

<b>Institution:</b> Lancaster University
<b>Unit of Assessment:</b> 19, Business and Management Studies
<b>Title of case study:</b> Stimulating Long-Term Growth in UK SMEs: the LEAD <sup>®</sup> Programme.
<p><b>1. Summary of the impact</b></p> <p>The Leading Enterprise and Development (LEAD<sup>®</sup>) programme has supported skills development by over 3,000 small-and-medium sized enterprise (SME) owners, creating over 10,000 jobs. Four franchises now operate: LEAD North West, South West, London and Wales. Developed by the Institute for Entrepreneurship and Enterprise Development (IEED), LEAD's syllabus includes action learning, coaching, shadowing, exchanges and reflection. LEAD has featured on BBC TV and Radio 4, and cited in the House of Lords Select Committee SME Exports report. The research insights and impact of LEAD informed a successful £32 million Regional Growth Fund bid to support business growth in 20 UK cities.</p>
<p><b>2. Underpinning research</b></p> <p>In the late 1990s, it was established wisdom that UK SME owner-managers and management teams displayed poor levels of managerial, especially leadership competence versus international comparators (as evidenced by the <a href="#">Organisation for Economic Co-operation and Development</a>, 2002). Further, SME owner-managers were disinclined to engage with their own personal development as business leaders. The LEAD programme was informed by an initial IEED project called Knowledgelink (1998-2002). This explored diverse approaches to stimulating SME owner-managers to engage with their own development as leaders. These forms of engagement led to an integrated learning model (ILM) and a new ten-month leadership development intervention, which focused on promoting business growth by developing the leadership abilities of smaller-sized enterprises. The ILM drew on lessons from Knowledgelink which had shown that diverse stimuli raised the importance of leadership and a multi-modal syllabus elicited the strongest learning response from SME owner-managers. The programme was further informed by in house expertise from the <a href="#">Lancaster Leadership Centre</a> in operationalising management development programmes that researchers at LUMS have accrued over decades of work with blue chip organisations such as British Airways and British Nuclear Fuels Limited.</p> <p>IEED piloted the first LEAD programme in 2004-06, funded by the North West Regional Development Agency (NWDA). The pilot involved 67 delegates from 65 companies who joined four cohorts. IEED have maintained continuous provision of LEAD since the pilot ended with one or two cohorts being launched each year. LEAD <a href="#">celebrated its ninth anniversary in 2013</a>. Each cohort, of approximately 25 growth-oriented business owners, covers a range of business sectors. Independent evaluation of the pilot showed that 90% of participants reported significant increases in profitability, employment or sales turnover.</p> <p>The syllabus of the LEAD programme combines:</p> <ul style="list-style-type: none"> <li>• Experiential events - an initial two-day overnight residential retreat designed to bond the cohort and start to build trust in the peer network.</li> <li>• Master classes - ten half-day sessions to stimulate thinking and awareness. Business Growth master classes meet the skills needs of SMEs. Leadership master classes are given by 'inspiring speakers' who recount their own experiences.</li> <li>• Shadowing exchanges - participants observe and reflect on the behaviour of their partner in their place of work.</li> <li>• Coaching - participants work with an experienced, professional business coach in a series of one-to-one sessions.</li> <li>• Action learning - six sessions in facilitated subgroups of six to eight peers who meet to discuss personal business issues or challenges in a trusting environment.</li> <li>• Online Forum - to support delegates learning, share knowledge, arrange exchanges and call upon advice from their fellow delegates.</li> </ul>

The LEAD team consisted of Dr Eleanor Hamilton (Head of Entrepreneurship Unit (1992-2002, Director of IEED and now Associate Dean for Enterprise, Engagement and Impact), Dr Susan Smith (Director of LEAD), Dr Steve Kempster (Teaching Fellow, now Director of the Lancaster University Leadership Centre), Dr Jason Cope (Lecturer in Entrepreneurship) and Dr Jing Zhang (post-doctoral student on LEAD).

#### Research underpinning the LEAD syllabus:

The LEAD pilot was designed by selectively applying a range of inter-connected research stemming from networked learning and the emerging field of entrepreneurial learning. Innovative research detailed the importance of experiential and reflective learning for entrepreneurs (Cope and Watts, 2000; Cope 2003), which have been a core dimension of the programme from its inception. Kempster's (2006) examination of the causal influences on leadership learning, with an emphasis on 'lived experience' and Cope's (2003) research on the 'critical reflection' of incidents, in one's own business to 'trigger' learning, are reflected in the programme's integrated learning model. The LEAD syllabus, in particular action learning, shadowing and exchanges help to replicate these important 'lived experience' and reflective factors (Kempster and Cope, 2010). Business owners are also supported by a virtual learning environment to reinforce peer-to-peer learning.

LEAD is an evolving programme and has been shaped by the changing needs of business owners and reinforced by ongoing research. Hamilton and Zhang's (2010) research suggests that entrepreneurial learning can be activated in social practice. This dynamic iterative dialogue between researchers and SME owners underpins the sustained development of LEAD (Gordon et al. 2012). This is further evidenced in Smith's 2011 PhD thesis on SME leaders learning in a networking environment, which researched and informed the ongoing development of LEAD. The research has been furthered through other related PhDs (Cope, 2001 and Hamilton, 2005), leading to ongoing publications and impact.

The programme is summarised in this [YouTube](#) clip and internal [evaluation report](#).

### **3. References to the research**

1. Cope, J. and Watts, G. (2000), 'Learning by Doing: an exploration of experience, critical incidents and reflection in entrepreneurial learning', *International Journal of Entrepreneurial Behaviour and Research*, 6(3): 104-124
2. Cope, J. (2003) 'Entrepreneurial Learning and Critical Reflection: Discontinuous Events as Triggers for 'Higher-level' Learning' *Management Learning* 34(4): 429-450
3. Kempster, S. (2006) 'Leadership Learning through Lived Experience: a process of apprenticeship?' *Journal of Management & Organization* 12(1): 4-22.
4. Kempster, S. and Cope, J. (2010) 'Learning to lead in the entrepreneurial context' *International Journal of Entrepreneurial Behaviour & Research* 16(1): 5-34
5. Zhang, J. and Hamilton, E. (2010), 'Entrepreneurship Education for Owner-Managers: The Process of Trust Building for an Effective Learning Community'. *Journal of Small Business & Entrepreneurship*, 23(2): 249-270
6. Gordon, I., Hamilton, E. and Jack, S. (2012) 'A study of a university-led entrepreneurship education programme for small business owner/managers' *Entrepreneurship & Regional Development: An International Journal* 24(9-10): 767-805

#### Grants:

IEED received c. £450k from the NWDA for Knowledgelinek (1998-2002). LEAD has been funded by £58k from the Northern Leadership Agency (LEAD pilot), c.£2.8m from the NDWA and c. £600k from SME income (2004-2013)

#### Internal Award

In 2007 the LEAD team won the university prize for media, in recognition of the ongoing widespread regional and national media coverage of LEAD and its impact.

#### 4. Details of the impact

##### 'Working on the business, not in the business':

The LEAD programme has sought to go beyond the usual management offerings to business and to develop skills and abilities based on research observation relating to reflective and experiential learning. The programme involves engaging participants not only with tutors, but also with each other in peer-to-peer learning groups. These networks persist after the ten-month LEAD programme and are encouraged through continuing participation in [GOLD](#) (which focuses on strategic development) and the [Lancaster Forum](#). The involvement of key personnel in running and researching LEAD has maintained the link between research and practice, whilst also ensuring that the programme continues to meet participant needs. Around 40% of participants on the subsequent North West LEAD programme were introduced to it by past participants (Wren and Jones 2012).

IEED continues to conduct longitudinal research into the impact of LEAD on both company performance (financial, innovation, procedural, strategic) and the business trajectories of participating entrepreneurs. The former Director of LEAD, Susan Smith, appeared on BBC Radio 4 (the Today programme and The World Tonight) and on BBC Television, August 2009, to discuss how the economic situation was affecting access to finance for small businesses. The LEAD pilot featured in a number of national newspapers such as [The Financial Times](#). In autumn 2010 LEAD was highlighted in the MacLeod Review of Employee Engagement as an exemplar of good practice in supporting SMEs. In March 2013, the LEAD programme was referenced several times in the House of Lords Select Committee Report 'Roads to Success: SME Exports'.

##### The North West LEAD programme:

Following the success of the pilot programme and the established contact base IEED had with businesses in Cumbria and Lancashire, the NWDA earmarked approximately £12m in 2007 for a North West England roll-out of the LEAD programme. This took place from 2009 to 2011 with IEED leading a partnership of 13 providers, who have to date delivered LEAD to over 1250 SMEs. External evaluation reports (Wren and Jones, 2006; Wren and Jones, 2012) of LEAD North West were presented to government, under the promotion of the NWDA, the lead body on the theme of Leadership and Management (out of nine English Regional Development Agencies). The report findings included (Wren and Jones: 2-3):

##### *Business outcomes:*

- Across all businesses, the mean annual increase in sales was £105,000, a growth rate of 3.5% a year and, for those experiencing an increase in turnover, the mean sales increase was about £360,000 a year, of which £135,000 (37.5%) is attributable to LEAD.
- Around half of survey respondents report an increase in employment. Across all businesses, the annual growth rate in jobs due to LEAD is 3.6%.
- Three-quarters of participants' annual labour productivity improved by £8,800 (average).
- LEAD participants added about £11m in net sales per annum in 2004-11, of which about £7.5m a year is attributable to LEAD, adding 300 jobs to the region.

##### *Leadership and intermediate effects:*

- Virtually every participant said that LEAD had developed their leadership.
- A third of participants indicated that LEAD improved their confidence, reinforced existing beliefs and provided a better understanding of leadership and new skills/ frameworks
- Many participants have undertaken a change in their business structure following LEAD.
- Virtually all participants have undertaken changes in management, with over half indicating that they had appointed a business manager since joining LEAD.

##### Expansion of the LEAD programme – nationally and internationally:

The success of the LEAD programme in the North West has resulted in 3 further programmes in the UK. [LEAD Wales](#) is a six-year programme (launched in July 2009) to

deliver LEAD to 700 Welsh SMEs. The Welsh Assembly Government allocated £5m of European Social Fund money towards the £8m project. The IEED LEAD team is supporting Swansea University in that programme. [LEAD South West](#) is led by Quolux, in association with IEED and LEAD London is due to launch in November 2013.

Members of the IEED LEAD team have recently consulted with organisations in the UK and overseas wanting to develop SME leadership programmes or to deliver LEAD in their own territory. Smith consulted with the Australian government in the development of a National Australian Leadership programme, which was informed by LEAD and its research insights.

As a result of this research, the LEAD team was approached in June 2013 by the Cabinet Office to develop a £32m Regional Growth Fund (RGF) bid to support a growth agenda in 20 cities and their wider areas across England. The government has made a conditional offer to Lancaster University (under the Wave 2 City Deals Growth Hub). The Deputy Prime Minister, Nick Clegg, who announced the successful participants in the initiative, stated that, *“The different projects and programmes from this round will leverage £2.8 billion of additional private sector investment and create or safeguard 77,000 jobs.”*

## 5. Sources to corroborate the impact

### Awards:

1. Inaugural ESRC ‘Celebrating Impact’ Award for ‘Outstanding Impact in Business’, awarded to Professors Hamilton and Rose, on 14<sup>th</sup> May 2013 – see <http://www.esrc.ac.uk/news-and-events/events/celebrating-impact-prize/prize-winners-2013.aspx>.
2. The LEAD team were highly commended by the EFMD at its annual Excellence in Practice Awards; their contribution was recognised by the judging panel in a special ‘Network Partnership’ category.
3. Press release corroborating the Government’s conditional offer of RGF funding - <https://www.gov.uk/government/news/multi-million-pound-fund-boosted-to-support-growing-businesses-across-england> (listed as ‘Wave 2 City Deals Growth Hubs’).

### Reports:

4. ‘[Roads to Success: SME Exports](#)’, House of Lords Select Committee on Small and Medium Sized Enterprises: Report of Session 2012-13, 8<sup>th</sup> March 2013 (LEAD referenced in sections 7.2, 7.9 and 7.10).
5. BIS (2012), Business School MSB Task Force, HMG Department for Business Innovation and Skills, London: <http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/b/12-1290-business-school-mid-sized-business-collaboration.pdf>
6. Wren, C. and Jones, J. (2012) ‘[Quantitative Evaluation of the LEAD Programme](#)’, 2004-11, May, Economics Department, Business School, Newcastle University.
7. Macleod, D. and Clarke, N. (2009) ‘Engaging for Success: enhancing performance through employee engagement, Dept. for Business, Innovation and Skills, London.
8. The NWDA LEAD Appraisal by consultants SQW – page 4 details the project money for the North West roll-out of LEAD, available upon request.

### Media:

9. Swansea University [article](#) confirming the scale and funding of LEAD Wales. The impact of the Wales LEAD project to date has been detailed in Henley, A. and Norbury, H. (2011) ‘An intervention to raise leadership effectiveness among SME owner-managers in Wales: an initial assessment.’ *Entrepreneurship and Innovation* 12(4): 221-233.
10. A Wiltshire Business Online [article](#) reported on the first cohort of businesses who graduated from the LEAD South West programme.