participants in the Masterclasses in total. Almost two thirds have only attended one Masterclass, but there is some evidence of a progression through the Masterclass portfolio, and in some cases onto the EDP. One participant has completed six Masterclasses in addition to attending the EDP in Boston.

2.49 Total EDP participation to January 2016 is 27 participants which are split 30% HIE and 70% SE client companies. Though current overall participation is at 69% of the given target, the 2015-16 cohort are due to attend in late January 2016, which will potentially increase this figure to 103%.

2.50 Data in Table 2.7 for ILP show individual participation levels. However, Programme targets were set for ten HIE staff accessing international expertise through the ILP. In total, there have been four instances of accessing the ILP through meetings, events or visits, well below the target of 10 for the 2013-16 period.

2.51 Participation in the GAN so far is modest, and below 50% of target. However, the target was for the full 2013-16 period and GAN activities only commenced in 2015. Around 63% of the Network

members have participated to date although there are a number of examples of where members have only attended one GAN event.

2.52 The cost per supported individual (325) for the Masterclasses is **£1,607**; the cost per instance of participation (581), is lower at **£899**.

2.53 For EDP attendance, the cost is considerably higher, at **£13,176** per individual, though it should be noted that the cost per individual excluding staff participation is **£9,074** per individual. The cost per individual supported through the ILP is **£4,695**, though ILP membership acts as HIE's gateway to MIT as well as providing specific ILP services for client businesses. The cost per supported individual through the GAN is **£1,001**.

Key points

- The ESP delivers a range of activity to support entrepreneurial growth in Scotland amongst targeted companies. These companies are selected by HIE and SE, with participation encouraged and referrals made by Account and Portfolio Managers.
- Total spend to date is £1,079,365. Taking into account anticipated recoveries of c.£105,000, an underspend of £72,000 is estimated (excluding staff costs to support delivery). The outstanding payment of ILP membership would reduce this underspend to c.£33,000.
- Overspend against Masterclass and EDP budget lines are due to unanticipated/higher than expected delivery costs and a higher number of Masterclasses than budgeted for. SE's contribution is 20% higher than forecast.
- Participation levels are moderate overall. Total participation for Masterclasses has dropped in 2015-16 and levels are currently at 83% of the target, with two Masterclasses outstanding. Fewer Masterclasses have been delivered in this period (2015-16).
- Some Masterclasses – *Disciplined Entrepreneurship*, *Financing*, and *Sales* – have exceeded their participation targets and there is evidence of progression through Masterclasses, and in some cases, onto EDP by individual attendees.
- EDP attendance is strong, and is projected to meet participation targets.
- The evidence suggests that there is more limited engagement with the ILP than expected.
- Activity in the pilot GAN is also disappointing but may be partly explained by the fact that it only started in 2015.

3 International review

Introduction

3.1 This chapter reviews a selection of executive education courses with leading providers, focusing on entrepreneurship. It examines target participants, course objectives and content, format, participant support, and opportunities for customisation. As part of the review, a long list of entrepreneurship support activities were agreed, and a high level desk based review was carried out. These initial findings were presented, and based on this, a shortlist was agreed for more in depth research. The support activities reviewed in-depth are:

- Babson College: The Entrepreneurship Bootcamp;
- Harvard Business School: Launching New Ventures;
- INSEAD: Powering Growth;
- ESADE: Open Innovation and Entrepreneurship; and
- Finland: VIGO Programme.

3.2 The in-depth research on each of these programmes involved desk research and consultations (face-to-face, telephone and email). We also examined in some detail the Imperial Business School (IBS) 'Best Practice in Innovation, Entrepreneurship and Design Programme'. Through the closer research phase it became clear that this particular programme is less relevant to the Entrepreneurship Support Programme (ESP) than originally anticipated and is therefore not reported on in-depth.

3.3 The full analysis and findings of the international review are provided in the Annex to the report. This chapter gives an overview of the key features of each course along with conclusions and considerations for the ESP drawn from the review.

Babson College: The Entrepreneurs Bootcamp¹⁶

3.4 Babson College is a private business school in Massachusetts, focusing on entrepreneurship education. It has a reputation for immersing students in the entrepreneurial lifestyle and culture. Babson hosts the Saltire Foundation programme and provides training for SE.

3.5 The Entrepreneurship Bootcamp is an intensive five day residential course with a broad based curriculum focusing on planning, launch and growth of new ventures. There is no specific sectoral focus, participants are international and cohorts are limited to around 35. It aims to provide participants with the tools and strategies to assess the feasibility of, and markets for, new business ideas as a means of reinvigorating existing businesses. The emphasis is on "Action-Based-Learning", structured around the themes of: Assessment; Feasibility; and Execution of new business ideas and concepts.

3.6 The Bootcamp is delivered through lectures, case studies, group work and in-depth discussion sessions involving academics, successful entrepreneurs and business leaders who have proven track records in launching new ventures.

3.7 There is a strong emphasis on networking and peer-to peer learning amongst participants but this seems to be very much focused on the duration of the course rather than as an after-care support activity. At this point, it is based around LinkedIn groups with only limited active participation.

¹⁶ Case informed by face-to-face meeting with Dayle Lipsky, Assistant Manager, Business Development (Babson Executive Education), and Evelyn Lager Senior Director (Babson Executive Education) at Babson College Campus, December 2015.

Harvard Business School: Launching New Ventures¹⁷

3.8 This five day residential course supports start-ups and SMEs to either build a new venture or develop the capabilities to jump-start innovation within their company. Each cohort includes around 80 international participants drawn from a range of sectors. This is good for networking but less helpful for more individual and one to one input from course leaders. They are expected to have around 10 years of professional experience and to have demonstrated their talent and leadership abilities. Cohorts are carefully selected to reflect a broad range of industries, functions, countries and backgrounds to maximise and enrich the peer-to-peer learning.

3.9 The course focuses on overcoming obstacles that face entrepreneurs, centring on the processes required to take advantage of disruptive opportunities and build high growth, successful new businesses. The curriculum is designed specifically for leaders of new companies and includes topics such as analysing entrepreneurial opportunities, strategy and business planning, pitching and attracting the talent to turn a vision in to reality.

3.10 The course is primarily delivered through the Harvard case study model of teaching, developed to ensure that participants are active learners rather than observers although the course includes lectures and group discussions. On campus, there are “living groups” for participants (living in shared accommodation so they are living and working together) which are designed to facilitate learning outside the formal sessions. Course leaders all have prior experience as Board Members, in corporate positions or consulting arrangements so they can bring these experiences to the learning environment.

3.11 The course does not integrate with other courses or a wider entrepreneurship system and there are limited networking opportunities, with no access to the HBS wider alumni, which would be an advantage.

INSEAD: Powering Growth¹⁸

3.12 This course, based in INSEAD (France) is designed for Managers concerned with strategies for performance and profitable growth. Participants are expected to be highly experienced, drawn from a range of functional areas, sectors and countries. It is principally aimed at larger, established firms although smaller SMEs can and do take part.

3.13 Powering Growth is designed to help participants focus on the needs of customers as a method to fuel growth rather than looking at the business internally and/or the competition. It teaches a three-step process to achieve growth and the sessions are built around the steps:

- Step 1: Commit to systematic customer discovery.
- Step 2: Develop your “power offer”.
- Step 3: Engage your customers.

3.14 The ethos underpinning the course is that customer engagement should go beyond what is usually understood by this term to include procedures to more fully understand every aspect of your customers, even the things they may not be aware of themselves:

“What do customers think they want? What do they really want? What is it that they don’t even know they want?”

¹⁷ Case informed by telephone consultation with Paula Verma, Executive Education, Harvard Business School, December 2015.

¹⁸ Case informed by telephone consultation with Perrine Wirth-Cezard (Programme Adviser, Executive Education), INSEAD, December 2015.

“You have to go beyond the demographic descriptions to understand the psychology that motivates the behaviour of your customers, their rational statements and their emotional aspirations”.

3.15 It follows a traditional teaching format based on a mixture of lectures, group discussions, group working and case studies. Post attendance support is through informal networks on LinkedIn and other informal arrangements largely driven by participants.

ESADE: Open Innovation and Corporate Entrepreneurship¹⁹

3.16 The Open Innovation and Corporate Entrepreneurship course, based in Barcelona, is directed towards corporate ‘intrapreneurs’ and B2B technology start-ups. It is designed to enable participants to interact in an open, innovative environment with the aim of building new businesses based on breakthrough technologies. It encourages companies to send between 3 and 6 people from different functional areas, in the belief that successful business development and intrapreneurship are based on the successful integration of several business activities.

3.17 It is a five day intensive workshop that draws on people from Barcelona’s entrepreneurial ecosystem to provide content and feedback to participants. The content is structured around the following themes:

- Starting the Venture
- The Power of Vertical Marketing and Global Sales
- Developing a New Business Plan
- How to Build Your Team
- Environmental Scanning and Identifying Opportunities/Ideas/Partners
- Optimising New Technologies and Business Ideas
- Partnership Working and Negotiation
- Leadership
- Global Sales

3.18 The Barcelona course aims to teach through experience, coaching, lectures, case studies (more limited) and group work, with the main focus being on experiential learning (active learning projects, simulators and role playing). There is on-going coaching throughout the programme. The course representative commented that:

“Today’s much reduced economic cycles and market turbulences mean that case studies are no longer central to management training methodology. They are gradually being replaced by other methods”.

3.19 Follow up support is limited, relying on LinkedIn discussion groups.

¹⁹ Case informed by correspondence with Ken Morse (Course Leader) and Ursi Van Der Herten (Head of Admissions, International Executive Programmes), ESADE, December 2015.

Finland: VIGO Programme²⁰

3.20 In Finland, the Government recognised that the country performed poorly in terms of high-growth, global, new business start-ups and put in place the Finnish National System for Entrepreneurship (FNSE). An added impetus was the need to tackle falling employment amongst the workforce.

3.21 The VIGO programme was launched (2009) to address gaps in the FNSE, in particular gaps in high growth venturing. It is an innovative accelerator programme designed to bridge the gap between early stage technology firms and international venture funding for growth (the international venture capital market has not traditionally been optimised by Finnish firms).

3.22 However, the Government realised that access to money is only one part of the equation for growth and that skills, expertise and knowledge on the part of fund managers as well as investees. Realising this, they shifted its focus from the investment supply side to the demand side i.e. focusing on investees.

3.23 VIGO creates a market in which new starts and experienced business people can meet and includes incentives for them to do so. Specifically, its objectives are to:

- Give incentives to the best business developers in order to help the most promising start-ups grow into successful companies;
- Ensure early stage funding for start-ups, increase their shareholder value and make the start-ups attractive targets for venture investors;
- Continue to raise significant venture capital investments after the acceleration stage to support expansion of the target companies; and
- Invigorate the Finnish venture capital market and bring more international acceleration and venture capital players into Finland.

3.24 Participating companies must have an innovative business idea with scope for global growth. VIGO accelerators are carefully selected independent companies run by internationally proven entrepreneurs and executives. The role is to help the start-ups to grow faster into the global market and enhance survival. They are seen as co-entrepreneurs who contribute through financial and “sweat” equity investment.

3.25 The accelerator and the company jointly determine: the suitability of the company for acceleration; the accelerator’s interest in and potential for co-operation; and the company’s interest in the accelerator. There is a three stage process that the company must go through to proceed which covers the parameters of the co-operation between the accelerator and the company (including financials), due diligence and the final negotiations on the terms of engagement.

3.26 The accelerator team consists of 3-4 members, who take on operational and strategic coaching roles for between 18 and 24 months. They also link the company in with their own business contacts and networks. In some cases, a member of the accelerator team will take on temporary Managing Director roles within the company. At the end of the period, the participating company should have the operational and financial wherewithal for fast international growth.

3.27 VIGO is integrated into the overall Finnish Entrepreneurship ecosystem and is a key strand of the FNSE. More than 100 start-ups have gone through the programme and as at 2014, it had contributed to 80 new business start-ups. The programme is currently undergoing an evaluation that

²⁰ This section draws on: VIGO Programme documentation; Ministry of Employment and the Economy (2013) The VIGO Programme Mid Term Evaluation, MEE Report 4/2013; and World Economic Forum (2014) The Competitiveness Repository, Finland – The VIGO Venture Accelerator Programme, WEF: Cologne.

will be used to shape its future and we recommend that HIE seeks to review the evaluation when it is completed.

Conclusions

3.28 The review of the best practice examples points to the fact that in terms of content and delivery, the ESP in Scotland, given its use of and links to MIT, is amongst the leaders in its field. Based on the evidence from the international review, MIT remains a world leader for entrepreneurship. Others are not offering vastly superior products, and the MIT support through the ESP is not missing any major new areas of entrepreneurship development.

3.29 That is not to say there is nothing to learn from the best practice example. Notably, consideration should be given to how elements of the Finnish VIGO programme could be incorporated into the ESP. The close working, over a period of time, between the companies and accelerator groups (particularly post support such as the EDP) could enhance the ESP and its impacts. It would be a complementary activity, more focused on financing, co-development of start-ups by investors, and mentoring.

3.30 The Entrepreneur's Boot Camp (at Babson College) and the Launching New Ventures course (at HBS) are the most directly relevant to the category of firm supported through the ESP as it currently stands. They offer broad based entrepreneurship programmes to new and recent start SMEs from a variety of sectors. However, the ESP is also open to applicants from established businesses with high growth and international potential.

3.31 The remaining courses included in the review target more narrowly defined groups, such as ESADE's focus on technology ventures. These would be more appropriate if a more targeted approach were to be adopted within the ESP programme.

3.32 Costs and teaching methods at HBS do not appear as attractive as other benchmark providers. The costs are high, and there is less apparent focus on blended learning methods given that it adheres to the Harvard model of teaching through case studies.

3.33 The Babson programme offers a comprehensive grounding in entrepreneurship from an institution highly regarded as a specialist in the field. The programme represents relatively good value for money and the organisation has a strong track record in providing customised local content to SE and the Saltire Foundation. However, in comparison to the current ESP and in particular, the EDP delivered by MIT, Babson's surrounding support infrastructure for participants (in terms of networking/facilitation of industry links) is less developed.

3.34 Similarly, a key strength of the ESP, that is, placing the intensive EDP as an integrated component within the wider ESP programme, and there being a flow from Masterclasses to EDP, is not evident in any of the other courses subject to this review. Common to all the courses (including the ESP) is the intensity of the programme and a focus on residential learning with cohorts of ambitious, high level participants to facilitate exchange of experience and peer to peer learning.

3.35 While networking during the programmes is generally encouraged, there are no examples within these cases, of effective or innovative practice in after-care follow up and networking. They seem to rely on LinkedIn discussion groups and informal networking driven by the participants based on the connections they have made. This may be regarded as a weakness, as is the case (as the report goes on to show) with the ESP. In common with EDP, however, the programmes reviewed do stress the importance of action and experiential learning, incorporating group working, case studies, discussion groups and in some programmes, simulations.

4 ESP 2013-16: business beneficiary experience and benefits

Introduction

4.1 The chapter analyses the primary research obtained from ESP 2013-16 beneficiaries. It explores motivations for engaging with and participating in the Programme, their experiences as well as the business outcomes and benefits gained from participation. The quantified economic benefits derived from Programme participation are analysed in Chapter 5. In all, 76 supported businesses took part in the research.

The ESP

Profile of respondents

4.2 Of the 76 respondent businesses, 54% have their main business units in the Highlands & Islands, with the remaining 46% being based in Lowland Scotland. Compared to the total Programme participation profile, this is a slighter stronger representation of HIE companies. In all, 21% of survey respondents had attended the Entrepreneurship Development Programme (EDP) (15 – 5 HIE-supported companies, and 10 supported by SE) as well as Masterclasses. A further 76% have attended at least one Masterclass, but not EDP. Six companies (8%) had made use of the Industrial Liaison Programme (ILP), and 16 (21%) have attended Global Ambitions Network (GAN) events. In all, 3% have made use of the ILP or participated in GAN events, but not attended either Masterclasses or the EDP.

4.3 Growth sectors are well represented amongst participants. A large proportion of respondents (23%) were technology and engineering companies, with many of these clustered in Edinburgh. This sectoral split is broadly representative of the sector profile of all ESP 2013-16 participants. Around half employ 10 people or less, and 30% employ less than five. Two are larger companies with 100+ employees. However, almost 20% of surveyed companies have a turnover of less than £50,000 per annum, reflecting that quite a few of the survey sample were at relatively early trading stages. Thirty seven per cent have a turnover greater than £1 million.

Table 4.1: Geographical and sectoral split of respondents

n=(75)	%
HIE	54%
SE	46%
Technology and engineering	23%
Life sciences	9%
Food and drink	8%
Information and communication technology	7%
Other	15%

Source: ekosgen, 2015 Survey of Participants

4.4 Nineteen per cent of companies have been in existence for less than two years, but by no means are all businesses surveyed pre-start companies, with these accounting for only 9%. The majority of companies are five years or older. On the whole, there are more established businesses from the Highlands and Islands and a slightly younger age profile amongst Lowland Scotland companies, reflecting a larger pool of young companies with growth potential in the SE area.

Introduction to the Programme

4.5 The majority of participants were introduced to the programme via their Account Managers or other HIE/SE contact, and more than seven in 10 (72%), indicating the key role of SE/HIE account managements to the ESP. This is to be expected given that the ESP is not open to all companies, rather they are largely hand-picked for participation by the Account Managers, especially for EDP. An additional 14% were referred by other key HIE/SE contacts.

4.6 Just over one in 10 became aware of the programme through word of mouth or a recommendation, also a positive endorsement of the programme. Only three companies found out about the Programme via the HIE/SE websites and a further three were referred by another organisation.

4.7 Of those able to say, the majority of respondents, almost three quarters (74%), rated the information provided by the Account Managers as 4 or 5 out of 5. Only five companies (10%) in total rated this as 2 or 3. The HIE/SE website information is rarely used and whilst it is generally reasonably well regarded, a significant minority (3 businesses, 27%) rated the SE website information as just 2 or 3 out of 5. Even fewer accessed Programme information via social media and where they did this, was not rated particularly highly. There is some suggestion from stakeholders one-way communication is not an effective way of promoting the Programme and engaging companies. Six respondents (12%) thought that based on the ESP information they received, they may have been ineligible. This was due to businesses' (mis)understanding of who the Programme is targeted at:

"Seemed to be more for direct entrepreneurs, people who set up their own business."

"I didn't think I would be eligible as seemed to be aimed at young tech companies."

"Preconceived ideas that a USA based business school would be cheesy and too American so not appropriate for a Scottish business. Why would that be of interest to me?"

4.8 In a number of cases, the Account Managers or another contact was able to change their perception and convince them to participate. Some stakeholder consultees also noted that for some businesses, the language and terminology used to describe the Programme is impenetrable, which can act as a barrier to encouraging interest in the Programme.

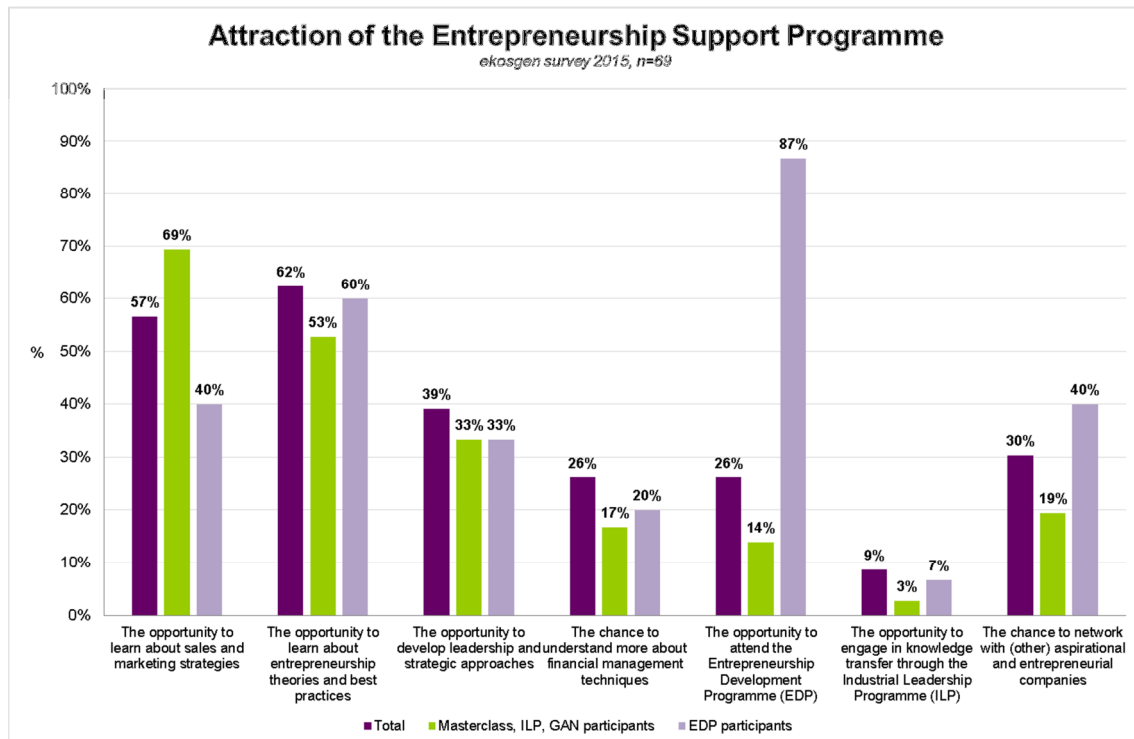
4.9 The understanding of Account Managers is therefore key to encouraging Programme participation, and communicating the benefits of attendance. There is a challenge to engage companies, however, as the report goes on to show, once companies participate in the ESP, they typically derive considerable benefit from the Programme – particularly the EDP.

Motivations for participation

4.10 The desire to be more entrepreneurial is a key motivation for participation in the ESP, and this is positive feedback. In all, more than six in 10 (62%) were attracted by the opportunity to learn specifically about entrepreneurship theories and practices and three in 10 (30%) specifically wanted the opportunity to network with like-minded entrepreneurial companies. Other drivers were more specific to the business, for example, 57% wanted to develop their sales and marketing strategies. Leadership and developing strategic approaches was also an important motivator for four in 10 of respondents.

4.11 More than a quarter were specifically attracted by the opportunity to attend the EDP (26%), and the vast majority of these (87%) fulfilled this ambition. Overall, EDP participants are more likely to be motivated by the opportunity to develop their entrepreneurial knowledge and to link up with other entrepreneurs than the Masterclass only attendees. A greater proportion of Masterclass attendees (almost seven in 10) wanted to develop their sales and marketing techniques. Only 9% overall were motivated by the opportunity to access the ILP and this is indicative of its low visibility (see later).

Figure 4.1: Reasons for attraction to/interest in the Entrepreneurship Support Programme



Source: ekosgen, 2015 Survey of Participants

Individual and corporate drivers

4.12 Respondents were asked what they were seeking to achieve through the ESP, both for them individually and also for the business more widely. Individually, the majority of attendees were seeking personal development through Programme participation. Attendees identified a range of specific skills that they wished to develop on a personal level, such as sales and marketing, knowledge of financing or leadership. Many also stated more general personal development objectives. A smaller proportion were explicitly interested in learning new business approaches, or more about entrepreneurship theory. It is interesting to note that some attendees stated organisational development as one of their personal objectives with the explicit intention to cascade learning to colleagues following participation.

4.13 In terms of the benefits expected for the business, the majority were seeking to achieve organisational development through the Programme. Specifically, sales and financing/funding were identified as important for the business. Some identified business strategy or business approaches as a driver. A number of businesses also identified commercial development or scaling/growth reasons as drivers for participating in the Programme, again positive that this is a specific motivation for ESP involvement::

"To expand learning on entrepreneurship from university"

"Improve sales process in company"

"The company identified the need for more leaders and the programme was seen as part of achieving this."

"Gaining ideas for raising capital for the business."

Expectations versus experience

4.14 The majority of respondents found that their experience of the programme met, or in some cases exceeded their expectations. Almost nine in 10 (89%) stated that their experience of the programme at least fitted well with their expectations, with 53% stating that it fitted very well – with a number of respondents stating that it had exceeded their expectations:

“Going to events outside your sector, and comfort zone, is hugely beneficial. It has genuinely been awesome, [it] helps overcome challenges.”

“It exceeded our expectations. We started learning from day one and have already begun implementing a good deal.”

4.15 In all, 10% of attendees stated their expectations were not met, rating their experience of the ESP against their expectations as 3 out of 5 or less. A small number of businesses, and also some consultees who stressed the need to ensure world class speakers as much as possible, cited the importance of excellence in delivery in all aspects of the ESP: :

“Everything Bill (Aulet) [Disciplined Entrepreneurship Masterclass facilitator] did was a 5, the other Masterclass less so.”

4.16 Other reasons cited included a mismatch of Masterclass content to their particular business need, or for some there was a perceived sector mismatch, with a small number of businesses considering that the ESP was targeting a hi-tech audience not suited to them. Others felt that there was insufficient tailoring, e.g. social enterprises, whilst some businesses felt that support materials and wrap-up were inadequate. One business also stated:

“Enjoyable, well structured, didn’t learn anything particularly new, no insights, just reaffirmed, expecting too much?”

4.17 A minority of respondents indicated that they were not overly impressed by MIT and their approach, although again this was very much a minority view. A couple of businesses also expressed disappointment with ILP:

“ILP was disappointing...contacts made in Boston/MIT have not got back to [me] as previously agreed.”

Entrepreneurship Masterclasses

4.18 In all, 76% of survey respondents had undertaken Masterclasses. Of the 24% who had not, 44% had attended the EDP without attending Masterclasses, with a small number having accessed the ILP or attended a GAN event but not Masterclasses. The overall attendance split per Masterclass amongst the survey respondents is comparable with the overall attendance profile outlined in Chapter 2.

Table 4.3: Masterclass attendee profile

n=(57)	TOTAL	AREA	
	N	HIE	SE
<i>Developing an Entrepreneurial Brand</i>	7	7	0
<i>Disciplined Entrepreneurship Stage 1</i>	16	10	6
<i>Disciplined Entrepreneurship Stage 2</i>	13	8	5
<i>Financing an Entrepreneurial Company Stage 1</i>	15	8	7
<i>Financing an Entrepreneurial Company Stage 2</i>	12	6	6
<i>Entrepreneurial Leadership, Strategy and Culture</i>	6	3	3
<i>Entrepreneurial Sales Strategies Stage 1</i>	24	12	12
<i>Entrepreneurial Sales Strategies Stage 2</i>	9	7	2

Source: ekosgen, 2015 Survey of Participants

4.19 A good range of Masterclasses had been undertaken by respondents and 53% had attended more than one. A variety of business types were represented on each Masterclass. *Entrepreneurial Sales Strategies*, *Disciplined Entrepreneurship* and *Financing an Entrepreneurial Company* were the Masterclasses most frequently attended by respondents, with Stage 1 of each being the more popular, which is to be expected since the second Stage will not always be appropriate for the business. Whilst *Disciplined...* and *Financing...* were relatively balanced in terms of attendance across Stages 1 and 2, attendance to date weighted to Stage 1 for *Entrepreneurial Sales Strategies*.

4.20 For both HIE and SE supported respondents, *Entrepreneurial Sales Strategies* Stage 1 has been the most frequently attended. *Disciplined Entrepreneurship* Stage 1 was particularly well attended by HIE companies. No SE-supported respondents amongst those surveyed had attended *Developing an Entrepreneurial Brand*, with all attendees from the Highlands & Islands. This is broadly representative of the overall attendance pattern, where relatively few SE-supported companies have attended the *Entrepreneurial Brand* Masterclass (just nine in total).

Rating

4.21 Overall, almost six in 10 (57%) rated the Masterclasses with good feedback, as 5 out of 5. A further 29% rated them 4 out of 5, meaning some 85% in total rated the Masterclasses highly. This is a strong endorsement of the Masterclasses (and is reinforced by the feedback forms completed by all attendees post Masterclass). The average rating across all class and respondents was 4.35. However, 15% rated the Masterclasses 3 out of 5 or less. This was largely down to content or delivery issues:

"Finance Masterclass told me the likelihood of getting financing, [I] was expecting more in identifying how/where from."

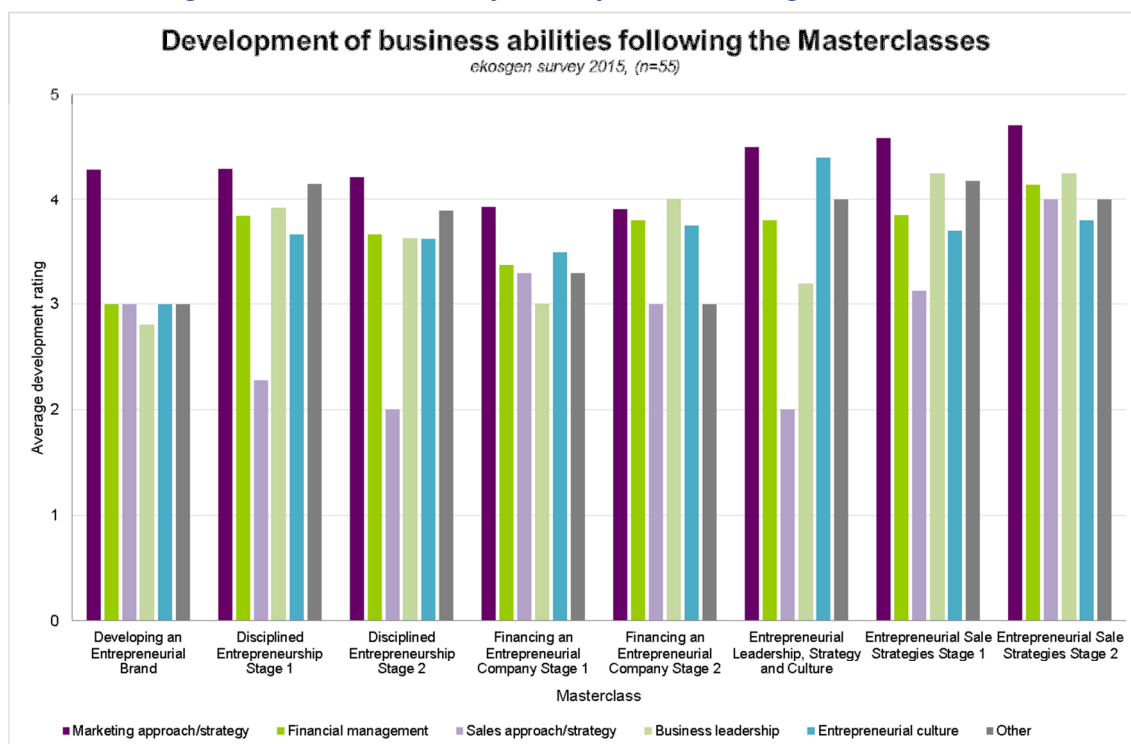
"It seemed to be aimed at early stage businesses like Tech start-ups. The course leader was from a life sciences business, so not aimed at our issues as an established business."

4.22 One stakeholder considered that the Masterclasses may be in need of better targeting by geography and business sector/life stage, though this was a minor concern.

Outcomes achieved through the Masterclasses

4.23 Those attending Masterclasses generated a range of benefits. Of those who reported benefits (97% of Masterclass attendees), 44% stated that they had developed their wider entrepreneurial culture to a considerable level (at least 4 out of 5); 42% also stated that they had notably improved or developed their marketing approach or strategy. Similarly, 40% agreed that they had likewise developed their sales approach.

Figure 4.2: Business ability development following Masterclasses



Source: ekosgen, 2015 Survey of Participants

4.24 As Figure 4.4 illustrates, Masterclasses perform to differing levels, though most are generally rated highly for the skills or business aspects that they are intended to develop. For example, both *Entrepreneurial Leadership, Strategy and Culture* and *Disciplined Entrepreneurship* are rated highly for developing entrepreneurial culture, with the latter rating highly for other aspects as well.

4.25 However, some Masterclasses do not rate quite as highly in the areas that they are intended to develop. *Entrepreneurial Leadership, Strategy and Culture* is rated comparatively lowly for 'business leadership'. Also, whilst *Developing an Entrepreneurial Brand* is rated highly for marketing, it scores lower for sales strategy; similarly, *Entrepreneurial Sales Strategies Stage 1* is rated much lower for developing sales strategies than Stage 2. Further, the development of financial management is rated less highly in the *Financing and Entrepreneurial Company* Masterclasses than it is elsewhere.

4.26 Overall, the Masterclasses are rated highly although there is always the need to keep these under review. One consultee suggested that the *Leadership* Masterclass had "lost its way a little bit", and may need some refreshing. Another suggested that there is always the need for the highest calibre facilitator and that they were not convinced this was the case.

4.27 Additionally, some stakeholders, and also a small number of businesses, have identified some additional topics that could be incorporated into the Programme. For example, customer discovery and lead generation are seen as additional topics to help companies develop value propositions and target their business appropriately. SE currently procures a *Pitching* Masterclass delivered outside the ESP delivery and this may also warrant inclusion.

4.28 Other consultees have noted that there may be scope for more of a tiered approach to Masterclass delivery. This may be less around Masterclass content than promotion, related to issues around Programme language and communicating the benefits of ESP participation, highlighted earlier in terms of securing optimum business engagement. It may be appropriate for earlier stage Masterclasses to engage a wider audience, albeit ones that still have strong growth objectives.

4.29 Where Masterclasses were rated 3 out of 5 or less, this was not always a criticism of the Masterclass itself: Where reasons were provided, this was generally due to not yet fully implementing learning:

“Have not taken learning forward as not required to at this time”

“3/5 just because of where we are at in development and implementation”

“A lot of stuff I already know, but has enhanced own knowledge – so not because course is bad!”

Barriers to participation

4.30 Travel distance/cost is a particular barrier for some Highlands and Islands (17% from the HIE area and 10% of all respondents). Time commitment is a considerable barrier for respondents and this is equally the case for HIE and SE companies. In all, close to half of respondents rated time commitment as 3 out of 5 or higher in terms of the negative impact on their ability to attend.

4.31 In some cases short notice for Masterclasses compounds issues for participating businesses. In a few instances, notice of Masterclasses were provided only two weeks from the delivery date. Longer notice periods for Masterclasses and other events (such as GAN meetings) would encourage wider participation and engagement.

Impact of the MIT Entrepreneurship Development Programme (EDP)

Profile of respondent attendees

Table 4.4: Profile of EDP respondents

	EDP	%
HIE	5	33%
SE	10	67%
Start-up (1-2 years' experience trading)	1	7%
Established (2-5 years' experience trading)	3	20%
Established (5+ years' experience trading)	11	73%
Total	15	100%

Source: ekosgen, 2015 Survey of Participants

4.32 Of the 15 survey respondents that attended the EDP, five were based in the Highlands & Islands, with 10 being SE supported companies. This balance is representative of the overall EDP participant profile. All had under 49 employees (FTE). The majority were established companies that had been trading for more than five years, with one start-up company amongst those that we surveyed attending EDP.

Rating and experience of the MIT Entrepreneurship Development Programme

4.33 Attending the EDP at MIT Sloan was rated highly by respondents across a wide range of aspects. For the positive statements presented, the majority agreed or strongly agreed. Figure 4.6 presents the average agreement rating for each statement pertaining to the EDP. Whilst the EDP was found to have significant value all-round, respondents clearly found the EDP particularly thought-provoking, challenging and inspirational. Those attending from the HIE area found EDP especially thought-provoking, all strongly agreeing.

4.34 As well as the challenging and thought-provoking nature of the EDP, attendees also valued the additional peer-to-peer learning gained from the week-long residential course. All at least agreed – 60% strongly so – that peer-to-peer learning gave them new knowledge and understanding.

Table 4.5: Views on the EDP following attendance

n=(15)	The programme was ground-breaking	The course content was thought-provoking	The course leaders were inspirational	The facilities were excellent	I was/we were challenged in our approach to business	It boosted my/our business aspirations	Mixing with other aspirational businesses gave me/us confidence	Networking with international business was a valuable experience	Attending the course has given me/us a more international outlook	Attending the course has given me/us new ideas	Peer-to-peer learning has given me/our business new understanding and knowledge	It was a stimulating learning environment	Exposure to the entrepreneurial Boston business environment was invaluable
1	-	-	-	-	-	-	-	-	3	1	-	-	-
2	1	-	-	-	1	-	1	3	2	1	1	-	1
3	2	-	2	-	-	3	3	3	3	2	2	-	3
4	3	4	4	5	7	2	4	3	4	4	10	6	5
5	9	11	9	10	7	10	7	6	2	7	2	9	6
Average	4.33	4.73	4.47	4.67	4.33	4.47	4.13	3.80	3.00	4.00	3.87	4.60	4.07
HIE Avg.	4.40	5.00	4.20	4.80	4.00	4.20	4.00	3.20	3.20	3.00	3.60	4.40	4.40
SE Avg.	4.30	4.60	4.60	4.60	4.50	4.60	4.20	4.10	2.89	4.50	4.00	4.70	3.90

Source: ekosgen, 2015 Survey of Participants

4.35 However, EDP was rated slightly less positively in its ability to develop an international outlook in the business, or in networking with international companies. Average scores here are lower than for other statements, especially regarding companies' international outlook. Whilst SE-supported companies generally valued networking with international businesses, the EDP had limited impact on their international outlook in particular, with an average score of 2.89 – with the rating from HIE-supported companies also low. As such, EDP is not really providing businesses an enhanced international outlook, despite its location in MIT and the strong SE/HIE priority around internationalisation. Still, EDP on the whole is rated very highly.

Barriers to participation

4.36 Time commitment and the cost of attending can be issues for those attending the EDP, though in the case of those surveyed, not sufficient to prevent their attendance. Nine of the 15 (56%) rated the time commitment as 3 out of 5 or higher in terms of the negative impact on their ability to attend the EDP in Boston, which requires ten days (seven working days) commitment; a further six rated (38%) the *cost* of attending as 3 out of 5 or higher, despite the very significant subsidy for businesses. Some attendees reported having to negotiate permission or present business cases to executive management or company owners in order to attend.

Outcomes for entrepreneurial businesses from the EDP

EDP effects on individual/business behaviour

4.37 Attending the EDP has led to some notable changes in individual and business behaviours. Respondents were asked what changes had been made or what they did differently as a result of attending the EDP. Ten businesses (67%) have made changes to their business planning approach, and some of these were made in conjunction with changes to internal business processes. In all, six companies (40%) have made changes to their internal business processes:

"I have been more brave [sic] so focused the business on key sectors, prior to EDP we were spread too thinly, trying to sell in to too many sectors."

4.38 Marketing and sales strategies have been changed or improved by eight (53%) companies each, a clear benefit of EDP participation:

"[We have improved our] customer intimacy; shaping [our] product to niche markets, understanding what we do, what our space is in a crowded market place [and] keeping close to customers."

"We have changed our approach to sales to increase turnover by targeting existing customers with additional services."

4.39 Further, five business (33%) have changed their business structure, some fundamentally so:

[I] have altered the structure of the company (joined day after [I] returned from EDP). [We] take a structured approach to planning and strategy development as a result."

4.40 One company drastically reduced staff numbers and trading in an effort to consolidate and stabilise the business, having a positive short-term impact on profitability and making the business more secure. They now consider the business to be on a far more stable footing, whereas they otherwise would have been faced with almost certain decline and closure.

4.41 Interestingly, whilst there have been changes to sales and marketing approaches, fewer companies have altered their target audience/customers. This suggests that there could be even more that businesses can do to change/develop their approaches post-EDP. It raises the question of how businesses are developing their sales/marketing approaches without developing new target markets, or at least reviewing their existing markets and audiences.

4.42 Further, only a third say that business collaborations have improved and just over a quarter say that networking has improved. This suggests that more can be done to encourage post-EDP networking to stimulate greater levels of collaboration and also to encourage individuals to spread the word about the EDP and the ESP more generally.

Figure 4.6: Changes resulting from EDP attendance

n=(15)	Total		HIE		SE	
	N	%	N	%	N	%
Business planning	10	67%	4	80%	6	60%
Marketing strategy	8	53%	2	40%	6	60%
Sales strategy	8	53%	3	60%	5	50%
Business processes	6	40%	1	20%	5	40%
Business structure	5	33%	1	20%	4	40%
New/different business collaborations	5	33%	1	20%	4	40%
Improved networking	4	27%	0	-	4	40%
Target audience/customers	3	20%	0	-	3	30%
Financing/funding	3	20%	1	20%	2	20%
Engaged with business mentors	1	7%	0	-	1	10%
Other	7	47%	2	40%	5	50%

Source: ekosgen, 2015 Survey of Participants

Outcomes for businesses

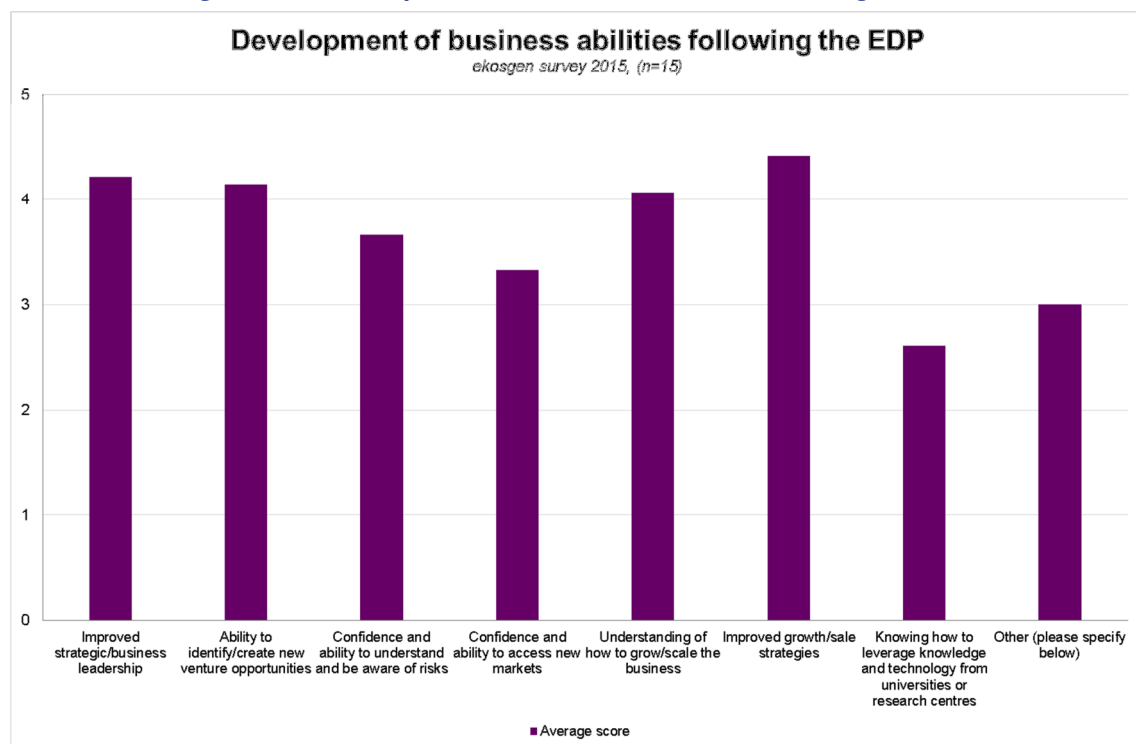
4.43 Following the EDP, companies have developed a range of business abilities. Respondents report that they have developed or improved their growth and sales strategies to a significant degree, and this reinforces feedback from Masterclass attendees and on how businesses are implementing changes post-EDP.

4.44 Secondly, attendees of the EDP report improved strategic/business leadership abilities. This is a good outcome and demonstrates the strong links between entrepreneurship and leadership.

4.45 Many state that they have also developed the ability to identify and create new venture opportunities. This is also positive, though this ability appears to contrast with the reported limited changes to target audiences/markets. Attendees have also developed an understanding of how to grow and *scale* the business which is also positive and a key objective for SE and HIE.

4.46 Slightly fewer attendees state that they have developed their ability to understand and be aware of risks. To some extent, this reflects that individuals are typically quite confident in the first place with ambitions to grow the business. A more limited number of respondents had developed their knowledge of accessing understanding and technology from academia, though this may be expected as this is a more narrowly defined ability.

Figure 4.3: Development of business abilities following the EDP



Source: ekosgen, 2015 Survey of Participants

4.47 A number of businesses reported other outcomes. Some businesses reported changes streamlined of decision-making. One changed the entire focus of their business towards a new product as a direct result of their EDP participation, while another respondent was inspired to set-up a new business (in addition to their original business) as a result of their EDP experience. It is notable that two of the 15 surveyed attendees have either started or are planning to start a new company following EDP attendance. EDP can thus be regarded as transformational, 'inspiring' radical business thinking in the way anticipated and hoped for through the overall programme.

4.48 The feedback from EDP attendees overall is encouraging. High scores for growth, scalability and leadership/strategy are positive. It is clear that, on the whole, EDP is meeting the objectives set for it within the overall ESP.

Industrial Liaison Programme

Survey respondent engagement

4.49 Amongst the survey respondents, a total of **six** companies reported accessing the Industrial Liaison Programme (ILP), two supported by HIE and four by SE. Reasons for engagement were either for setting up collaborations with MIT or for sector-focused knowledge transfer visits, with one company more generally seeking new ideas, knowledge and inspiration. However, the relatively low take-up levels reinforces the earlier point regarding limited awareness of ILP and motivation for participation in the ESP.

4.50 Three companies provided feedback on the ease of access or level/quality of support. Two were generally satisfied, rating their involvement in ILP either 3 or 4 out of 5. One company rated their experience poorly, particularly for access to experts through face-to-face meetings. One company also stated that the agreed follow-up from those he met at MIT had not materialised.

4.51 As outlined in Chapter 2, a total of 25 companies have engaged with the ILP in all, eight of these through attending the EDP in Boston, where an introductory/overview session on the ILP was delivered. Of the remaining 17, the engagement was through three separate events:

- ILP Energy visit;
- ILP meetings at MIT around web optimisation and supply chain management; and
- A session in Glasgow with MIT SenseAble City Lab.

4.52 One business attending the ILP energy visit provided very positive feedback on their experience. Their aim was to see and explore energy technologies for the renewables sector. These ideas have since informed – and changed – what they are doing now. The exposure to the technology and R&D at MIT was considered transformative and inspiring. It has helped the company conceptualise future ways of working and has positively changed the way that they view working with universities, prompting them to enter into new collaborations.

4.53 However, overall, there are relatively low levels of participation/engagement in the ILP. This is supported by evidence from stakeholders that indicates that overall HIE engagement with the ILP has lessened more recently in favour of a greater level of activity aligned to the EDP. Further, one business considered that the ILP presentation during the EDP would be better placed at the end of the EDP Programme, as businesses would *“have a better understanding of the things that [they] might want to access through ILP”*.

4.54 One stakeholder contrasts this scenario with that of some other regional and national development bodies that have achieved higher levels of ILP engagement through MIT, including targeted mapping of ILP events to specific companies depending on markets and areas of expertise. As a result, there is evidence of greater idea generation arising in businesses. In one instance, this has led to businesses successfully partnering with high-growth companies in the USA to exploit new business opportunities.

Global Ambitions Network participation

Survey respondent attendance

4.55 Of the survey respondents, 16 have participated in the GAN events or visits, with nine from the HIE area, and seven from the SE area.

Table 4.7: Participation in the Global Ambitions Network

(n=70)	N	%
HIE	9	12.9%
SE	7	10.0%
Did not access GAN	54	77.1%

Source: ekosgen, 2015 Survey of Participants

4.56 The intensity of network participation is limited amongst respondents (almost two thirds describe frequency as infrequent or intermittent) and moderate at best. No respondents indicated that they were strong and active network members.

Figure 4.8: Frequency of participation in Global Ambitions Network

(n=16)	N	%
Moderate	6	37.5%
Intermittent	5	31.3%
Infrequent	5	31.3%

Source: ekosgen, 2015 Survey of Participants

Total participation and wider network activity

4.57 Based on the client's own record of participation, there have been a total of 90 instances of attendances at GAN visits and network meetings. These have been from 48 individual attendees, 63% of the 76-strong Network, with a relatively even balance between HIE and SE companies. A further 28 have not participated in any events or company visits to date. The majority of non-attendees (79%) are from the HIE area, likely to be linked to the location of events to date. Further, there has been a total of 28 instances of cancellation or non-attendance by participants for the first six events held – some 39% of the total attendance figure for those events.

Table 4.9: Overall Global Ambitions Network Attendance²¹

	N			% ²²		
	HIE	SE	Total	HIE	SE	Total
Individuals who have attended 5+ events	2	2	4	4%	6%	5%
Individuals who have attended 4 events	1	2	3	2%	6%	4%
Individuals who have attended 3 events	4	7	11	9%	23%	14%
Individuals who have attended 2 events	5	3	8	11%	10%	11%
Individuals who have attended 1 events	11	11	22	24%	35%	29%
Total	23	25	48	51%	81%	63%
Non-attendance	22	6	28	49%	19%	37%

Source: ekosgen, 2015 Survey of Participants

4.58 Participation is below initial targets, particularly in the SE area. Current attendance figures for individuals are at 40% of the overall target of 120. For HIE companies, this is better at around 58%, whilst for SE companies, this is around 31%. Whilst there may be a lag in attendance whilst the network gathers momentum, it is possible that original attendance targets may have been somewhat ambitious.

Barriers to participation

4.59 Time commitment to attend GAN is considered the main barrier to participation. Some respondents (and also some stakeholders) indicated that this is compounded by relatively short notice

²¹ HIE attendance monitoring data

²² Expressed as a percentage of total network membership, i.e. 76 members/businesses

of events. Other businesses cite travel distance to events as a barrier to participation, whilst some state events have limited value/relevance to their business. One respondent noted that the perceived lack of activity/energy of network members was a barrier in itself, putting them off attending further events.

“Some of the people are looking to fill their day.”

“I fully intend to [participate] but...the network has been very inactive. I think I am meant to be doing something to [pull] a meeting together [but not entirely sure].”

Figure 4.10: Barriers to Global ambitions Network participation

(n=16)	N	%
Time commitment to attend	10	63%
Travel distance to network events	7	44%
Relevance of network event topics/subjects	4	25%
Limited value to business operation	4	25%
Cost of attending	2	13%
Other	6	38%

Source: ekosgen, 2015 Survey of Participants

4.60 The GAN is in its relatively early stages but its added value does not yet seem to have been established for businesses:

“Networking through GAN is OK but not sure it adds value.”

“Given time and costs involved in attending GAN events its value needs to be established quickly in participants' minds if they are to continue to attend.”

4.61 Nevertheless, some participants have found it a worthwhile experience:

“Went to one [of the] meetings - useful and I am keen to go again.”

“Value them and would go to them all, [though] travel distance limits this.”

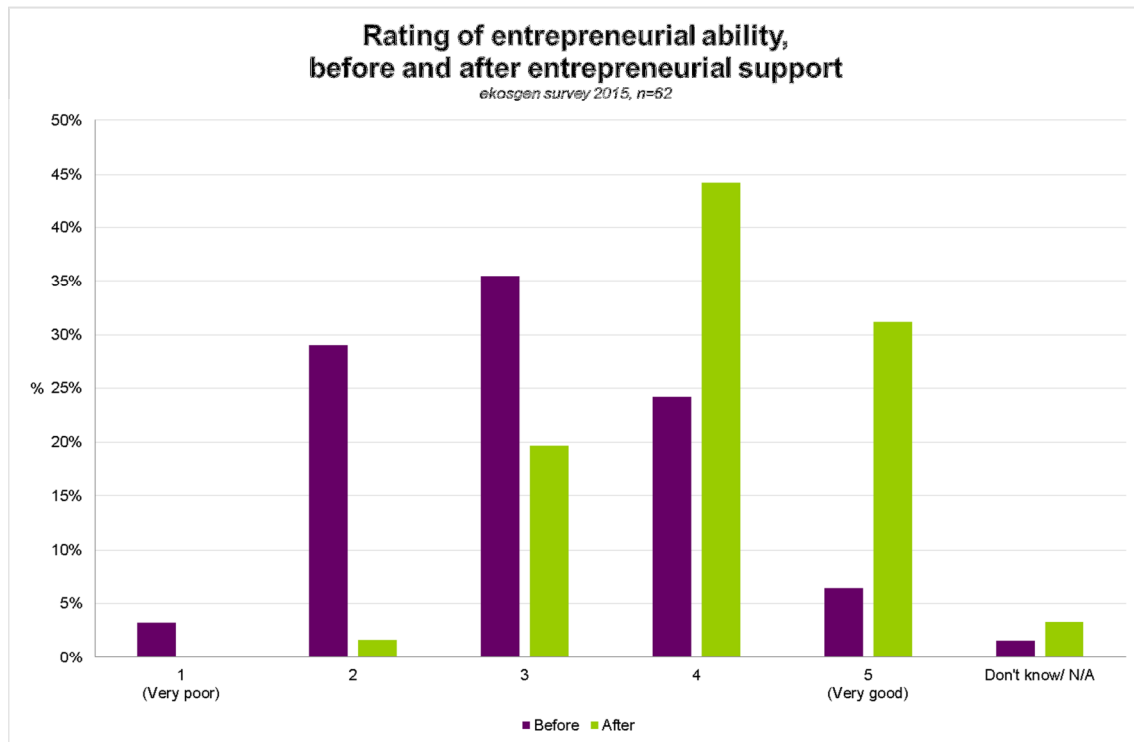
4.62 As the GAN has been operating for less than a year, it is too early to determine whether it is or will be a success. However, the evidence here suggests that more could be done to maximise the potential of the GAN. There is clear scope for the GAN to support participants post-EDP and also to enable the dissemination of knowledge and understanding from the ESP to a wider audience and to stimulate greater levels of entrepreneurialism – one of the objectives of the EDP. With relatively weak intensity and levels of participation and limited engagement from those that are participating, the GAN is currently not as effective as it could be.

Wider impacts of ESP participation

Improvements in entrepreneurial ability

4.63 Following participation in the programme overall, there has been a notable shift in self-assessed entrepreneurial ability.

Figure 4.4: Entrepreneurial ability before and after programme participation



Source: ekosgen, 2015 Survey of Participants

4.64 Three in four of all ESP participants (75%) now rate their entrepreneurial ability as good or very good, compared to only 31% rating their entrepreneurial ability as good or very good before participating in the Programme. The average self-assessment score has increased by 1.06 on the 5-point assessment scale, from 3.02 to 4.08. In all, 31% now rate their entrepreneurial ability as very good, compared to only 6% before participating in the ESP.

Softer benefits

4.65 A wide range of softer benefits as a result of the ESP have been realised, or are expected to be realised, in the future by survey respondents. As Figure 4.5 illustrates:

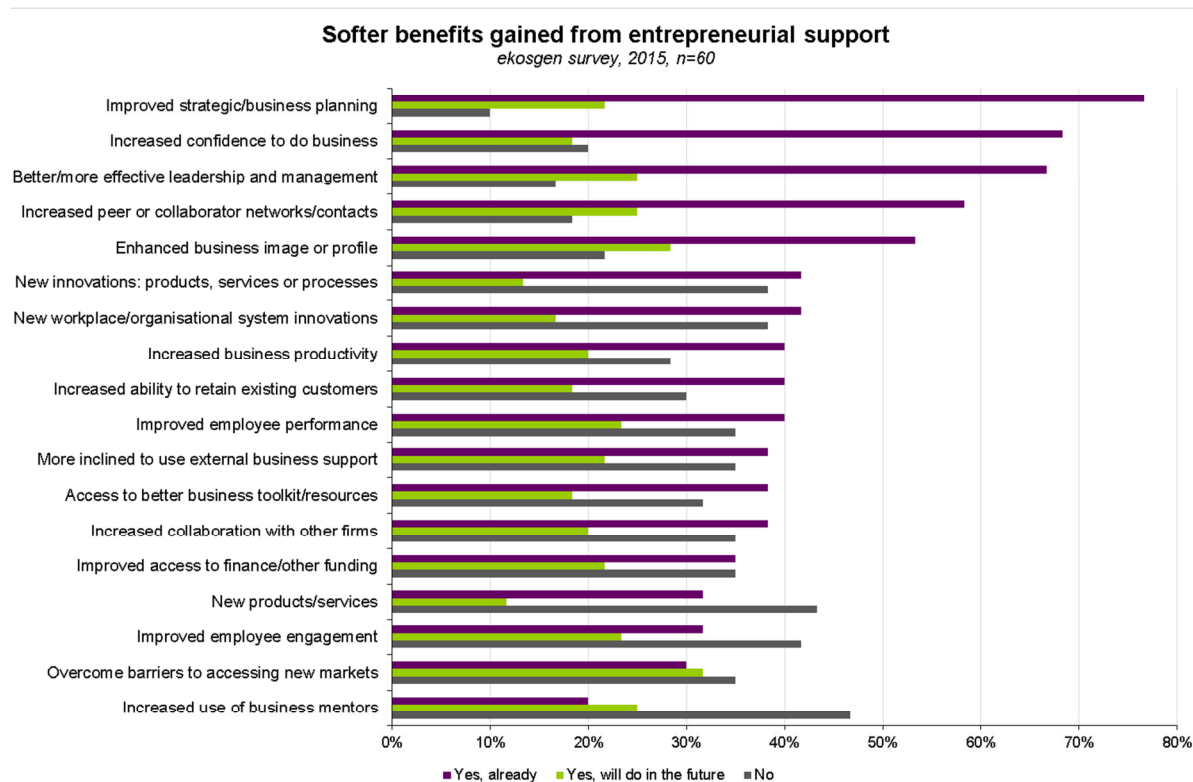
- Overall 75% of businesses report improved strategic business planning to date;
- Sixty-eight per cent also state that they now have increased confidence to do business;
- Better leadership and management is already reported by almost two thirds (65%); and
- 58% report that they have expanded their peer networks; and linked to this, 38% have increased or started undertaking collaborative activity, which is a generally positive finding.

4.66 Given some of the more limited benefits of networking reported by EDP participants, this suggests that Masterclass attendees and the more informal networking opportunities around the Masterclasses, are the reason for peer network development.

4.67 Additionally, more than half (53%) believe that they now have an improved profile or business image, whilst 42% have introduced new workplace/organisational systems or innovations. These are again positive, reflecting more inclusive growth, evidenced by greater employee engagement (32%) and performance (40%).

4.68 Use of business mentors was the least reported benefit by respondents (20%), and 47% have not made use of them, though it should be noted that business mentors were not a resourced element of the programme. This indicates a generally limited link with or follow-on to other forms of support. In all, 41% of respondents report they have accessed external entrepreneurial/leadership support, most frequently, the Saltire Foundation (17%).

Figure 4.5: Softer business benefits gained through the ESP



Overall importance of entrepreneurship support

4.69 As Table 4.11 illustrates, almost seven in 10 (69%) consider the ESP to be important or vital to their business performance, a strong endorsement of the programme. Almost three in 10 consider it vital to their business performance.

Table 4.11: Importance of entrepreneurship support to business performance

n=(64)	N	%
Vital	18	28%
Important	26	41%
Reasonable	15	23%
Marginal	3	5%
Not at all important	0	0%
Don't know/unsure	2	3%

4.70 Many businesses identified the specific topics of Masterclasses as being the most beneficial aspect of the Programme, though a number of businesses stated that the collaborative nature of working through the ESP and the networks and partnerships that developed as a result, benefitted them the most:

"Collaborative way of working in the Masterclass [was most beneficial]."

"[Through] the EDP - the relationships with other Scottish Businesses. As a result, [we have] developed a new product business plan with 2 other businesses which we are pitching. It will be a long term project that will "disrupt the industry". With another contact, [we have] a plan in place to build a new product together and with a third, a plan to develop a new tech business. It was a hothouse of ideas and talent."

4.71 Many singled out the MIT approach and Bill Aulet in particular for the positive impact that it has had on their business, particularly the EDP but also the Disciplined Entrepreneurship Masterclass:

"The 24 steps framework to guide the development of our new products and the connections."

"The EDP in its entirety, and the Bill Aulet methodology, as well as wider networking [had the most impact]."

4.72 Where Programme elements had less benefit for businesses, this was generally in terms of specific Masterclass content, though one business noted that they had limited time to network with international companies during the EDP. A number of businesses suggested compressing the two-day Masterclasses into one day. However, the value of networking provided by the two-day Masterclass delivery model should not be understated and the Masterclasses are deliberately scheduled over two days to allow for sufficient reflection and networking time/opportunities.

4.73 A number of businesses also suggested that there was scope for greater aftercare, with one business commenting:

"There is meant to be a 30, 60 and 90 day follow up to the sales MC. We turned up at the 30 day one (me and a colleague) but we were the only ones. It was very useful and we got undivided attention. We followed the course to the letter and sense checked our strategy at the 30 day follow up. We have heard nothing since, no further correspondence which is disappointing, so [there is] a lack of after care."

4.74 The lack of follow-up has implications for on-going engagement of businesses and the role that networking and peer-to-peer learning can play in encouraging wider entrepreneurship amongst Scotland's businesses.

Summary

4.75 Awareness of the ESP for participants is largely via the Account Managers, as it should be. This demonstrates the critical role that they play, particularly in overcoming any initial barriers around perceptions of relevance or eligibility amongst businesses. This Account Managers' role as an advocate of ESP is extremely important.

4.76 The key motivation for taking part in the ESP is to be more entrepreneurial and this is positive, given the ESP objectives to raise the entrepreneurial ability/capacity of businesses in Scotland. Masterclass attendees are typically more focused on developing specific skills, whilst EDP attendees are more motivated by the opportunity to be inspired and to develop their wider entrepreneurial knowledge.

4.77 Masterclasses are rated positively. Some 85% of attendees rate them highly, with almost six in 10 rating them as 5 out of 5. Businesses report developing a wide range of benefits as a result of attending, including developing their marketing or sales approaches and wider entrepreneurial culture.

4.78 There is very good feedback on the EDP. Participants report significant positive changes to individual and business behaviours, with some making some fundamental changes to the business. Improved growth and sales strategies and the development of business leadership are amongst the

strongest outcomes for businesses. Businesses and stakeholders rightly see the EDP as transformational.

4.79 There is weaker use of the ILP. The number of businesses benefitting from the service (at around 10% of Programme business beneficiaries) is quite limited, with a general reduction in the use of ILP over the time. However, where companies have accessed MIT knowledge and R&D via the ILP, there have been some strong business benefits as a result.

4.80 Participation to date in the GAN is modest, though there has not been sufficient time to demonstrate to fully assess its added value. Whilst cascading of learning acquired by ESP participants and EDP alumni to more individuals/businesses has yet to begin, there is considerable potential for the GAN to facilitate this, and be a key part of the broader dissemination of entrepreneurial learning to a wider audience.

4.81 Overall the business feedback provides a strong endorsement of the Programme. Businesses report an increase in self-assessed entrepreneurial ability, with improved business planning, better leadership, greater confidence to do business and wider networking reported amongst the softer benefits of ESP reported. Participation has also led to quantified economic benefits achieved to date, and forecast economic benefits, which are explored in the next chapter.

4.82 There are a number of learning points arising from the analysis, which feed in to the review conclusions and recommendations in chapter 6:

- There is a requirement for greater post-EDP HIE/SE support/involvement to ensure more of the benefits of EDP participation are embedded in the businesses and to achieve greater dissemination of networking to maintain post-ESP/EDP enthusiasm. The role of the Account Managers in facilitating/ driving this is critical.
- The post Programme -support should bring in wider ongoing support as appropriate, which may include business mentors.
- There is potential for some refinement of Programme delivery, with some scope for additional Masterclasses (based on the International Review), and these should be considered. Some consideration should be given to curtailing masterclasses where performance has been below the targets set.
- The inspiration engendered by EDP (and ESP generally) could be broadened out to more senior members of participating businesses, beyond the specific EDP attendees; again this may form part of a greater role for Account Managers and account teams in providing high quality follow-up and aftercare.

5 Economic impact of the Entrepreneurship Support Programme

Introduction

5.1 This Chapter contains our quantified assessment of the economic impacts of the entrepreneurship support that companies have received. It begins by explaining the basis of the estimates and the approach used in our calculations. It then presents the results for the survey sample. Finally, it shows the results grossed up to the full population of participant companies.

5.2 Two sets of results are presented. First, for all participants. Second, for companies that are located in the HIE area. Throughout, the results are presented separately for:

- Actual impacts to date; and
- Impacts that the companies forecast will occur in the future.

5.3 The analysis is based on 66 of the companies we surveyed who completed the relevant questions on economic impacts. Slightly more (35) of them are located in the HIE area than in the SE area (31 companies).

Range of impacts calculated

5.4 Three types of impact have been calculated:

- **Direct** – this is the activity generated within the participant companies.
- **Indirect** – these arise from the purchases of goods and services generated by the increased activity in participant companies.
- **Induced** – these arise from the expenditure in the wider economy of the wages of those directly and indirectly employed as a result of the increased activity.

5.5 The total impact is the sum of these direct, indirect and induced impacts. Impacts were calculated for:

- Turnover;
- Employment (Full-time Equivalent - FTE jobs); and
- Gross Value Added (GVA).

5.6 Each was calculated at the level of the Scottish economy. In addition, the analysis of impacts from the HIE area companies includes the impacts that would accrue to the Highlands & Islands.

From gross direct to net additional direct impacts

Gross direct impacts

5.7 Gross direct impacts are the turnover and employment impacts within the companies themselves. They are based on the survey results. For forecasts of *future* impacts companies were asked to provide a % of level of confidence that the forecast impacts will actually be achieved. The results from that question have been applied in the calculation of forecast impacts.

5.8 Gross direct GVA impacts were derived from the gross direct turnover figures. Data for the ratio of GVA:turnover were taken from the latest available (2013) Annual Business Survey. These were applied to the relevant sub-sector for each of companies in our survey.

Net direct impacts

5.9 The gross impacts were reduced to net impacts. This was done by applying displacement factors, on a case-by-case basis, to the reported gross direct turnover and employment impacts. This reflects that some of the sales made by the companies will have been at the expense of competitors elsewhere in Scotland.

5.10 In the survey, companies were asked to estimate the proportion of increased and/or safeguarded sales that would be at the expense of competitors elsewhere in Scotland. However, the survey responses produced unrealistically low estimates. Across the sample they suggest displacement of only 6% at the Scottish level.

5.11 Accordingly, we used the information available about the respondent companies, including the sectors in which they operate, to produce our own assessment of likely displacement impacts on a case-by-case basis.

5.12 The displacement factors applied to gross GVA impacts were the same as for turnover. This reflects the derivation of GVA impacts from turnover data, as explained earlier.

Net additional direct impacts

5.13 The net direct impacts were then reduced to net additional direct impacts. This reflects that some of the increased activity in participant businesses, and its effects in the wider economy, would have still occurred even if the companies had not participated in the various support programmes (i.e. deadweight). Thus, the net additional impacts show the actual difference that the entrepreneurial support has made.

5.14 Net additional impacts were calculated based on respondents' answers on how much of the increased activity would still have occurred in the absence of the support they received. Again, this was done on a case-by-case basis for each company.

Survey sample: economic impacts to date

Gross direct impacts

Results

5.15 Table 5.1 presents the gross direct impacts that have been achieved to date among our survey sample through the entrepreneurial support that they have received. It is based on 66 survey respondents who answered the relevant questions, and includes those who reported zero impacts to date.

Table 5.1: Survey sample: gross direct impacts

Impact	Created	Safeguarded	Total
Turnover (£)	5,022,802	6,482,001	11,504,803
Employment (FTE)	70	65	135
GVA (£)	2,689,941	4,417,108	7,107,050

Source: ekosgen, 2015 survey of participants.

Turnover

5.16 One third (22) of the 66 companies reported that their turnover had **increased** as a result of the entrepreneurial support they have received. The total impact is c£5.0 million. However, there was considerable variation across the 22 respondents. The turnover impact ranged from less than £10,000 to two cases of over £500,000.

5.17 Where a zero impact was reported this was mostly because there had been insufficient elapsed time between undertaking a masterclass, the trip to Boston, etc. and the survey for any impacts to have emerged. Other respondents attributed zero impacts to either their still being at the pre-revenue stage, with a smaller number relating it to the downturn in the oil and gas sector.

5.18 Only 14 companies stated that they had seen turnover **safeguarded** as a result of the entrepreneurial support they have received from either HIE or SE. However, at £6.4 million the reported impact is higher than for created turnover. Within this it should be noted that one single respondent claimed an impact of £4.7 million safeguarded turnover.

Employment

5.19 Around one third (21 companies) reported having **created** employment in their company. The total impact is 70 FTE jobs. Again, there was a strong variation in the level of impacts reported. In all but two cases it was less than 5 FTE. Two companies together accounted for more than half (38 FTE) of the created employment.

5.20 Some 16 companies reported **safeguarded** employment. The total impact figure (65 FTE) is only slightly less than that for created employment (70 FTE). Again, the vast majority of companies reported an impact of less than 5 FTE. Two respondents collectively accounting more than half (38 FTE) of all safeguarded employment.

GVA

5.21 GVA **created** is approximately £2.7 million while the figure for **safeguarded** is around £4.4 million.

Summary

5.22 The results at Table 5.1 show total impacts of:

- Turnover: £11.5 million.
- Employment: 135 FTE.
- GVA: £7.1 million.

5.23 Most of the turnover and GVA impacts are from safeguarded effects. In contrast, slightly more employment is created rather than safeguarded impacts reported by a small number of companies.

Net additional direct impacts

5.24 Table 5.2 presents net additional direct impacts, applying displacement and the additionality to the gross direct impacts shown at Table 5.1.

Table 5.2: Survey sample: Net additional direct impacts

Impact	Created	Safeguarded	Total
Turnover (£)	2,054,911	1,508,083	3,562,994
Employment (FTE)	30	27	57
GVA (£)	1,236,210	950,974	2,187,184

Source: ekosgen, 2015 survey of participants.

5.25 Comparing Table 5.2 and Table 5.1 shows that after accounting for displacement and deadweight around 30% of the total gross turnover and GVA, and 40% of the gross employment, impacts remain. Within this the weighted average for all the companies was around 33% displacement.

Total net additional impacts

5.26 Table 5.3 shows total direct, indirect and induced net additional employment and GVA in our survey sample.

Table 5.3: Survey sample: total Net additional impacts (direct, indirect, and induced)

Impact	Created	Safeguarded	Total
Employment (FTE)	49	44	93
GVA (£)	1,879,824	1,416,968	3,296,793

Source: ekosgen, 2015 survey of participants.

5.27 The total employment impact is 93 FTE and around £3.3 million GVA. Inclusion of the indirect and induced impacts increases the net additional impacts (shown at Table 5.2) by more than 50%.

Survey sample: forecast future impacts

Gross direct impacts

Introduction

5.28 This section presents the gross direct impacts that survey respondents *forecast will be achieved in the future*. These are cumulative over a three year period. These are in addition to impacts (if any) they have seen to date, as reported in the previous section. The results are shown at Table 5.4.

Table 5.4: Survey sample: forecast future impacts: gross direct

Impact	Created	Safeguarded	Total
Turnover (£)	108,923,184	24,074,033	132,997,218
Employment (FTE)	311	136	446
GVA (£)	61,313,852	9,522,461	70,836,313

Source: ekosgen, 2015 survey of participants.

5.29 As with the impacts to date they relate specifically to the entrepreneurial support they have received, and thus exclude any other support they may have got from HIE or SE.

5.30 The figures at Table 5.4 also reflect the extent of confidence that the respondent had in the likelihood of the forecast impacts actually being achieved. Thus, where a company was 75% confident that this would be the case then the forecast turnover and employment impacts were factored by 0.75.

Forecast turnover

5.31 The vast majority (56) of the 66 companies forecast future turnover **increases** from the entrepreneurial support they have received through SE or HIE.

5.32 Table 5.4 shows forecast created turnover. The total value of these are c£109 million. Almost half of the companies that forecast an impact stated that it would be more than £1 million across the three following years. In six cases the forecast was more than £5 million, including one of £32 million.

5.33 The forecast **safeguarded** turnover impact is much smaller, although it still totals £24 million. This reflects, in part, that only 16 companies forecast this impact. One company accounted for more than one quarter (£7 million) of the total safeguarded figure.

Forecast employment

5.34 More than half (42 of the 66 respondents) forecast **creating** employment in their company as a result of the entrepreneurial support they have received. The total impact is slightly over 300 FTEs. The forecast impact per company ranged between 1 FTE and 47 FTE jobs. The four companies reporting the highest employment impacts together account for 140 FTE.

5.35 Less than half (21) of the survey sample expect to **safeguard** employment over the next three years. The total forecast is 136 FTE - clearly smaller than the forecast created employment. The impact per company varied between 1 FTE and 35 FTE.

Forecast GVA

5.36 Forecast GVA **created** is around £61 million while the figure for **safeguarded** GVA is around £9 million.

Summary

5.37 The results at Table 5.4 show total forecast impacts of:

- Turnover: £133 million.
- Employment: 446 FTE.
- GVA: £71 million.

5.38 In each case they very largely comprise created rather than safeguarded impacts.

Net additional direct impacts

5.39 Table 5.5 presents forecast net additional direct impacts.

Table 5.5: Survey sample: forecast future impacts: net additional direct

Impact	Created	Safeguarded	Total
Turnover (£)	43,972,300	12,343,403	56,315,703
Employment (FTE)	125	76	201
GVA (£)	25,783,793	4,408,138	30,191,930

Source: ekosgen, 2015 survey of participants.

5.40 The application of displacement and additionality gives net additional impacts of between 40% and 45% of the gross impacts reported at Table 5.4. Within this the weighted average across all the companies was around 30% displacement.

Total net additional impacts

5.41 Table 5.6 shows the direct, indirect and induced net additional impacts for the survey sample.

Table 5.6: Survey sample: forecast total net additional impacts (direct, indirect and induced)

Impact	Created	Safeguarded	Total
Employment (FTE)	202	115	317
GVA (£)	41,736,097	7,282,284	49,018,380

Source: ekosgen, 2015 survey of participants.

5.42 The inclusion of the indirect and induced impacts significantly increases the impacts shown at Table 5.5. The forecast total net additional impacts across the survey sample of 66 companies are estimated as:

- The Employment: 317 FTE.
- GVA: £49 million.

Survey sample: combined forecasts – actual and forecast impacts

Gross direct impacts

5.43 Table 5.7 shows the total gross direct impacts from the company survey. It combines the actual impacts to date (in Table 5.1) with those that the companies forecast for the future (from Table 5.4).

Table 5.7: Survey Sample: Gross Direct Impacts

Impact	To Date	Forecast	Total
Turnover (£)	11,504,803	132,997,218	144,502,021
Employment (FTE)	135	446	581
GVA (£)	7,107,050	70,836,313	77,943,363

Source: ekosgen, 2015 survey of participants.

5.44 The impacts are large. The simple averages across all 66 companies in our sample are around:

- Turnover: £2.2 million.
- Employment: 9 FTE.
- GVA: £1.2 million.

5.45 Impacts are dominated by those that are forecast rather than already achieved. They account for the vast majority of the overall impacts, and more than 90% of the totals for turnover and GVA.

Total net additional impacts

5.46 Table 5.8 sets out total net additional impacts.

Table 5.8: Survey Sample: total net additional impacts (direct, indirect and induced)

Impact	To Date	Forecast	Total
Employment (FTE)	93	317	410
GVA (£)	3,296,793	49,018,380	52,315,173

Source: ekosgen, 2015 survey of participants.

5.47 Again, the impacts are dominated by forecast ones for the future rather than those already achieved.

Grossing up the survey results

5.48 The preceding sections have shown the results for the 66 companies in our survey. These have been grossed up to the full population of 217 companies that have received the relevant support.

5.49 Grossing up is not straightforward in this instance. In similar cases it is possible to do this simply by multiplying the results for the sample by the total number of participants. For this research that would mean multiplying the results shown earlier by 3.29 (i.e. 217/66).

5.50 We have allowed for two factors in our grossing up. First, we have noted at various points that the results contain a number of “outliers”. That is, especially large values of turnover and employment stated by a small number of companies, which form a significant proportion of the total estimated impacts.

5.51 This is in a context where for some measures (e.g. forecast safeguarded turnover) the number of respondents stating an impact was relatively low. Thus, the responses of a few companies would have a significant bearing on the overall results if these were calculated simply on a pro rata basis.

5.52 We have accounted for this by removing the outliers, then factoring the remaining responses on a pro rata basis, and then adding the outliers back in to give a total impact

5.53 In addition, we grossed up separately for those companies that had taken part in EDP and those that had not. That is because our survey sample over-represents the total share of participants who had participated in EDP.

5.54 Some 24% of the survey sample had taken part in EDP, compared to only 12% of the whole population (217) of companies that have received entrepreneurship support. Thus, grossing up EDP and non-EDP companies' results separately made the overall results representative of the 217 companies.

Results for all participant companies

Gross direct impacts

5.55 Estimates of gross direct impacts for the population of 217 companies are shown at Table 5.9, grossed up from our survey sample. They cover both created and safeguarded impacts.

Table 5.9: All participant companies: gross direct impacts

Impact	To Date	Forecast	Total
Employment (FTE)	252	1,237	1,489
GVA (£)	10,437,730	192,403,473	202,841,203

Source: ekosgen, 2015 survey of participants.

5.56 The total impacts imply an average impact per participant company of:

- 7 direct FTE jobs.
- £930,000 direct GVA.

5.57 Again, the impacts are dominated by those forecast to occur in the next three years.

Total net additional impacts

5.58 Estimates of total net additional impacts are shown at Table 5.10. Again, these include both created and safeguarded impacts.

Table 5.10: All participant companies: total net additional impacts (direct, indirect and induced)

Impact	To Date	Forecast	Total
Employment (FTE)	141	910	1,051
GVA (£)	4,934,321	108,704,061	113,638,382

Source: ekosgen, 2015 survey of participants.

5.59 Again, the impacts are dominated by those forecast to occur in the next three years rather than those that have been achieved to date.

5.60 The results imply a total (direct, indirect and induced) impact per participant company of:

- 5 FTE jobs.
- £524,000 GVA.

HIE area companies

Introduction

5.61 This section reports the results for companies based in the HIE area. Some 81 of them have received entrepreneurship support, with 35 of them participating in our company survey and providing impact data.

5.62 The approach to the assessment, including grossing up, is the same as for all participants as reported in the earlier sections of this Chapter. Impacts have been calculated at two geographical levels: the HIE area and Scotland.

Gross direct impacts to Date

Results

5.63 Table 5.11 presents the gross direct impacts to date among our survey sample through the entrepreneurial support that they have received. The data are based on 35 survey respondents who answered the relevant questions, and includes those who reported zero impacts to date.

5.64 As these are direct impacts within HIE area companies the economic impacts are the same for the HIE area and the Scottish economy as a whole.

Table 5.11: HIE area survey sample: gross direct impacts

Impact	Created		Safeguarded		Total	
	HIE Area	Scotland	HIE Area	Scotland	HIE Area	Scotland
Turnover (£)	2,980,111	2,980,111	1,231,813	1,231,813	4,211,924	4,211,924
Employment (FTE)	36	36	40	40	76	76
GVA (£)	1,450,364	1,450,364	752,011	752,011	2,202,375	2,202,375

Source: ekosgen, 2015 survey of participants.

Turnover

5.65 Around one third (12) of the 35 HIE area companies reported that their turnover had **increased** as a result of the entrepreneurial support they have received.

5.66 The total impact is just under £3 million. However, there was considerable variation between the 13 respondents. The turnover impact ranged from under £10,000 to two cases of over £500,000. Where a zero impact was reported this was mostly because there had been insufficient elapsed time between undertaking the masterclass, the trip to Boston, etc. and the survey for any impacts to have emerged.

5.67 One in five of the companies stated that they had seen turnover **safeguarded** through their participation. Most of the £1.2 million impact shown at Table 5.11 came from a single business which reported an impact of £850,000.

Employment

5.68 Around one in four of the HIE area companies had **created direct employment** as a result of the support they had received. The average (median) impact was 2.5 FTE jobs. One company accounted for almost half (17 FTE) of the total impact of 36 FTE created jobs shown at Table 5.11.

5.69 Ten companies reported have **safeguarded** employment. The average (median) impact was 3 FTE jobs. One company accounted for a significant proportion (around 40%) of the total impact of 40 FTE safeguarded jobs.

GVA

5.70 GVA **created** is c£1.4 million, about twice that of the figure for **safeguarded** GVA (c£750,000).

Summary

5.71 The results at Table 5.11 show total impacts of around:

- Turnover: £4.2 million.
- Employment: 76 FTE.
- GVA: £2.2 million.

5.72 Most of the turnover and GVA impacts are created rather safeguarded, while the opposite holds for the employment impacts.

Net additional direct impacts to date

5.73 Table 5.12 presents net additional direct impacts, applying displacement and the additionality of the support received to the gross impacts shown at Table 5.11.

Table 5.12: HIE area survey sample: net additional direct impacts

Impact	Created		Safeguarded		Total	
	HIE Area	Scotland	HIE Area	Scotland	HIE Area	Scotland
Turnover (£)	1,418,747	1,004,739	1,011,837	798,278	2,430,584	1,803,017
Employment (FTE)	23	17	29	23	52	40
GVA (£)	856,953	616,910	655,013	517,753	1,511,966	1,134,663

Source: ekosgen, 2015 survey of participants.

5.74 The impacts are higher at the HIE level than for Scotland as a whole. This reflects the lower levels of displacement within the regional economy. Displacement was around 20% within the HIE area, compared to around 40% at the Scottish level.

5.75 After accounting for displacement and deadweight in *Scotland*, 40% of the gross turnover, and 50% of the employment and GVA impacts, remain. The figures are 60% and 70%, respectively, for the impacts in the *HIE area*.

Total net additional impacts to date

5.76 Table 5.13 shows total net additional employment and GVA in the sample of HIE area companies.

Table 5.13: HIE area survey sample: total net additional impacts (direct, indirect and induced)

Impact	Created		Safeguarded		Total	
	HIE Area	Scotland	HIE Area	Scotland	HIE Area	Scotland
Employment (FTE)	31	27	41	39	72	66
GVA (£)	1,152,961	961,006	863,422	776,413	2,016,383	1,737,419

Source: ekosgen, 2015 survey of participants.

5.77 Inclusion of the indirect and induced impacts increases the net additional impacts in both geographies. The total employment impacts within the *HIE area* are 72 FTE jobs and £2 million GVA. That is slightly higher than the levels (66 FTE and £1.7 million GVA) for *Scotland*. Again, this is due to the higher levels of displacement within the national economy than in the Highlands & Islands.

Forecast future impacts

5.78 This sub-section presents the impacts that survey respondents *forecast will be achieved in the future*. These are cumulative over a three year period. These are in addition to impacts (if any) they have seen to date, as reported in the previous sections.

Gross direct impacts

5.79 Forecast gross direct impacts are shown at Table 5.14.

Table 5.14: HIE area survey sample: forecast future impacts: gross direct

Impact	Created		Safeguarded		Total	
	HIE Area	Scotland	HIE Area	Scotland	HIE Area	Scotland
Turnover (£)	28,710,411	28,710,411	16,070,041	16,070,041	44,780,452	44,780,452
Employment (FTE)	74	74	62	62	136	136
GVA (£)	12,933,549	12,933,549	5,532,625	5,532,625	18,466,174	18,466,174

Source: ekosgen, 2015 survey of participants.

5.80 More than half (20) of the HIE area companies forecast that they will **create turnover** as a result of the entrepreneurial support they have received. Among those reporting an impact the average (median) figure was £1.2 million. The largest one was £6.9 million.

5.81 A smaller number of companies (nine) forecast that the support they have received will lead them to have **safeguarded turnover** over the next three years. In most (seven) cases the figure was over £1 million.

5.82 Over half (18) of the companies forecast that they will **create employment** in their company. The average (median) level was between 3 and 4 FTE posts.

5.83 More than one third (13) of companies expect to **safeguard employment** as a result of the entrepreneurial support they have received through HIE. The average (median) impact is 4 FTE posts.

5.84 Forecast **created GVA** is around £13 million while the figure for **safeguarded GVA** is over £5 million.

5.85 Table 5.14 shows the total forecast impacts across the 35 companies of:

- Turnover: £45 million.
- Employment: 136 FTE.
- GVA: £18 million.

5.86 Most of these impacts are forecast to be created rather than safeguarded.

Net additional direct impacts

5.87 Table 5.15 presents the forecast net additional direct impacts.

Table 5.15: HIE Area Survey Sample: Forecast Future Impacts: Net Additional Direct

Impact	Created		Safeguarded		Total	
	HIE Area	Scotland	HIE Area	Scotland	HIE Area	Scotland
Turnover (£)	10,383,329	6,142,109	9,881,224	7,201,976	20,264,553	13,344,085
Employment (FTE)	28	19	36	27	64	46
GVA (£)	4,846,538	2,760,983	2,887,947	1,991,198	7,734,485	4,752,181

Source: ekosgen, 2015 survey of participants.

5.88 The impacts are clearly higher at the HIE level than for Scotland as a whole. Again, this reflects lower levels of displacement within the regional economy. Displacement of impacts is around 20% within the HIE area, compared to around 50% at the Scottish level.

5.89 Comparing Table 5.15 and Table 5.14 shows that after accounting for displacement and deadweight within *Scotland* between 25% and 33% of the total gross direct impacts remain. The figures are 40% and 47%, respectively, for the impacts in the *HIE area*.

Total net additional impacts

5.90 Table 5.16 shows the direct, indirect and induced net additional impacts for the HIE area survey sample.

Table 5.16: HIE area survey sample: forecast total net additional impacts (direct, indirect and induced)

Impact	Created		Safeguarded		Total	
	HIE Area	Scotland	HIE Area	Scotland	HIE Area	Scotland
Employment (FTE)	39	32	43	39	82	71
GVA (£)	6,542,348	4,364,426	3,991,189	3,297,535	10,533,537	7,661,961

Source: ekosgen, 2015 survey of participants.

5.91 Inclusion of the indirect and induced impacts significantly increases the impacts compared to those shown at Table 5.15. The forecast total net additional impacts across the HIE area survey sample are around:

- Employment: 82 FTE in the HIE area and 71 FTE in Scotland.
- GVA: £10.5 million in the HIE area and £7.6 million in Scotland.

Combined forecasts – impacts to date and forecast

Gross direct impacts

5.92 Table 5.17 shows the total gross direct impacts from the company survey. It combines the impacts to date with those that the companies forecast for the following three years.

Table 5.17: HIE area survey sample: gross direct impacts

Impact	To Date		Forecast		Total	
	HIE Area	Scotland	HIE Area	Scotland	HIE Area	Scotland
Employment (FTE)	76	76	136	136	212	212
GVA (£)	2,202,375	2,202,375	18,466,174	18,466,174	20,668,549	20,668,549

Source: ekosgen, 2015 survey of participants.

5.93 Average impacts per company are:

- Employment: 6 FTE.
- GVA: £590,000.

5.94 Impacts are dominated by those forecast for the future. They account for more than 60% of total employment and almost 90% of total GVA impacts.

Total net additional impacts

5.95 Table 5.18 sets out total net additional impacts.

Table 5.18: HIE area survey sample: total net additional impacts (direct, indirect and induced)

Impact	To Date		Forecast		Total	
	HIE Area	Scotland	HIE Area	Scotland	HIE Area	Scotland
Employment (FTE)	72	66	82	71	154	137
GVA (£)	2,016,383	1,737,419	10,533,537	7,661,961	12,549,920	9,399,380

Source: ekosgen, 2015 survey of participants.

5.96 The employment impacts are quite balanced between those already generated and those that are forecast to emerge in the next three years. In contrast, GVA very largely comprises forecast impacts.

5.97 Apart from forecast GVA, there are no significant differences between the levels of impact in the HIE area and those at the Scottish level.

Results for all HIE area participant companies

Gross direct impacts

5.98 The gross direct results for the sample were grossed up to the population of 81 companies. The results are shown at Table 5.19. These cover both created and safeguarded impacts.

Table 5.19: All participant HIE area companies: gross direct impacts

Impact	To Date		Forecast		Total	
	HIE Area	Scotland	HIE Area	Scotland	HIE Area	Scotland
Employment (FTE)	162	162	309	309	471	471
GVA (£)	3,997,026	3,997,026	44,718,211	44,718,211	48,715,237	48,715,237

Source: ekosgen, 2015 survey of participants.

5.99 The total impacts are 471 FTE jobs and over £48 million of GVA. They very largely comprise forecast future impacts.

5.100 The results imply an average impact per participant company of:

- Around 6 direct FTE jobs.
- £600,000 direct GVA.

5.101 Again, the impacts are dominated by those forecast to occur over the next three years.

Total net additional impacts

5.102 Total net additional impacts for the 81 HIE area companies are shown at Table 5.20. Again, these include both created and safeguarded impacts.

Table 5.20: All participant HIE area companies: total net additional impacts (direct, indirect and induced)

Impact	To Date		Forecast		Total	
	HIE Area	Scotland	HIE Area	Scotland	HIE Area	Scotland
Employment (FTE)	90	81	200	161	280	242
GVA (£)	2,292,102	1,958,934	24,220,638	16,885,847	26,512,740	18,844,781

Source: ekosgen, 2015 survey of participants.

5.103 The total impacts are:

- 280 FTE jobs and over £26 million of GVA in the HIE area's economy.
- 242 FTE jobs and over £18 million of GVA in the Scottish economy.

5.104 Again, these impacts are dominated by those forecast to occur over the next three years.

Return on Investment

5.105 Based on the total resource input of £1.08m, the Programme has delivered a Return on Investment to date of £4.57: £1. This is a very good return, and reflects that a number of businesses are already benefiting from the application of learning acquired through the ESP. The RoI to date in the Highlands and Islands area is £4.20: £1 (based on HIE resource inputs of £549,000), and in the Scottish Enterprise area of £4.90: £1 (based on SE resources inputs of £531,000).

5.106 There are also impacts forecast in the future, and some of these are substantial, with many companies forecasting strong future business performance. These include strong forecasts from technology firms (including pre-start/early stage companies) which make up a quarter of supported businesses. Not all of these firms will deliver against their forecasts which is why the report presents the RoI achieved to date to ensure robust evidence. Many of these are at very early stages of development, and some will inevitably fail. The 2012 Start-up Genome project²³ found that 92% of high value tech start-ups fail. Those that survive really are high growth, however premature scaling can cause businesses to fail.

5.107 A failure rate of 92% is unlikely under ESP. More broadly the 2014 Local Enterprise Partnership (LEP) Growth Dashboard work done by ERC indicates there is a success rate of 63% for start-ups in England (those surviving 5 years), across all LEP areas (based on 2009-12 data). This is a much higher success ratio, although this is across all sectors. The 2014 Growing Pains report from the RSA Group found that 45% of start-ups survive beyond five years.

5.108 Although there is not a definitive comparable study, it is likely that somewhere between 40% and 90% of start-up firms may fail, depending on the level of risk/technology, and this will reduce the strong future forecast impacts. ESP does not only support start-ups (indeed just under 20% are start-up businesses less than two years old), however it is clear that not all future forecast impacts will be realised.

5.109 It is therefore not possible to accurately assess future RoI hence the use of RoI to date. Still, the evidence points to future impacts at least equal to the ones achieved so far which would suggest a RoI of at least 9:1 (and potentially much higher still). This is an improvement on the RoI of 8:1 achieved under the previous ESP programme. Indeed, if we assumed that 65% of future forecast benefits are not realised (the mid-point of the evidence of likely success above) future RoI could still be as high as 37:1, although this may still over-state final impacts achieved. Based on respective HIE and SE investments, the RoI for HIE could therefore be as much 28:1, and for SE as much as 45:1, influenced by very strong future growth attributed to the ESP 2013-2016. The emphasis going forward, as the concluding chapter comments, should be on providing strong after care arrangements for companies taking part in the ESP, so that as many of the future forecast benefits are realised.

²³ This research involved Startup Genome, UC Berkeley, and Stanford

6 Conclusions and recommendations

Introduction

6.1 The Entrepreneurial Support Programme (ESP) for 2013-2016 remains a flagship programme for HIE and SE. This chapter draws conclusions from the research and makes a series of recommendations for the Programme going forward. The evaluation has gathered extensive feedback from supported businesses and from stakeholders, considered comparator programmes, and reviewed a wide range of management information associated with the Programme.

Focus and direction of the ESP 2013-2016

6.2 The ESP in its current guise, and its third contract period, continues to comprise the core element of Masterclasses and the Massachusetts Institute of Technology (MIT) residence-based component, the Entrepreneurship Development Programme (EDP). The other two elements are smaller, yet not inconsiderable in resource terms, the Industrial Liaison Programme (ILP) and the Global Ambitions Network (GAN). The Programme is open to all Account Managed companies, although these are selected. The ESP offers a good mix of intensive and less intensive support. Across the ESP, there have been 681 incidences of support across 360 unique companies. Businesses are motivated by the desire to be more entrepreneurial, the key objective of the Programme. A key point is that the Programme is not just about the company, it is also about the individual participant.

6.3 A range of **Masterclasses** are delivered. In all, 24 Masterclasses had been delivered during the period to October 2015, which will rise to around 30 by the end of the contract period, covering seven subjects, four of these pitched at two different levels. There have been 325 individual participants to date, expecting to rise above 90% of the target numbers by the end of the contract. The Masterclasses vary in nature, but are on the whole well regarded. The *Disciplined Entrepreneurship* is particularly valued, as are others such as the *Entrepreneurial Leadership, Strategy and Culture*. Some relate to raising aspirations (such as *Disciplined Entrepreneurship*) and some are more closely linked to skills acquisition and techniques, such as *Financing an Entrepreneurial Company*. Although there is some criticism of the two-day delivery model, the networking element is an important component, which would be lost with a shorter, more condensed format. Further, although some participants are critical of some Masterclass providers, the number is small and overall satisfaction levels are high.

6.4 The **EDP** is proving to be inspiring for participants, and this is one of its primary functions. The heavily subsidised week long intensive residential course is the 'prize' for companies with growth potential who are put forward by SE and HIE and who complete the rigorous application process. Twenty-seven individuals have attended EDP over the review period to date, with the January 2016 cohort still to attend at the time of writing. EDP participants have typically completed one or more Masterclasses prior to attending. Masterclasses are seen as a stepping stone to EDP and although this approach is largely appropriate, some EDP participants may benefit from Masterclasses post-EDP, given their focus on tools and skills acquisition (e.g. *Entrepreneurial Sales Strategy, Financing an Entrepreneurial Company*). Participants return from EDP highly motivated, many benefiting from peer-to-peer contact with businesses outside Scotland, and attending Masterclasses may give them the skills they need to act on the inspiration gained through EDP.

6.5 HIE continues to be a member of the **ILP**. There are a number of advantages and benefits to this membership, although the evaluation findings show that its value is not currently maximised. The number of businesses (and Account Managers) aware of the ILP is not as extensive as it should be and it is not used as widely as it could be. Where ILP *has* been used, there have been some good benefits and positive impacts, for example for the businesses accompanying HIE on the energy sector visit to MIT. The use and application of ILP seems to have reduced as the focus on EDP has

increased. There are opportunities for HIE and SE to reinvigorate the ILP approach, in discussion with MIT, as used properly, it could bring significant benefits to HIE and the companies it supports.

6.6 The **GAN** is at a relatively early stage, however, it is not currently working particularly effectively. Initial indications are that not all those invited to attend are engaged in the Network (just two thirds of what is a closed invitation group), and many of those are only moderately engaged with irregular attendance at GAN event. Few businesses are yet reporting added value although the Network events are expensive, delivering questionable value for money. Many members do however want to network, and in this way, it would be helpful if the GAN can be a success.

Profile of beneficiaries and targeting

6.7 Overall, the ESP continues to focus on the individual, rather than the business, and this is appropriate given that the ESP is about engendering entrepreneurial behaviour. Masterclasses, and particularly EDP, are about what the business owner, partner, leader or senior management executives takes back to the business. At the same time, spreading the influence and benefits of that individual's attendance needs to happen more, with more people in the business 'bought-in' to the new ideas and thinking awakened in ESP participants.

6.8 The critical role of the SE/HIE Account Managers in putting forward appropriate companies is clear from the evaluation, and they are the main access route in to ESP for businesses. In many cases, the Account Managers are acting as strong advocates for the Programme. This is as it should be, and the onus is on HIE and SE to ensure that this is a consistent approach across all Account Managers. In helping to ensure that the benefits of the ESP are embedded more widely in businesses, it is appropriate for Account Managers to attend either EDP, Masterclasses or both, although care must be taken that the balance is right between business participation and HIE/SE staff.

6.9 There is a difference in the profile of business attendance between those from the SE and HIE areas. On the whole, SE area businesses are younger (including pre-revenue companies) whereas HIE companies tend to be more established. All participating businesses have growth ambitions, although the smaller pool of companies in the HIE area means that there are fewer 'high growth' companies as defined by SE. However, impacts per businesses are broadly similar across the two areas, and so there is little evidence to suggest one or the other approach is preferable or more effective. Although there is feedback from some stakeholders that there can be businesses participating with lower levels of growth/ambition, this is not a widespread view and impacts do not suggest businesses or individuals attending who are not appropriate for ESP.

Programme benefits for business

6.10 The ESP is valued by those who have participated and a wide range of benefits are identified for businesses and individuals attending the Masterclasses only, as well as those that have gone on to do the EDP. The Masterclasses typically deliver benefits to businesses in the intended areas related to the subject (Sales, Marketing, Financing) although a range of other benefits are also derived, particularly from the broader based *Disciplined Entrepreneurship* Masterclass. Approaching half of the participants say that the Masterclasses have already directly helped them to develop their wider entrepreneurial culture to a considerable level.

6.11 In particular, businesses attending EDP report improved business planning and business processes and some of this is fundamental re-thinking of the business, the strategy or a new business idea. Two thirds of EDP participants had already implemented changes to their business approach, and a few had started new businesses directly as a result of EDP attendance. Participants report developing specific business abilities, including sales and marketing, but also their leadership and strategic planning skills.

6.12 Across the ESP as a whole, including those who had not attended EDP, three in four report improved strategic business planning to date and more expect to do so in the future. Almost seven in

10 increased confidence to do business and almost as many have developed better leadership and management skills. Almost six in 10 have expanded their peer networks, and self-assessed entrepreneurial ability has increased markedly.

6.13 Importantly, participants are reporting a greater ability to think about how they may scale up the business. This is encouraging, particularly given the early stage of many businesses where scaling up can help them move to the next stage of the business lifecycle. Businesses scaling up can also bring proportionately greater benefits to rural locations, supporting more jobs and strengthening communities. More widely, businesses are reporting increased employee engagement and performance, key components of the inclusive growth agenda and important to new innovations. The strong business performance improvements achieved and forecast is likely to lead to new levels of business investment (some linked to new finance raised) and new international sales, contributing in turn to the four 'I's of Scotland's Economic Strategy.

Programme impact

6.14 The Programme has generated good economic impacts to date, and some very strong impacts are forecast. The challenge for SE and HIE in moving forward is helping to ensure that the forecast business sales and GVA benefits are realised and monitored on an ongoing basis.

6.15 Surveyed businesses report gross new and safeguarded increases in turnover to date as a result of their participation in ESP of £11.5m, translating to £7.7m in gross direct GVA. Programme additionality is high, well above that expected from generic business support programmes. This is positive, reflecting the ESP is providing support that cannot readily be accessed by businesses from other means, validating the uniqueness of the ESP offer in Scotland.

6.16 Reported displacement is low, at 6%, and this has been adjusted to reflect that this has been under-reported by businesses. Combined, deadweight and displacement is estimated at 30%, assessed on a company by company basis. This is further evidence that supported businesses are not typically operating in local markets. Net additional GVA to date, from the survey sample, is £3.3m, including induced and indirect effects. These are good impacts given that many businesses have only recently benefitted from ESP support and that all impacts are from those supported from 2013 onwards.

6.17 A further £133m in gross turnover is forecast in the future by surveyed businesses, equivalent to GVA of £71m. This translates to net additional forecast GVA impacts of £49m including direct, induced and indirect effects.

6.18 Even after allowing for the removal of outliers in the grossing up to the full number of participating businesses, total net additional (to date and forecast) impacts (direct, indirect and induced) are estimated at some £114m in GVA. The forecast benefits are particularly high, even with the removal of outliers, reflecting the strong, even bullish enthusiasm of businesses post-participation, especially those attending the EDP. The impacts are dominated by those forecast to occur in the next three years, rather than those that have been achieved to date. GVA per participant (to date and forecast) is an average of £524,000 for the Programme as whole.

6.19 The impacts (per business) are similar across both the HIE and SE areas. Per business, the impact of EDP is greatest, although given the higher proportion of Masterclass beneficiaries, overall these comprise a greater share of the impacts.

The ESP in the global entrepreneurship landscape

6.20 The ESP, and the role of MIT within it, is still amongst the world leading entrepreneurship approaches, particularly given the breadth, associated infrastructure such as industry links, and reasonable cost (against some others). A number of comparators were reviewed in-depth, covering Babson College: The Entrepreneurship Bootcamp; Harvard Business School: Launching New

Ventures; INSEAD: Powering Growth; ESADE: Open Innovation and Entrepreneurship; and Finland: VIGO Programme.

6.21 MIT remains amongst the top in its field and still world-leading when considering its application across the range of new and established growth businesses and broad sector base, its intensive nature and its mix of delivery approaches. Others are more narrowly defined. That said, there are some elements of best practice elsewhere that are worthy of consideration, notably the Finnish VIGO programme which works closely with businesses over a period of time, and with accelerator groups. This could provide complementary activity to the current ESP, more focused on financing, co-development of start-ups by investors and mentoring, perhaps as post-ESP support (see Recommendations below).

Monitoring programme performance

6.22 As discussed in the report, the forecast impacts are good and set out in the economic impact analysis in chapter 5. However, as the recommendations and concluding remarks indicate, there is a need for post-ESP after care and follow-up to ensure impacts are secured, and the enthusiasm and aspiration, as well as the skills and connections engendered by ESP, lead to hard outcomes. This could usefully form part of a monitoring framework going forward.

6.23 The ESP is currently monitored in terms of activity, i.e. participation in the various Programme elements, notably Masterclasses, the EDP and the GAN. Feedback is also gathered in some depth post EDP, including actions to be taken forward by the businesses. Thereafter however, no formal follow-up is undertaken and where it was tried (for one Masterclass), proposed follow-up sessions did not occur. Rather, the participant returns to general Account Management. So whilst the Account Managers *may* be active in seeking to help the participant to embed the enthusiasm and learning acquired through the ESP into the business, this should be more of a formal requirement.

6.24 In going forward, and as set out in the recommendations, there should be a formal plan to monitor how the EDP participants in particular, but also ESP businesses more widely, can be assisted further to realise their growth ambitions. Masterclass participants should be followed up, both to assess their suitability for EDP but also to assess whether there is further SE or HIE support that they may benefit from. This happens to a large extent currently, but the follow-up should be routinely carried out.

Concluding remark

6.25 The ESP 2013-2016 is meeting its objectives to deliver high quality entrepreneurship support to businesses across Scotland. MIT continues to be at the forefront of support in this field globally and Scottish companies are benefiting from this relationship, which has been nurtured and developed by HIE in particular over time. The ESP is improving the entrepreneurial ability of the vast majority of participants, both in terms of companies and individuals.

6.26 Some of the forecast impacts are very high, partly a result of the inspiration and “can do” ethos instilled by the Programme. The challenge for SE and HIE is to ensure that these forecast impacts are realised and a number of the report recommendations reflect this. Translating the enthusiasm engendered by the ESP into lasting business benefits, and extending the changed mind-set to more individuals within businesses (and then to more businesses), should be a key objective going forward.

Recommendations

6.27 In light of the review, ekosgen is putting forward 10 recommendations, some strategic and some more operational.

6.28 The ESP 2013-2016 is on the whole working with the right companies and the right calibre of businesses and individuals, although given the different business compositions these vary slightly in

the SE and HIE areas. The Programme works to inspire individuals. The selection of companies for Masterclasses and EDP allows for an element of “streaming”, that is, identifying those with the most potential, particularly for onwards participation in EDP. Both SE and HIE need to work to continue to generate a pipeline of suitable individuals.

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

6.29 On the whole, the feedback on the Masterclasses is good, and the delivery partners are well regarded. There is some criticism of the two-day delivery model in terms of time commitments, though this is relatively minor, and feedback suggests the impacts justify their ‘special nature’ which is distinct from more traditional forms of training as should be the case. The networking component is valued by participants and it is important to retain that across ESP.

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

6.30 A number of participants have been involved in the ESP despite initial reservations and/ or perceptions that the Programme is not for them. Where this has occurred, it has typically been the Account Managers that have persuaded them otherwise, reinforcing the central role of the Account Managers as ESP advocate.

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

6.31 The ILP component of the Programme is important and there are a range of identified benefits arising from HIE’s membership, although the full value of ILP is not being realised. This review, and the way in which MIT is thinking about the way it offers support going forward, which includes more online resources for example, is an opportunity to reassess the ILP and how to maximise its potential.

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

6.32 The current range of Masterclasses is well regarded, however there are always opportunities to refresh and develop the offer. Consideration should therefore be given adopting a more flexible approach in the range and delivery of Masterclasses. This would involve adding new topics and dropping some in the current programme. The refreshed approach would also allow more flexibility in that the suite of Masterclasses could be amended over the life of a new programme to ensure maximum value and enable the incorporation of topics that address emerging opportunities and issues throughout the programme. It should also draw on best practice elsewhere including Europe (see also Recommendation 6).

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

6.33 The support available via MIT is appropriate to the broad-based needs of Scottish businesses. However, there are elements of best practice from elsewhere, notably Finland, which can either be incorporated into the ESP or developed as part of post ESP support.

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

6.34 The issue of post-ESP/EDP support and follow-up is an important one. This needs to be a formal requirement to ensure that the high aspirations of participants are translated into actual business growth. The Account Managers are central to this and it must be clear that this is their role, set out in the forward monitoring arrangements. By carrying out this role, Account Managers can help achieve their own objectives and targets

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

6.35 The GAN is in its relatively early stages, but the signs are that it is not delivering the value for money and added value expected. There is a need to review its operation and the terms of business involvement if businesses are not engaged.

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

6.36 The review points to new approaches being developed by MIT, and HIE and SE should be alert to these developments. Sitting alongside ESP is Scotland Can Do SCALE which makes available an MIT MOOC and Summer School with MIT and Harvard teaching. ESP and SCALE should be aligned to avoid duplication. MIT thinking is developing and the recent HIE visit to MIT in January 2016 may have already garnered more detail on any proposed MIT model changes. In addition, support from the best of Europe and the UK should be brought into ESP as appropriate.

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

6.37 A number of the recommendations relate to ensuring that activities and impacts are carefully monitored and assessed going forward. The activities of the ILP and GAN should be recorded and the

benefits to participants reviewed (in the case of GAN) and disseminated (in the case of ILP). For EDP, formal monitoring post-EDP participation should allow the inspiration gained from MIT to be more consistently and readily translated to actions and business growth.

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

Appendices

Appendix 1: Study method

The ekosgen study team employed a mix of methods to undertake the evaluation of the Entrepreneurship Support Programme.

Review of programme and management information

We undertook a desk review of HIE and SE management information. This included reviewing appraisal papers, budget and expenditure information, participant records and monitoring information in order to identify the client beneficiary profile and review reported expenditure and outputs against targets.

The review also included consideration of Programme literature and feedback, including social/digital media output. This provided wider context for the evaluation.

Review of international examples

The study team undertook a review of international practice in the field of entrepreneurship education. This was informed by HIE/SE staff consultations, and aimed to capture information on current trends and practices in entrepreneurship and leadership training and education.

The initial stage was a desk review of available material from a long list of institutions that offered the best opportunity to glean learning and capture best practice in entrepreneurship education and training. It considered:

- Audience/targeting, e.g. business stage, sectors, growth potential, individuals, organisations;
- Marketing approach;
- Content and structure including through-care and aftercare/follow up;
- Delivery mechanisms and timings, e.g. Masterclasses, lectures, workshops, residential courses;
- Delivery partnerships; and
- Any identified impacts e.g. through institutions' own case studies.

From this, the final short list of leading examples for in-depth focus was arrived at in consultation with the client. These were examined with regard to target market, course objectives and content, format, participant support, and opportunities for customisation.

The desk review was supplemented by in-depth face-to-face, telephone and correspondence consultations with relevant individuals from each of the institutions included in the review.

Survey of businesses

The main component of the primary research was a survey of ESP participants. The purpose of the survey was to: assess participants' experiences of the support accessed through the Programme; the business, economic and wider impacts achieved as a result of the support; and capture any recommendations for the Programme's future delivery.

We collated contact details for all businesses from client participant records. We employed a stratified, purposive approach to sampling to ensure a good geographical spread, and sectoral and age/stage breakdown of surveyed businesses, as well as to ensure that all EDP participants were included within the survey sample. Response rates were monitored throughout to allow for appropriate targeting of companies where necessary.

Using these contact details, we carried out a telephone survey of 55 individuals from businesses that had participated in the ESP. We also carried out a small number of short interviews with companies

and individuals that had yet to participate in the Programme to explore reasons behind non-participation. A further 21 respondents completed an online version of the survey.

Stakeholder consultations

As another strand of the study to supplement the survey findings, the study team conducted a programme of consultations with operational and strategic stakeholders to explore the ESP's successes and impacts to date, as well as the effectiveness of Programme delivery. We also explored the key lessons for future Programme delivery. A list of consultees is provided at Appendix 2.

Emerging findings workshop

As part of the analysis, the study team held a workshop with HIE and SE to set out and discuss the study findings and emerging conclusions. This allowed us to discuss the findings and implications in detail to help shape the final report. It provided more detailed context to inform the findings, conclusions and recommendations.

Methodological challenges

There were some methodological challenges with the research but these were not insurmountable, and have not had any material impact on the robustness of the research or the findings.

Non-participants: We aimed to survey non-participating businesses to determine the reasons for not taking part in the ESP for example, do they self-exclude as they do not recognise themselves as entrepreneurs? However, a number of the companies put forward for interview had in fact attended Masterclasses, in some cases prior to 2013. For many, the reason behind their non-participation to date, either in the EDP or the Programme overall, is the lack of time to attend, or other commitments that made it difficult for them to attend, especially the EDP, despite a strong desire to do so.

Response Rates: The response rate to the online survey of participants was slow initially. A number of reminders, including a targeted reminder by the client, helped to secure a greater engagement in the survey.

Business engagement for the survey was affected by SE's check on company survey levels. SE undertake this to prevent survey fatigue amongst their account-managed companies. It meant that 39 participating businesses were flagged as 'do not contact', including four out of the 27 EDP participants.

Two EDP participants had changed employer and were not available to participate in the research.

Appendix 2: Consulted stakeholders

Stakeholder Name	Job Title	Organisation
Charlotte Wright	Sector and Business Development Director	Highlands and Islands Enterprise
Donna Chisholm	Head of Business Innovation and Growth Sectors	Highlands and Islands Enterprise
Joanna Peteranna	Senior Development Manager (Western Isles)	Highlands and Islands Enterprise
Elaine Jamieson	Head of Food and Drink (Shetland)	Highlands and Islands Enterprise
Alison Gainsford	Head of Business Growth (Lochaber, Skye & Wester Ross)	Highlands and Islands Enterprise
Ruth Kirkpatrick	Head of Business Growth (Orkney)	Highlands and Islands Enterprise
Eleanor Mitchell	Commercialisation Director	Scottish Enterprise
Silvio Clemente	Scottish Enterprise Senior Manager	Scottish Enterprise
Elaine Morrison	Scottish Enterprise Senior Manager	Scottish Enterprise
Nicola McMillan	High Growth Start-up Portfolio Manager	Scottish Enterprise
Ute Beck	Business Adviser	Scottish Enterprise
Bill Aulet	Managing Director/Senior Lecturer at Martin Trust Centre for MIT Entrepreneurship	MIT Sloan School of Management
Marie Teresa Vander Sande	Senior Industrial Liaison Manager	MIT, Industrial Liaison Program (ILP)
Rowan Gardner	Chairman	Biolauncher
Steve Gardner	Chief Technology Officer	Biolauncher
Dr John Anderson	Director	Hunter Centre for Entrepreneurship, University of Strathclyde
Jason Schofield	Managing Director	Green Marine Ltd

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