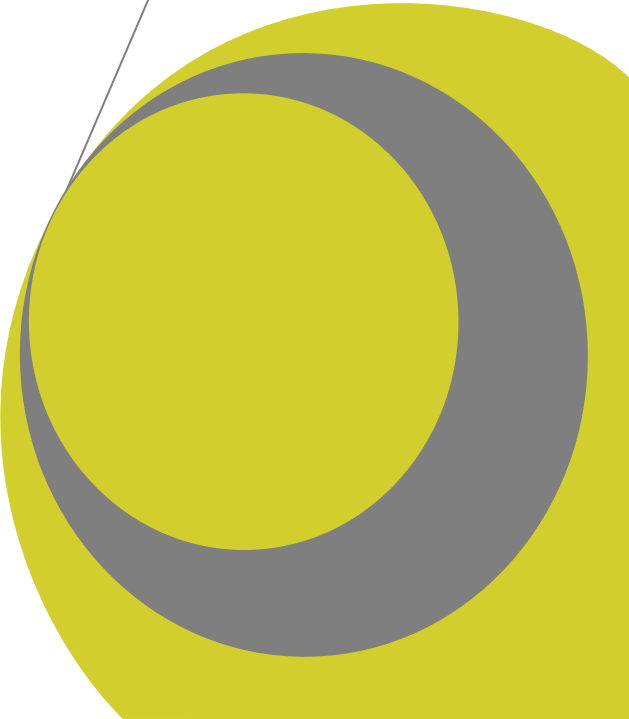


**BUSINESS HEALTH CHECK  
EVALUATION - FINAL**



**31<sup>st</sup> July 2017**



# BUSINESS HEALTH CHECK

## EVALUATION

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## List of Abbreviations

<b>Abbreviation</b>	<b>Definition</b>
ADP	Account Development Plan
AGP	Accelerating Growth Programme
BA	Business Advisor
BHC	Business Health Check
CCMS	Client Contact Management System
CE	Client Executive
DfE	Department for the Economy
EAM	Economic Appraisal Methodology
EDRMS	Electronic Document and Records Management System
EEN	Enterprise Europe Network
EFQM	European Foundation for Quality Management Model
HM	Her Majesty's
Invest NI	Invest Northern Ireland
LTP	Leadership Training Programme
NI	Northern Ireland
NIGEAE	Northern Ireland Guide to Expenditure Appraisal and Evaluation
PfG	Programme for Government
ROI	The Republic of Ireland
SMART	Specific, Measurable, Achievable, Realistic and Time-bound

## EXECUTIVE SUMMARY

### Introduction

Invest Northern Ireland (Invest NI) has commissioned Cogent Management Consulting LLP ('Cogent' or the Evaluation Team) to undertake an independent evaluation of the Business Health Check ('BHC') covering the period April 2011 to November 2016.

The evaluation has been undertaken in line with national and regional requirements and is compliant with Central Government guidance including:

- "The Green Book: Appraisal and Evaluation in Central Government", HM Treasury 2003;
- "The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE), Current Edition", Department of Finance and Personnel;
- "The Magenta Book: Guidance for Evaluation"; and
- Invest NI Economic Appraisal Methodology (EAM) guidance.

### The Business Health Check

The BHC was introduced in 2004 as a situational/business analysis tool based on the European Foundation for Quality Management (EFQM) Model.

The current overarching aim of the BHC is to *"assist company development and competitiveness by identifying strengths and areas for improvement to drive profitability, turnover, growth and export sales."* Whilst the content and delivery of the BHC has been refined over time, its objectives have remained broadly consistent. These being to:

- Encourage businesses to think strategically by:
  - Providing an independent and objective assessment of their performance across all areas including assessing what the business does and the results that it achieves;
  - Identifying their core strengths, competencies and key areas for improvement;
  - Identifying staffing and management issues that are restricting growth;
- Assist businesses to better understand their competitive position by benchmarking their performance against other "best in class" enterprises;
- Identify appropriate actions to enhance businesses' growth and competitiveness;
- Act as a catalyst for change by formulating a tailored integrated action plan (IAP) to encourage the adoption of better business practices and help focus the business' resources on addressing areas for improvement with a view to maximising the impact on businesses' turnover, profitability and competitiveness;
- Provide a stronger evidential base for more focused (subsequent) interventions from Invest NI and other external follow-on support services and, where relevant, match/signpost the businesses to these follow-on supports.

From an Invest NI corporate perspective, it is anticipated that the BHC would:

- Provide a structured framework within which to assess the performance and needs of businesses on a consistent and holistic basis and subsequently monitor progress towards the actions identified within the tailored action plan resulting from the BHC;
- Support the prioritisation of resources/assistance both across its portfolio of supports and to individual clients based on the 'needs', rather than the 'wants', of individual clients;
- Support the development of appropriate interventions/business supports to address clients' needs;
- More effectively 'match' businesses with the most appropriate forms of follow-on support to address their needs; and
- Maximise levels of additionality and minimise the duplication of effort by defining the needs of business during one coherent stage.

The use and application of the BHC is currently driven by client need, as determined by its Client Executive (CE) or Business Adviser (BA).

At present, Invest NI supports the delivery of three types of BHCs, which are free-of-charge and vary in their levels of intensity, to the NI business base. These include an:

- **Online Business Diagnostic** - The Business Diagnostic, which is the least intensive BHC, is an online self-assessment tool which is completed by businesses without supervision or assistance and is accessed through the nibusinessinfo.co.uk web portal. Whilst the online Business Diagnostic is available to all NI businesses, the most frequent users of the tool are non-Invest NI clients (the “Wider Business Base”). Invest NI typically utilises the tool with its micro-sized clients as and when required. The local Councils also use the diagnostic to market their programmes to businesses across NI and Invest NI is currently working to provide a Business Diagnostic Portal to allow Councils to access information and engage with businesses that are attending Council Programmes.
- **Intermediate BHC/ ‘BHC Lite’** - Aimed at Invest NI client businesses employing between 2 and 49 persons, the Intermediate BHC provides a comprehensive but ‘lighter touch’ assessment resulting in a short pro-forma feedback report.
- **Advanced BHC** - The Advanced BHC represents the most intensive BHC and is targeted at businesses employing 50 or more persons. The Advanced BHC provides recipient businesses with a detailed report with additional supporting information.

Invest NI’s Skills and Competitiveness Division within the Business Solutions Group manages the BHC centrally. Intermediate and Advanced BHCs are administered by:

- An Invest NI Client Executive (CE) or Business Adviser (BA) from Invest NI’s main client-facing groups (i.e. the Business Solutions, Business and Sector Development and Regional Business Groups); or
- An External Assessor - Four external independent assessors have been contracted by Invest NI to administer BHCs. These External Assessors will be utilised in instances where Invest NI does not have the capacity to complete the BHC, where the CE is of the view that the Assessor could potentially provide a more value-added objective assessment (given the CE’s pre-existing working relationship with the business) and/or when the size of the business and/or complexity of the issues facing it dictates the need for additional expertise.

The Intermediate and Advanced BHCs incorporate a quantitative benchmarking assessment which compares the business with businesses of a similar size in the same industry and qualitative assessment which compares the business with best practice via a quality assessment based on the EFQM Framework.

Key tenets underpinning the BHC process include minimal disruption to client businesses during the assessment and the integration and active involvement of both the Invest NI CE/Client Team and the business to provide a fully-informed and holistic assessment.

### **Strategic Context and Rationale**

Based upon our review of approval documentation, the rationale for Government intervention was premised on the existence of a number of market failures (including asymmetric information and co-ordination failures) which were inhibiting businesses from undertaking similar business development activities independent of public sector support. There was also an identified need to enhance business growth and competitiveness by signposting them to the most appropriate forms of support to address their needs. In doing so, it was anticipated that this would support the NI economy to address a number of key macro-economic challenges that existed at that time.

From a strategic perspective, it was concluded that there was alignment between the aims and objectives of the BHC and the strategic imperatives of the NI Government at that time (including with the Department for the Economy (DfE) and Invest NI’s Corporate Plans). Most notably it was concluded that:

- The BHC was in keeping with Invest NI's core ambition of becoming an enabling organisation (i.e. not simply a dispenser of funds, but delivering interventions which in themselves add value);
- By acting as a gateway for other Invest NI support programmes, the BHC would ensure that public resources were allocated in areas of greatest need; and
- The signposting activities supported through the BHC would encourage businesses to avail of interventions that would potentially contribute to their growth and competitiveness and, in doing so, support the region to deliver a number of wider economic priorities and goals (as articulated within the NI Programme for Government, NI Economic Strategy, DfE and Invest NI Corporate Plans).

## Operation and Delivery

Between April 2011 and November 2016, a total of 1,331 BHCs were completed. Whilst the number of completed BHCs was in excess (49% more) of that anticipated, and the overall trend in demand for BHC support was upward during the period under review, this masks considerable differences in the uptake of the different types of BHCs. For example, over four-fifths (89%, N=1,331) of the BHCs completed during the period under review were online diagnostics, which was more than 2.5 times (or 167% more) the anticipated number. Conversely, the number of completed intermediate (8% of the total) and advanced (3% of the total) health checks were 68% and 65% respectively lower than anticipated.

A longitudinal analysis indicates that there has been a sharp decrease in the number of facilitated BHCs (i.e. Intermediate and Advanced BHCs) since 2008, albeit this has levelled-off (at much lower level) since 2012/13. The feedback from a number of Invest NI consultees suggests that a number of distinct but interrelated factors may have combined to reduce levels of 'buy-in' to the BHC process amongst client-facing staff which, in turn, contributed to the relatively lower number of Intermediate and Advanced BHCs being completed during the period under review. Amongst the most frequently cited factors included: changes in the working relationship between CEs/BAs and their clients, perceived levels of bureaucracy associated with administering BHCs, changes in guidance as to when BHCs should be utilised, removal of BHC-related performance targets, lower levels of BHC 'championing' at senior levels and CE/BAs' desire to maintain positive working relationships with their clients

The full economic cost associated with delivering the BHC during the period under review was c. £754k.

In contrast to the views expressed by a significant cohort of client-facing staff who perceive the administration of BHC support to be overly bureaucratic and of less relevance to certain types of clients, businesses expressed a high level of satisfaction with the administration of the support including the ease of completion of the BHCs, the effectiveness of the Assessors involved in delivering these and the duration of the BHC process.

Similarly, businesses were, on the whole, highly satisfied with the outputs resulting from the BHC process including the content and level of detail of the BHC report, the range of areas that their business' performance was benchmarked against, as well as the range of actions identified within the IAP and the degree to which these were prioritised and aligned with the issues facing the business. Businesses were also of the view that the advice and guidance that was provided by their CE/BA to address any issues identified by the BHC, including any signposting to other Invest NI interventions, was of a high quality.

## Performance and Impact

As demonstrated by the calculated levels of activity and impact additionality (59%), the BHC has played a positive role both in terms of:

- Encouraging businesses to engage in activities to assess and benchmark their business' performance and identify actions to enhance their growth and competitiveness (activity additionality); and
- Providing information to make an informed decision to take forward business development activities to address the issues that were identified within their Integrated Action Plan (IAP) (impact additionality).

In the event that businesses potentially would have taken forward these activities, independent of support, businesses indicated that they typically would not have taken forward the same range of activities and/or assessed the same breadth of business areas and/or undertaken the activities as robustly or objectively as their CE/BA or External Assessor. The feedback indicates that a mixture of market failures (typically asymmetric information) and non-market failures (affordability and time constraints) would have prevented a significant cohort of business from taking forward the business development activities (or taking them forward to the same scale and/or in the same timescales).

Reflecting, at least in part, businesses' high levels of satisfaction with the BHC process and its outputs, the feedback from businesses indicates that they have almost wholly achieved their objectives for undertaking a BHC. Key amongst these being to obtain an objective assessment of their business' performance and benchmark it with 'best in class' and identify barriers inhibiting their growth and competitiveness, areas for improvement and actions to remedy these. Allied to this, businesses indicated that they had been signposted to follow-on support which offered the potential to support them to implement the action identified;

Unsurprisingly, given the 'mixed' feedback provided by senior and client facing Invest NI staff in relation to their views of and satisfaction with the BHC, differing opinions were expressed in relation to the impact made by the situational tool during the period under review. For some, the BHC added little or no value over and above the knowledge and understanding that they would have gained through their ongoing working relationship with their client business. In contrast to the views expressed by businesses, for these internal consultees, the BHC process was not commensurate with the value that was ultimately derived from undertaking the BHC.

At the other end of the spectrum, a number of CEs/BAs indicated that the BHC has served to provide:

- A robust framework with which to objectively assess their client's performance, identify barriers to growth and actions to remedy these;
- Assurance that a level of consistency and robustness was being applied to the assessment process across the organisation; and
- An evidence base to justify the interventions that they subsequently signposted their client(s) to and, in doing so, safeguard (as far as possible) against the misallocation of public monies.

The third cohort of senior and client facing Invest NI staff, who were neither wholly 'for' or 'against' the BHC, suggested that whilst they did not derive considerable added-value from the process, in terms of their knowledge and understanding of their client businesses, the BHC has served to validate and provide an evidence base to justify the interventions that they subsequently signposted their client(s) to.

Looking beyond the impact that the BHC had at an individual business and CE/BA level, there was a general consensus amongst internal consultees that the findings emerging from the BHC (at an overarching intervention level) had not been collated and utilised as effectively they could have been and, consequently, Invest NI has not derived the level of corporate benefit that was envisaged at the outset;

### **Progress towards targets**

The analysis indicates that only one of the three cumulative activity targets (equating to 5 of the 17 annual activity targets that were established) – relating to the delivery of online diagnostics - was achieved. Specifically, the analysis indicates that:

- 1,182 online diagnostics were completed by NI businesses, more than 2.5 times (or 167% more) the number anticipated at the outset (of 442 online diagnostics);
- 111 intermediate BHCs were completed, 68% less than the number anticipated at the outset (of 347 Intermediate BHCs); and
- 38 intermediate BHCs were completed, 68% less than the number anticipated at the outset (of 105 Advanced BHCs).



The remaining two output/outcome targets were deemed by the Evaluation Team and Evaluation Steering Group to not be fully aligned with the roles and objectives of the BHC.

### **Duplication and complementarity**

Whilst almost all businesses indicated that, in the absence of the BHC, they would not have been able to get the same or similar support elsewhere, the Evaluation Team's review of the marketplace and discussions with key consultees indicates that a number of private sector providers (e.g. Centre for Competitiveness (CforC)) currently provide EFQM standard business diagnostics, albeit at a cost to the business. However, the majority of business indicated they would not have taken forward the diagnostic activities due to market failure factors (typically asymmetric information). Allied to this, we note that there are likely to be operational synergies in Invest NI client facing staff undertaking the diagnostic activities to maximise the appropriate targeting of Invest NI follow-on support and associated levels of additionality associated with these offerings.

At present, we note that Invest NI currently completes diagnostics under two scenarios; namely:

- Scenario 1- As part of the ongoing client-management activities performed by client facing staff; and
- Scenario 2 - As an integral component of other Invest NI programmes such as the Leadership Team Programme (LTP) and Accelerating Growth Programme (AGP) to define the needs of a business which can be subsequently addressed through the provision of Programme support.

However, moving forward, the Evaluation Team understands that there is a potential that Invest NI's Enterprise Europe Network (EEN) Team may be tasked by Innovate UK with administering a situational diagnostic tool within the NI EEN region (Scenario 3). Whilst it is understood that the diagnostic may take the form of the GROWTHmapper tool (which is being used in other EEN regions) or some other format, depending on its ultimate content, there is a risk that the introduction of the diagnostic results in availability of more than one format of diagnostic being available to Invest NI's client base.

In an ideal scenario, by way of avoiding duplication, Invest NI would only deliver one situational diagnostic tool. Whilst Invest NI has the remit to dictate the nature of diagnostic that is delivered under the first two aforementioned scenarios, Innovate UK, as ultimate funders of EEN, will ultimately dictate the nature of diagnostic that is utilised by Invest NI's EEN team.

By way of removing the risk of duplication, one potential action that could be taken forward would be for Invest NI to replace the current BHC with GROWTHmapper tool. However, in our view, such an action is unwarranted given the positive feedback that has been provided by businesses in respect to the BHC. Indeed, given the relatively small size of the EEN team and the associated expectation that the team will only have the capacity to complete a relatively small number of diagnostics (as confirmed by the Invest NI EEN Network manager) the introduction of any new diagnostic is unlikely to have a material impact on the uptake of BHC support.

In addition, during consultation a number of consultees queried the potential for the BHC to duplicate any newly introduced Innovation Accreditation (or vice versa) which is currently being considered and scoped by Invest NI. However, whilst in the early phases of development, our discussions with Invest NI indicate that the accreditation is likely to be awarded to businesses based upon their uptake of innovation-orientated interventions (both within Invest NI and the broader marketplace) as opposed to assessing how the business is performing against a set of innovation related metrics. In such an instance, we are of the view that the risk of duplication is low and, indeed, the accreditation offers the potential to complement the assessment work currently being delivered within the BHC. However, given the early stage of development of the Innovation Accreditation, the risk of duplication should be kept under review by Invest NI.

In terms of complementarity, it is noted that Invest NI is in the process of developing and embedding a ‘Trusted Business Partner’ approach to ensure that Invest NI’s customers, partners and stakeholders are provided with the highest level of service delivery appropriate to their needs and are supported, stimulated and challenged to realise their growth ambitions.

The move to a Trusted Business Partner approach focuses on positioning the organisation as a trusted business partner and developing staff to deliver high quality engagement through partnership with its customers. It is less about products and services, more about business solutions; less about transactions and more about relationships.

In line with the objectives of the Trusted Business Partner model, the consultative nature of the BHC process offers the potential to deepen Invest NI’s engagement and relationship with its clients, identify their growth potential and any barriers that are constraining their growth and competitiveness, as well as identifying interventions that can potentially address these barriers/constraints to enable them to realise their growth aspirations. In doing so, the BHC acts as a key conduit to other support mechanisms/interventions both internal and external to Invest NI. We do however note that given the numbers of BHCs completed during the period under review, the degree to which the situational tool has been utilised in this signposting role was lower than was anticipated at the outset.

Furthermore, it is noted that the BHC also offers the potential to play a complementary role within the wider toolkit of interventions to assist NI to embed the Trusted Business Partner and deliver against the wider objectives of its associated Customer Management Programme. For example, the knowledge and understanding garnered through the BHC process should directly inform the Account Development Plans (ADPs) that are being developed for Account Managed Clients to provide a clearer picture of their strategy (including business objectives and goals), organisational structure, operations and how Invest NI can add the greatest value through their engagements with their customers to support them to realise their growth aspirations.

### **Value-for-money**

In assessing the degree to which the BHC has provided VFM, careful consideration needs to be given to its role and remit. Unlike other economic development interventions, the BHC does not, in itself, directly support businesses to derive tangible outcomes (e.g. increases in turnover, cost savings, increased employment etc.) which are typically viewed as the key indicators of success when assessing the degree to which an intervention has provided VFM. This does not, however, negate the potential value that a situational tool such as the BHC can provide to businesses and Invest NI alike.

Given the weighting of positive feedback from businesses who represent Invest NI’s core focus, and given the fact that the majority of costs incurred have been of a variable nature (i.e. the scale of costs incurred will vary depending upon the scale of activity delivered), it is the Evaluation Team’s view that the intervention has, in the round, provided VFM in respect of the public sector funds that have been invested in it.

### **The Future Need for a Situational Diagnostic Tool**

Whilst acknowledging the reservations expressed by some Invest NI staff members with regards to the value of the current BHC process, the Evaluation Team considers that there is an ongoing need for Invest NI to deliver a situational diagnostic tool. Our view is based upon (inter alia) the:

- Positive feedback provided by businesses and a significant cohort of client-facing staff in relation to the impact/contribution of the current diagnostic tool (discussed previously);
- The role of the tool in acting as a conduit to follow-on supports (both within and external to Invest NI); and
- Potential for the intervention to play an increasingly important role within the context of the Trusted Business Partner model and complement the wider toolkit of interventions (e.g. ADPs) to deliver upon the objectives of the organisation’s associated Customer Management Programme.

However, we note that, at the time of writing, Invest NI is continuing to develop and define its Trusted Business Partner model, as well as agree how the Organisation can best assess client businesses' levels of innovation, capability and potential for growth. As such, if the decision is taken to continue to utilise a diagnostic (BHC or otherwise), the tool should be framed in the context of, and aligned with, the outworking's of these ongoing discussions.

In any eventuality, the ultimate success of the situational diagnostic tool will be highly dependent upon levels of 'buy-in', which does not currently pervade across the organisation and steps should be taken to remedy this situation. These are discussed further in the Recommendations section.

## **Equality Considerations**

The Evaluation Team has identified no negative equality impacts and considers the intervention to be accessible to all Section 75 groupings and people with disabilities.

## **Recommendations**

1. Invest NI should continue to utilise a situational diagnostic tool as a structured framework to objectively assess its client's performance, identify barriers to growth and actions (including follow-on supports) to remedy these. The nature of diagnostic that is ultimately utilised should be framed in the context of the emerging Trusted Business Partner model and other ongoing discussions on how the Organisation can best assess client businesses' levels of innovation, capability and potential for growth.
2. Linked to Recommendation 1, steps should be taken by Invest NI to ensure that appropriate complementary linkages are established between any future diagnostic and the wider toolkit of interventions that are being utilised by the Organisation to deliver upon the objectives of its wider Customer Management Programme. Of particular note, guidance should be provided as to how the information generated by any future diagnostic should be used to inform the development of ADPs for account managed Clients.
3. Actions should be taken to maximise internal 'buy-in' to any future diagnostic tool. This should include at a minimum:
  - Greater levels of encouragement/championing of the tool by senior Invest NI staff members to client-facing staff. This should include (inter alia) greater communication of the role of, and benefits that can be derived from, utilising the tool including its importance in embedding the Trusted Business Partner model and its linkages with other Customer Management tools such as ADPs; and
  - Identifying opportunities to deliver a more streamlined model of delivery. In doing so, Invest NI should give consideration to identifying the essential information that it requires to be derived from businesses participating in the BHC process (by sector, stage of development, by size etc.) and identifying potential innovative solutions to administering BHCs (e.g. through the application of greater levels of online functionality).
4. In determining the nature and function of any future diagnostic, careful consideration should be given to:
  - Defining/articulating the circumstances in which Assessors should complete a BHC i.e. whether this support should largely continue to be delivered on a discretionary needs basis or the scenarios whereby Invest NI wishes to make it compulsory for a diagnostic to be completed (e.g. if a business is undergoing a period of significant transition, prior to receiving significant Invest NI support etc.);
  - The merits of retaining External Assessor input and the circumstances in which the input should be utilised (e.g. if the client facing staff do not have a pre-existing relationship with the business and/or the assessment is deemed to be more complex given the business' individual circumstance), opportunities to deliver a more streamlined model of delivery should be explored; and
  - Retaining the three types of diagnostics (online, intermediate and advanced).

5. Whilst noting the need to (as far as possible) to streamline the delivery of facilitated diagnostics (per Recommendation 3):
  - The benchmarking questionnaire (if retained within any future diagnostic) should be completed online in conjunction with their Assessor during one of the facilitated sessions during the EFQM element of process; and
  - Consideration should be given to assessing and benchmarking businesses overall innovation performance.
6. By way of raising awareness of the needs of Invest NI’s client-base and supporting corporate decision-making (e.g. in terms of supporting the prioritisation of resources/assistance and supporting the development of interventions to address clients’ needs), Invest NI should review its procedures for recording the outcomes of individual business diagnostics and collating and sharing the outcomes of the process at an overarching intervention level. At a minimum, the following information should be recorded at an individual business diagnostic level and shared at an intervention level:
  - The nature of barriers that are inhibiting the growth and competitiveness of client businesses and areas for improvement; and
  - The nature of follow-on support that businesses have been signposted to in order to address each type of barrier identified.

We also note that the implementation of this recommendation would benefit post programme evaluation.

7. Based upon the out-workings of the ongoing discussions between Invest NI and Innovate UK regarding the potential introduction of a new diagnostic tool to be utilised by Invest NI’s EEN Team, appropriate steps should be undertaken to avoid the duplication of support. In the event that the diagnostic tool that is ultimately utilised is different from the business diagnostic being utilised by Invest NI as part of its wider client management activities, clear guidance should be provided to client-facing staff as to the circumstances under which each tool should be utilised.
8. All changes to the current business diagnostic (the BHC) should be effectively communicated to all internal client-facing staff during the delivery of tailored training and Scheme guidance.
9. Greater focus should be placed on establishing an appropriate mix of Specific, Measurable, Achievable, Realistic and Time-bound (SMART) activity, output and outcome targets which are linked with the overarching aims and objectives of the BHC (i.e. its role as an assessment, diagnosis and signposting situational tool).

## 1. INTRODUCTION AND BACKGROUND

### 1.1 Introduction

Invest Northern Ireland (Invest NI) has commissioned Cogent Management Consulting LLP (‘Cogent’ or the Evaluation Team) to undertake an independent evaluation of the Business Health Check (‘BHC’) covering the period April 2011 to November 2016.

The evaluation has been undertaken in line with national and regional requirements and is compliant with Central Government guidance including:

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- “The Magenta Book: Guidance for Evaluation”; and
- Invest NI Economic Appraisal Methodology (EAM) guidance.

### 1.2 The Business Health Check

#### 1.2.1 Overview of the BHC

The BHC was introduced in 2004 as a situational/business analysis tool based on the European Foundation for Quality Management (EFQM) Model<sup>1</sup>.

The overarching aim of the BHC is to “assist company development and competitiveness by identifying strengths and areas for improvement to drive profitability, turnover, growth and export sales.”<sup>2</sup> Whilst the content and delivery of the BHC has been refined over time, its objectives have remained broadly consistent. These being to:

- Encourage businesses to think strategically by:
  - Providing an independent and objective assessment of their performance across all areas including assessing what the business does and the results that it achieves;
  - Identifying their core strengths, competencies and key areas for improvement;
  - Identifying staffing and management issues that are restricting growth;
- Assist businesses to better understand their competitive position by benchmarking their performance against other “best in class” enterprises;
- Identify appropriate actions to enhance businesses’ growth and competitiveness;
- Act as a catalyst for change by formulating a tailored integrated action plan (IAP) to encourage the adoption of better business practices and help focus the business’ resources on addressing areas for improvement with a view to maximising the impact on businesses’ turnover, profitability and competitiveness;
- Provide a stronger evidential base for more focused (subsequent) interventions from Invest NI and other external follow-on support services and, where relevant, match/signpost the businesses to these follow-on supports.

From an Invest NI corporate perspective, it is anticipated that the BHC would:

<sup>1</sup> EFQM is a not-for-profit membership foundation in Brussels, established in 1989 to increase the competitiveness of the European economy.

<sup>2</sup> Source: Economic Appraisal of the Business Health Check, KPMG, February 2013.



- Provide a structured framework within which to assess the performance and needs of businesses on a consistent and holistic basis and subsequently monitor progress towards the actions identified within the tailored action plan resulting from the BHC;
- Support the prioritisation of resources/assistance both across its portfolio of supports and to individual clients based on the ‘needs’, rather than the ‘wants’, of individual clients;
- Support the development of appropriate interventions/business supports to address clients’ needs;
- More effectively ‘match’ businesses with the most appropriate forms of follow-on support to address their needs; and
- Maximise levels of additionality and minimise the duplication of effort by defining the needs of business during one coherent stage.

Prior to 2013, BHCs were required to be completed in instances where:

- The client business wished to avail of a ‘significant’ support provided by Invest NI (and a baseline analysis of the business is deemed to be appropriate prior to the approval of support); and/or
- The business had not undertaken a similar BHC in the last 3-5 years.

Whilst a business may continue to be encouraged to undertake a BHC for these reasons, it is understood that the use and application of the BHC is currently driven by client need, as determined by its Client Executive (CE) or Business Adviser (BA). Examples of other occasions when a BHC might be completed include (but are not limited to) occasions when a business is facing financial difficulties, seeking to address succession issues, implementing fundamental or transitional changes to its operations including the introduction of new management structures and/or instances where the business is planning to enter a new market.

### 1.2.2 Model of Delivery

At present, Invest NI supports the delivery of three types of BHCs, which are free-of-charge and vary in their levels of intensity, to the NI business base. These include an:

- **Online Business Diagnostic** - The Business Diagnostic, which is the least intensive BHC, is an online self-assessment tool<sup>3</sup> which is completed by businesses without supervision or assistance and is accessed through the [nibusinessinfo.co.uk](http://nibusinessinfo.co.uk) web portal.

As part of the diagnostic, businesses are required to ‘rate’ themselves (from 1 to 10) against 40 questions to assess how the business is performing across ten areas that are critical to business growth including business direction, products and services, markets, people, finance, customers and selling, operations, marketing, sales and exports. Businesses are also required to provide information to assess their levels of productivity<sup>4</sup>. It is anticipated that the diagnostic will take approximately 15-20 minutes to complete.

Following the completion of the questionnaire, the software auto-generates a bespoke report which is divided into two main parts. The first part illustrates how the business is performing in each of the key performance areas and contains details of suggested actions, follow-on events that may aid the business in improving its performance and resources that it can access that would potentially support it to achieve and maintain high levels of performance.

The second part of the report illustrates the business’ productivity results and benchmarks it with similar businesses operating in the same sector to help the business to establish its competitive positioning. Businesses are then encouraged to establish a personalised action plan identifying the actions that will be taken against the three main challenges being faced by the business.

<sup>3</sup> The online diagnostic tool is licensed from ‘Winning Moves’, a UK-based software and consultancy business.

<sup>4</sup> Specific information required to be provided by the business include: turnover, total wages, net profit before tax, number of employees, depreciation, anticipated sales growth and increased in costs during the current year.

Whilst the online Business Diagnostic is available to all NI businesses, the most frequent users of the tool are non-Invest NI clients (the “Wider Business Base”). Invest NI typically utilises the tool with its micro-sized<sup>5</sup> clients as and when required. The local Councils also use the diagnostic to market their programmes to businesses across NI and Invest NI is currently working to provide a Business Diagnostic Portal to allow Councils to access information and engage with businesses that are attending Council Programmes.

- **Intermediate BHC/ ‘BHC Lite’** - Aimed at Invest NI client businesses employing between 2 and 49 persons, the Intermediate BHC provides a comprehensive but ‘lighter touch’ assessment resulting in a short pro-forma feedback report.
- **Advanced BHC** - The Advanced BHC represents the most intensive BHC and is targeted at businesses employing 50 or more persons. The Advanced BHC provides recipient businesses with a detailed report with additional supporting information.

Invest NI’s Skills and Competitiveness Division within the Business Solutions Group manages the BHC centrally. Intermediate and Advanced BHCs are administered by:

- An Invest NI Client Executive (CE) or Business Adviser (BA) from Invest NI’s main client-facing groups (i.e. the Business Solutions, Business and Sector Development and Regional Business Groups). Additional support is provided to these ‘Internal Assessors’, as and when required, by the Skills and Competitiveness Division. On occasions, the Skills and Competitiveness Division will take the lead on a BHC and will be supported by the Client Executive. All Internal Assessors are provided with EFQM/BHC training in advance of administering a BHC<sup>6</sup>; or
- An External Assessor - Four external independent assessors have been contracted by Invest NI to administer BHCs<sup>7</sup>. These External Assessors will be utilised in instances where Invest NI does not have the capacity to complete the BHC, where the CE is of the view that the Assessor could potentially provide a more value-added objective assessment (given the CE’s pre-existing working relationship with the business) and/or when the size of the business and/or complexity of the issues facing it dictates the need for additional expertise.

The Intermediate and Advanced BHCs incorporate a:

- **Quantitative** benchmarking assessment which compares the business with businesses of a similar size in the same industry; and
- **Qualitative** assessment which compares the business with best practice via a quality assessment based on the EFQM Framework.

Key tenets underpinning the BHC process include:

- Minimal disruption to client businesses during the assessment; and
- Integration and active involvement of both the Invest NI CE/Client Team and the business to provide a fully-informed and holistic assessment.

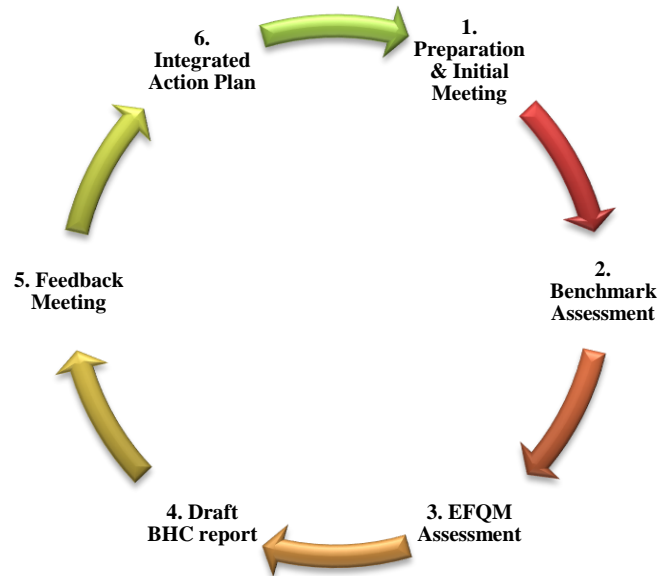
Figure 1.1 provides a summary of the model of delivery for the Intermediate and Advanced BHC, with further information provided in the succeeding paragraphs.

<sup>5</sup> Those businesses with less than 10 employees.

<sup>6</sup> At present client-facing staff are provided with 10 training sessions over a 2 day period. Further detail on the topics covered during each session is provided in Appendix VI.

<sup>7</sup> The external assessors were appointed following a competitive tender process in September 2014 for a period up to 3 years.

Figure 1.1: Typical Intermediate or Advanced BHC Delivery process



### **Stage 1: Preparation and Initial Meeting**

Following the identification of the need for a BHC, the BHC Assessor (internal or external) collates preliminary information on the client business utilising the knowledge and information held by the CE (if an external assessor is involved), Invest NI's Client Contact Management System (CCMS) and Electronic Document and Records Management System (EDRMS), Account Development Plans (ADPs), sector information, the business' website and accounts (if available) and any other pertinent sources. Key information includes business size, sector, ownership, organisational structure, financial performance etc.

An initial meeting is then facilitated between the BHC Assessor, representatives from the client business (usually the Managing Director/Owner) and the CE (if an external assessor is being utilised) where the BHC process is explained, along with the benefits which can potentially be derived from the process.

During this initial meeting, the organisational structure is also reviewed, and agreement is reached on the method and key individuals for consultation, and the anticipated timescales for completion of the subsequent stages of the delivery model. At this time, the BHC Assessor leaves a copy of the Benchmarking Assessment Questionnaire (Stage 2) with the client business for completion.

### **Stage 2: Benchmarking Assessment**

Stage 2 of the BHC delivery model seeks to benchmark the client business against businesses of a similar size in the same industry, through the following process:

- *Data collation* – The BHC Assessor works with the key contact within the client business to review the data required for the Benchmarking Assessment, to establish the likely sources of this data and to establish timescales for completion. The data required relates to the business' performance against the four measures considered within the principles of the Balanced Scorecard model<sup>8</sup>. These are Financial, Customer, Process and Learning and Growth measures. During this step, the BHC Assessor selects the comparison group using criteria such as size, sector and geographical area, and the client business completes and submits the Benchmark Questionnaire.

<sup>8</sup> Kaplan, Robert S., and David Norton. "The Balanced Scorecard: Measures that Drive Performance." *Harvard Business Review* 70, no. 1 (January–February 1992): 71–79.



- *Data validation* – Upon receipt of the completed Questionnaire, the CE/External Assessor checks the content for accuracy, consistency and quality and, once content, forwards it to Invest NI’s BHC Team.
- *Benchmark Comparisons* - Utilising software licensed from ‘Winning Moves’<sup>9</sup>, the data is analysed and benchmarked against the comparison group of businesses in order to identify areas of comparative strength and weaknesses and a benchmarking report is prepared.
- *Analysis* - The BHC Assessor reviews and analyses the benchmark report to determine ‘cause-and-effect’ in each of the balanced scorecard areas, and to establish the priority issues to be addressed by the business following completion of the BHC.

It is estimated that the benchmark report should typically be completed and analysed within two weeks from the start date of the BHC.

### **Stage 3: EFQM Assessment**

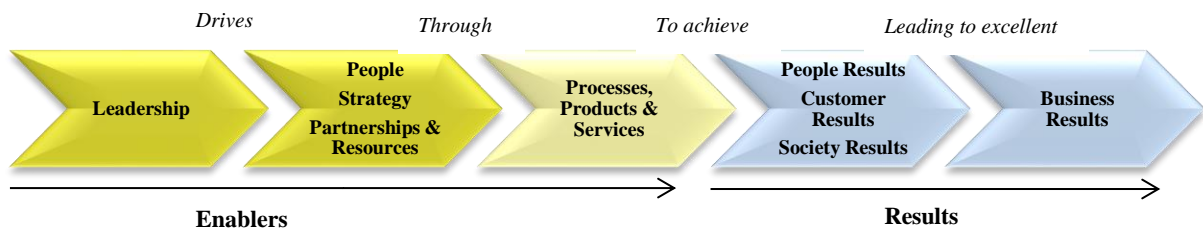
The EFQM Excellence Model is a non-prescriptive management framework for excellence which seeks to provide a holistic view, highlighting the business’ strengths, weaknesses and opportunities for improvement through face-to-face engagement with the business. The Model is based on a number of ‘Fundamental Concepts’; including:

- Adding value for customers
- Creating a sustainable future
- Developing organisational capability
- Harnessing creativity and innovation
- Managing with agility
- Succeeding through the talent of people
- Sustaining outstanding results
- Leading with vision, inspiration & integrity

It is anticipated that the EFQM Excellence Model will serve as a cause-and-effect model, to enable businesses to better understand the relationship between:

- What the business does and can influence (‘Enablers’); and
- What the business achieves (‘Results’) (as presented in Figure 1.2).

**Figure 1.2: The EFQM Excellence Model<sup>10</sup>**



The EFQM Excellence Model is utilised during a BHC to facilitate a qualitative comparison of the effectiveness of the client business’ practices versus best practice. The EFQM Assessment is undertaken by the BHC Assessor on the business’ premises through the implementation of a number of face-to-face meetings with senior staff and focus groups with junior staff, as required.

The extent of consultation to be undertaken is largely driven by the concept of proportionality, based on the BHC Assessor’s value judgement of their existing knowledge of the business and the scope, scale and relative sophistication of the business. It is anticipated that the EFQM Assessment should typically be completed within four weeks from the start date of the BHC.

<sup>9</sup> The benchmarking software incorporates validated data for over 18,000 SMEs from 15 countries, as well as additional financial data from a further 50,000 UK-based SMEs. The software is designed to be flexible in the event that the data inputted is incomplete.

<sup>10</sup> Further detail on the EFQM model is provide in Appendix II.

#### **Stage 4: BHC Report**

The BHC Assessor combines the findings of the Benchmarking Assessment and the EFQM Assessment within a draft report. A draft action plan, identifying the actions that should be taken forward by the business to enhance its performance on a consistent basis, is also prepared by the Assessor at this stage. These documents are issued to the client business for review and feedback.

#### **Stage 5: Feedback Meeting**

A feedback meeting is facilitated between the BHC Assessor, the CE (if an external assessor is being utilised) and the key management personnel within the client business to confirm the accuracy of the findings of the report and agree on potential solutions for addressing the identified areas for improvement.

#### **Stage 6: Integrated Action Plan (IAP)**

Together the client business, the BHC Assessor and the CE (if separate) review the prioritised areas for improvement and develop an IAP, taking into account the consolidated results from the previous assessments and the feedback meeting. The CE analyses the content of the IAP in conjunction with the client business to determine an appropriate course of action, including (where relevant) signposting businesses to follow-on Invest NI support. The IAP provides a timeframe for the subsequent delivery of all recommended actions (which is separate from Invest NI's ADP).

Invest NI's guidance indicates that Stages 4-6 should be completed between weeks 4 and 12 of the BHC process.

#### **Post-Completion of the BHC**

Following the completion of a BHC, it is anticipated that the CE will work with the client business to identify and signpost the business to suitable follow-on supports that offer the potential to address the barriers to growth, both within Invest NI and the broader marketplace. Progress against the IAP is monitored across a period of c. 24 months. A re-assessment of the business is undertaken, and a repeat improvement cycle implemented, as and when required (as determined by the CE/BA in conjunction with the business).

It is estimated by Invest NI that the number of days of support required to complete an Intermediate or Advanced BHC should typically range from 1.75 to 9 days, depending on the size of the business (in employee terms). A disaggregation of the anticipated number of days that should be allocated to each BHC stage is detailed in Table 1.1.

<b>Table 1.1: Anticipated number of days required to complete an Intermediate or Advanced BHC</b>											
<b>Stage</b>		<b>Number of employees</b>									
		<b>1-5</b>	<b>6-15</b>	<b>16-50</b>	<b>51-249</b>	<b>250+</b>					
1	Preparation	0.25	0.25	0.25	0.5	1.0					
	Initial meeting	0.5	0.25	0.25	0.25	0.25					
2	Benchmarking		0.25	0.5	0.5	0.5					
3	Review and preparation for EFQM analysis	0.25	0.25	0.5	0.5	0.5					
	Interviews						0.25	1.0 (max 4)	1.5 (max 6)	1.75 (max 8)	2.5 (max 10)
	Focus groups						-	-	0.5 (max 1)	1.0 (max 2)	1.25 (max 3)
4 & 6	Report preparation	0.5	1.0	1.0	2.0	2.5					
5	Feedback	0.25	0.5	0.5	0.5	0.5					
<b>Total (maximum days)</b>		<b>1.75</b>	<b>3.5</b>	<b>5.0</b>	<b>7.0</b>	<b>9.0</b>					

It is anticipated that the entire Intermediate or Advanced BHC process will be completed within a 3-month period.

### 1.2.3 Strategic fit and Investment Rationale

A review of approval documentation<sup>11</sup> indicates that the rationale for Government intervention was premised on:

- The existence of a number of market failures which were inhibiting businesses from undertaking similar business development activities (i.e. to assess and benchmark their performance, diagnose issues inhibiting the growth and identify actions required to increase their performance) independent of public sector support. Specific market failures identified included:
  - **Asymmetric information** on both the business and Invest NI side. In the case of the former, it was suggested that businesses may be aware of the issues/deficiencies that are constraining their growth competitiveness and, related to this, how any follow-on support may benefit them in addressing these issues/deficiencies. From an Invest NI perspective, it was suggested that Client Executives are not aware of the full range of issues and constraints that are facing the business and, related to this which follow-on interventions they should be signposted to, to subsequently address their needs. It was suggested that the BHC would contribute to addressing this form of market failure by effectively diagnosing businesses' constraints and areas for improvement which would, in turn, support Client Executives to signpost businesses to the most appropriate forms of support.
  - **Co-ordination failures** - the approval documentation suggested that the complexity of business support available to SMEs in NI had led to a level of confusion among SMEs which had resulted in them being less likely to avail of business support services. Moreover, it was noted that effective business improvement can often involve multiple elements of support which may require businesses availing of support from multiple providers which can result in a situation where the costs of support outweigh the benefits.
- The need to enhance business growth and competitiveness by signposting them to the most appropriate forms of support to address their needs. In doing so, it was anticipated that this would support the NI economy to address a number of key macro-economic challenges that existed at that time (including but not limited to the relatively lower levels of productivity, competitiveness, business creation and R&D expenditure amongst SMEs and higher levels of unemployment vis-à-vis other UK regions and EU countries)
- The approval documentation highlighted that previous evaluations had concluded that there was an evidence of need and demand for the BHC, high levels of additionality (71%), the intervention had delivered a number of monetary and non-monetary impacts (for example, in terms of having a positive impact on a proportion of businesses' leadership, people, process and policy and strategy) and had encouraged uptake of follow-on Invest NI interventions.

From a strategic perspective, the approval documentation indicated that there was alignment between the aims and objectives of the BHC and the strategic imperatives of the NI Government at that time (including with the Department for the Economy (DfE) and Invest NI's Corporate Plans). Most notably it was concluded that:

- The BHC was in keeping with Invest NI's core ambition of becoming an enabling organisation (i.e. not simply a dispenser of funds, but delivering interventions which in themselves add value);
- By acting as a gateway for other Invest NI support programmes, the BHC would ensure that public resources were allocated in areas of greatest need; and
- The signposting activities supported through the BHC would encourage businesses to avail of interventions that would potentially contribute to their growth and competitiveness and, in doing so, support the region to deliver a number of wider economic priorities and goals (as articulated within the NI Programme for Government, NI Economic Strategy, DfE and Invest NI Corporate Plans).

<sup>11</sup> Source: Economic Appraisal of the Business Health Check (KPMG, February 2013) and Invest NI Casework (Paper and Casework Committee Minutes 13<sup>th</sup> March 2013). It should be noted that the BHC had not been subject to any Economic Appraisal prior to the 2013 report.

### 1.3 Invest NI's Requirements

Invest NI requires an Evaluation of its BHC for the period April 2011 to November 2016. Invest NI's specific requirements are detailed in full within Appendix I.

### 1.4 Methodology

In conducting the evaluation, Cogent employed a methodology that included:

- A robust desk-based analysis of pertinent materials relating to the BHC during the period under review and benchmarked interventions;
- Telephone and face-to-face consultations with:
  - The Evaluation Steering Group. This Group included representation from the Invest NI Skills and Competitiveness Division and Economics Team;
  - Members of Invest NI's ELT and SMT;
  - 14 CEs that had administered a BHC (as Assessors) during the period under review;
  - The 4 External Assessors appointed to administer BHCs during the period review;
  - 3 Invest NI Managers of Programmes that businesses would have been frequently signposted to following the completion of their BHC;
  - 4 CE's that had not administered a BHC during the period under review;
  - Members of Invest NI's Enterprise Europe Network (EEN) team;
  - 4 Councils (Belfast City Council, Lisburn and Castlereagh City Council, Mid and East Antrim Borough Council and Causeway Coast and Glens Borough Council); and
  - Enterprise Ireland and Scottish Enterprise (as part of the Benchmarking exercise).
- A telephone survey of 43 businesses that completed 44 BHCs - Intermediate (N=29) or Advanced (N=15). The table below provides a summary of the feedback derived from the primary research, including all associated response rates and confidence intervals.

<b>Table 1.2: Survey Response Rates and Associated Confidence Levels</b>					
<b>Type of BHC</b>	<b>Unique businesses receiving a BHC</b>	<b>No. of contact details supplied</b>	<b>Unique businesses in survey sample</b>	<b>Response rate</b>	<b>Confidence Interval</b>
Intermediate	109	104	29	28%	+/- 15.7%
Advanced	34	34	14	40%	+/- 20.4%
<b>Total</b>	<b>143</b>	<b>138</b>	<b>43</b>	<b>31%</b>	<b>+/- 12.5%</b>

- Please note, due to data protection issues, Invest NI was unable to provide the Evaluation Team with the contact details for businesses that completed an online diagnostic<sup>12</sup>. As such, the Evaluation Team's review of this aspect of the intervention has been limited to the feedback provided by 6 businesses that undertook an online diagnostic, as well as an Intermediate or Advance BHC.

<sup>12</sup> For the same reason, completed BHC reports could not be provided to the Evaluation Team.

## 2. PROGRAMME ACTIVITY

### 2.1 Introduction

Section 2 provides a summary of the activity delivered through the BHC during the period under review.

### 2.2 BHC Support Delivered

Tables 2.1 and Figures 2.1 and 2.2 provide an overview of the number of BHCs that have been completed during the period under review (April 2011 to November 2016). Salient points to note include:

- A total of 1,331 BHCs were completed during the period under review which equated to an average of 235 BHCs completed per annum<sup>13</sup>.
- Whilst the number of completed BHCs was in excess (49% more) of that anticipated (as detailed in the Economic Appraisal), and the overall trend in demand for BHC support was upward during the period under review, this masks considerable differences in the uptake of the different types of BHCs.

For example, over four-fifths (89%, N=1,331) of the BHCs completed were online diagnostics, which was more than 2.5 times (or 167% more) the anticipated number. Conversely, the number of completed intermediate (8% of the total) and advanced (3% of the total) health checks were 68% and 65% respectively lower than anticipated. There was a sharp increase in the number of completed online diagnostics during 2014/15 (from 232 online diagnostics in 2013/14 to 640 online diagnostics in 2014/15). Consultation with Invest NI indicates that this spike in activity is likely to be reflective of the online diagnostic being promoted through nibusinessinfo.co.uk and the majority of local councils encouraging business to complete an online diagnostic prior to their participation on a council-supported business development programme. Whilst Invest NI anticipates that the number of completed online diagnostics is likely to increase from the number completed during 2016/17 (of c. 74 when calculated on a pro rata basis), as a result of local Council Programmes commencing in September/October 2017, it is not anticipated that they will increase to levels experienced in 2014/15 (which is deemed by Invest NI to be a year of exceptional activity).

- A longitudinal analysis (Figure 2.2) indicates that there has been a sharp decrease in the number of facilitated BHCs (i.e. Intermediate and Advanced BHCs) since 2008, albeit this has levelled-off (at much lower level) since 2012/13).

During consultation, a number of senior and client facing Invest NI staff stressed that the BHC process requires a high-level of commitment from both Clients and client-facing staff (in their role as internal Assessors). However, the feedback from a number of Invest NI consultees suggests that a number of distinct but interrelated factors may have combined to reduce levels of 'buy-in' to the BHC process amongst client-facing staff which, in turn, contributed to the relatively lower number of Intermediate and Advanced BHCs being completed. Amongst the most frequently cited factors included:

- **Changes in the working relationship between CEs/BAs and their Clients** - Driven by Corporate Strategy, it was noted that, in recent years, there has been a shift towards a more relationship-based, as opposed to transactional-based, relationship between CEs/BAs and their Clients. It was suggested that a by-product of this closer working relationship was that client-facing staff are more actively involved in assessing their Clients' performance and needs on an ongoing real-time basis, signposting them to appropriate supports as and when these are required, as opposed to only undertaking these activities as part of the BHC process. In short, it was suggested that business performance assessment, diagnosis and signposting activities represent core responsibilities of client-facing staff and, when performed appropriately, often mitigated the need for a formal BHC to be undertaken. It was suggested that this situation may become more pronounced as CEs/BAs progress in embedding the 'Trusted Business Partner' model that is currently being developed by Invest NI (see Section 4.4 for further details).

<sup>13</sup> It is understood that 7 of the BHCs were undertaken for 7 businesses that received support through the Accelerating Growth Programme (AGP).



- **Perceived levels of bureaucracy associated with administering BHCs** - Consistent with the feedback provided in the last Evaluation of the BHC (2012), but somewhat differing to businesses' views (see Section 3), there was a general consensus amongst senior and client facing Invest NI staff that facilitated BHCs (i.e. Intermediate and Advanced BHCs) continue to be overly bureaucratic and time-consuming to administer and this has led to a level of reluctance amongst client-facing staff (especially those less experienced in undertaking BHCs) to recommend the need to utilise the tool to Client businesses and subsequently undertake BHCs. Whilst recognising the importance of assessment, diagnosis and signposting activities within their role as Client-facing staff, it was the view of these internal consultees that, in the event that facilitated BHCs are retained, a more streamlined and commensurate tool should be utilised during the process (see Section 3);
- **Changes in guidance as to when BHCs should be utilised** - Prior to 2013, BHCs were required to be completed in instances where the client business wished to avail of a 'significant' intervention from Invest NI and/or the business had not undertaken a similar BHC in the previous 3-5 years. Whilst a business may continue to be encouraged to undertake a BHC for these reasons, it is understood that Invest NI has, in recent years, been less prescriptive as to when a BHC should be undertaken, leaving it to the discretion of the CE/BA based upon their assessment of their clients' need. Moving forward, there was a broad consensus that this discretion should be retained by client facing staff as opposed to placing mandatory requirements on the timing of when a BHC should be completed (particularly given the reported closer working relationship that CEs/BAs now have with their client businesses);
- **Removal of BHC-related performance targets** - Prior to the period under review, client-facing staff were set, and their performance monitored against, targets relating to the number of completed BHCs within their respective 'job plan'. However, a number of senior and client facing Invest NI staff suggested that when these targets were removed, the completion of BHCs became less of priority for CEs/BAs vis-à-vis other targeted activities which were being monitored as part of their job plans (e.g. number of Invest NI supported projects administered, number of Account Development Plans (ADPs) completed etc.). It was suggested by a number of internal consultees that this situation had become more pronounced following the recent Invest NI Client Segmentation exercise<sup>14</sup> which led to many CE/BAs taking on responsibility for supporting a larger number of client businesses which, in turn, resulted in a greater prioritisation of their time to completing tasks/activities that had accompanying targets;
- **Lower levels of BHC 'championing' at senior levels** - It was the view of a number of internal consultees that, in more recent years, lower levels of corporate focus had been placed on BHCs as exemplified (in the view of consultees) by the removal of BHC client-facing and divisional targets, a lack of internal discussion on, and promotion of, the tool and the introduction of other client development and monitoring tools (e.g. ADPs) which some client-facing staff felt had been introduced in place of BHCs<sup>15</sup>. It was suggested that this perceived lack of focus on the BHC had 'filtered down' to operational staff resulting in less emphasis being placed on utilising the tool;
- **CE/BAs' desire to maintain positive working relationships with their clients** - Whilst noting the speculative nature of their suggestion, a number of senior Invest NI staff members queried whether client-facing staff were reluctant to complete BHCs with their clients to avoid any detrimental impact on their working relationship in the event that the assessment process resulted in 'difficult' messages having to be provided back to clients, particularly when these related to leadership and management issues. Indeed, it was noted by CEs/BAs that a key benefit of having external assessors was that these assessors served to maintain the independence and objectivity of the assessment process, irrespective of the nature of the feedback that had to be provided.

<sup>14</sup> It is understood that, as part of the Client Segmentation Exercise, the remit of supporting more established businesses was transferred from Invest NI's Regional Business Group (who took on a more overt focus on supporting new businesses in the Regions) to the Business and Sector Development Group.

<sup>15</sup> The Evaluation Team does however note that the number of ADPs completed to date is low (with only 50 being completed out of 1,200 Invest NI account-managed clients).

Table 2.1: Overview of BHC Support Delivered <sup>16</sup>												
Year	Online Diagnostics			Intermediate BHCs			Advanced BHCs			Total (68 months)		
	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance
2011/12	50	14	-72%	85	54	-36%	-	9	N/A	135	77	-43%
2012/13	25	50	100%	40	7	-83%	10	10	0%	75	67	-11%
2013/14	100	232	132%	35	8	-77%	15	6	-60%	150	246	64%
2014/15	100	640	540%	70	14	-80%	30	3	-90%	200	657	229%
2015/16	100	197	97%	70	28	-60%	30	3	-90%	200	228	14%
2016/17 (8 months)	67	49	-27%	47	0	-98%	20	7	-70%	133	56	-58%
<b>Total</b>	<b>442</b>	<b>1,182</b>	<b>168%</b>	<b>347</b>	<b>111</b>	<b>-68%</b>	<b>105</b>	<b>38</b>	<b>-65%</b>	<b>893</b>	<b>1,331</b>	<b>49%</b>
<b>Type of BHC as % of total BHCs</b>		<b>89%</b>			<b>8%</b>			<b>3%</b>			<b>100%</b>	

Figure 2.1: Total Number of BHCs

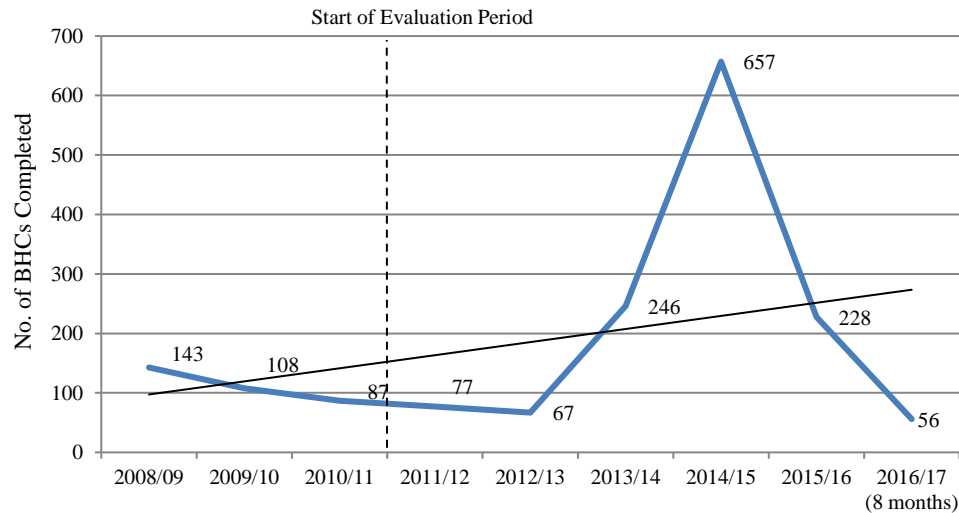
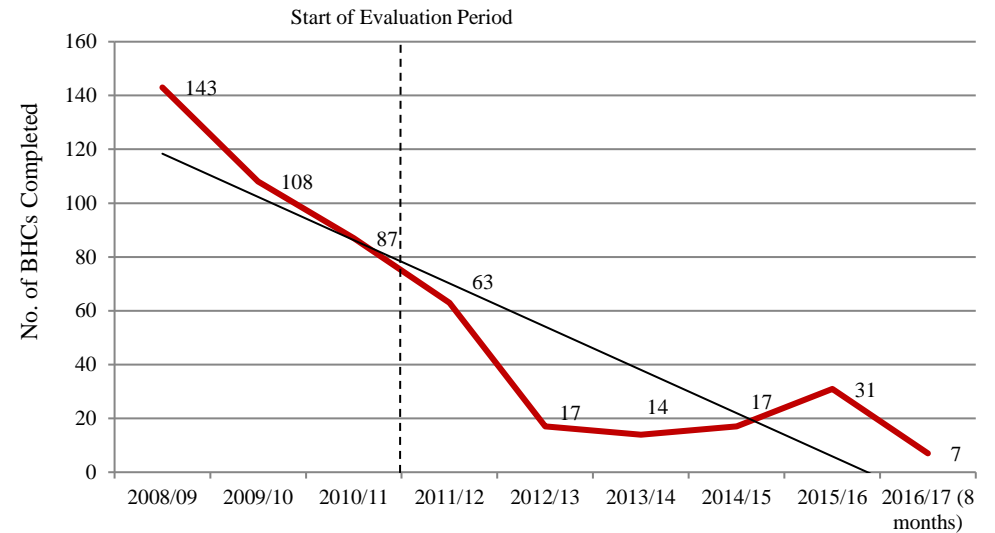


Figure 2.2: Number of facilitated (Intermediate and Advanced) BHCs



<sup>16</sup> All targets are per Invest NI's Terms of Reference. It is understood that all targets were based upon levels of anticipated demand within each of Invest NI's Groups and Divisions. Targets for 2016/17 have been prorated to reflect the eight month period under review.

- Of the total number of Intermediate and Advanced BHCs completed (i.e. 149 BHCs for 145 unique businesses), just over four-fifths (83%) were completed internally by Invest NI CEs and BAs, whilst the remaining 17% were completed by External Assessors. Two-thirds of Advanced BHCs were undertaken by External Assessors.

Year	Intermediate BHCs		Advanced BHC		Total facilitated BHCs	
	Internal	External	Internal	External	Internal	External
2011/12	54	-	-	9	54	9
2012/13	7	-	5	5	12	5
2013/14	8	-	5	1	13	1
2014/15	14	-	2	1	16	1
2015/16	28	-	-	3	28	3
2016/17 (8 months)	-	-	-	7	0	7
<b>Total</b>	<b>111</b>	<b>-</b>	<b>12</b>	<b>26</b>	<b>123</b>	<b>26</b>
<b>% of Total</b>	<b>75%</b>	<b>-</b>	<b>8%</b>	<b>17%</b>	<b>83%</b>	<b>17%</b>

- Circa two-thirds (68%, N=105) of businesses in receipt of an Intermediate or Advanced BHC were small (with 23% of the total undertaken by micro businesses), just over one-quarter (28%, N=105) were medium-sized and the remainder (4%, N=105) were large businesses. There were no significant variances in the number of facilitated BHCs being completed by businesses of different size vis-à-vis the wider Invest NI client base. We also note that BHCs are completed based upon client need (as determined by a business' CE/BA).

Number of Employees	Businesses completing a facilitated BHC		Invest NI Client base <sup>17</sup>	
	No.	%	No.	%
Micro (< 10 employees)	24	23%	575	34%
Small (10-49 employees)	47	45%	705	42%
Medium (50-249 employees)	29	28%	307	19%
Large (250+ employees)	5	4%	87	5%
<b>Total</b>	<b>105</b>	<b>100%</b>	<b>1,674</b>	<b>100%</b>

- Broadly reflecting Invest NI's client-base, the majority of businesses that received a BHC operate in the advanced engineering, manufacturing (35%) and construction sectors (29%).

Sector	Businesses completing a facilitated BHC		Invest NI Client base	
	No.	%	No.	%
Advanced Engineering & Manufacturing	32	35%	531	32%
Construction	27	29%	324	19%
Digital & Creative Technologies	11	12%	237	14%
Agri-Food	9	10%	211	13%
Financial, Professional & Business Services	7	8%	248	15%
Leisure & Tourism	3	3%	53	3%
Life & Health Sciences	3	3%	70	4%
<b>Total</b>	<b>92</b>	<b>100%</b>	<b>1,674</b>	<b>100%</b>

<sup>17</sup> Please note that the disaggregation of the Invest NI client base by size (Table 2.3) and sector (Table 2.4) is reflective of the Invest NI client base as at July 2017 and may not be reflective of the client base at the time of the period under review. We do note however that the composition of the client base is unlikely to have change materially between the two time periods. Invest NI Client base figures exclude 'Tracked' clients and the wider business base.



### 2.3 Equality Considerations

Section 75 of the Northern Ireland Act 1998 requires that Invest NI shall, “*in carrying out its function relating to Northern Ireland, have due regard to the need to promote equality of opportunity*” between the following nine Section 75 groups:

- Persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- Men and women generally;
- Persons with a disability and persons without; and
- Persons with dependents and persons without.

In addition and without prejudice to these obligations, in carrying out its functions, Invest NI is also committed to promoting good relations between persons of different religious belief, political opinion or racial group.

The Evaluation Team’s review of BHC activity, monitoring information provided during the evaluation process and our discussions with recipients of support has identified:

- No evidence of higher or lower participation or uptake of different groups;
- No evidence to indicate that different groups had different needs, experiences, issues and priorities in relation to BHC activity;
- No opportunities to better promote equality of opportunity or better community relations by altering the work of the BHC;
- No accessibility issues that might run contrary to the Disability Discrimination Act 1995.

On this basis, the Evaluation Team concludes that whilst the BHC was not specifically targeted at any specific Section 75 categories, it does not appear to have had an adverse impact on any Section 75 group.

### 2.4 Summary Conclusions

A total of 1,331 BHC were completed during the period under review. There were considerable differences in the uptake of the different types of BHCs, with demand for online diagnostics being considerably higher than initially anticipated and the number of facilitated BHCs (Intermediate and Advanced) being considerably lower than anticipated. A longitudinal analysis indicates that there has been a sharp decrease in the number of facilitated BHCs since 2008.

The feedback suggests that a number of distinct but interrelated factors are likely to have combined to reduce levels of ‘buy-in’ to the BHC process amongst client-facing staff which, in turn, contributed to the relatively lower number of Intermediate and Advanced BHCs being completed. Specifically, changes in the working relationship between CEs/BAs and their clients and the levels of bureaucracy associated with administering the facilitated BHCs were cited as the main factors that have driven the lower than anticipated number of Intermediate and Advanced BHCs.

### 3. STAKEHOLDERS' SATISFACTION WITH, & VIEWS OF, THE BHC

#### 3.1 Introduction

Section 3 provides a detailed analysis of the key findings, emerging from the primary research with businesses in receipt of BHC support and other senior and client facing Invest NI staff, in terms of their satisfaction with, and views of, the intervention.

Please note that, unless stated otherwise, the feedback relates to Intermediate and Advanced BHCs that were administered by client-facing Invest NI staff or External Assessors during the period under review.

#### 3.2 Marketing and Promotion

Uptake of BHC support is largely driven through internal referrals by Invest NI CEs and BAs based upon their ongoing assessment of their clients' needs. Somewhat unsurprisingly then, all businesses (100%, N=43) indicated that they had become aware of the BHC through their respective Invest NI CE or BA. Whilst there was a high level of awareness of the BHC amongst client facing staff, it appears that this awareness has largely been driven by their historic usage of the tool, participation in internal training and/or internal communication (including the circulation of case studies). However, as noted, a number of internal consultees suggested that, more recently, there had been relatively lower levels of focus placed upon the BHC by senior Invest NI staff members.

External marketing of the BHC is currently limited to the promotion of the tool through Invest NI's website, the [nibusinessinfo.co.uk](http://nibusinessinfo.co.uk) web portal where businesses can directly access the online diagnostic and marketing and signposting activities undertaken by the local Councils.

#### 3.3 Administration of the BHC

As noted, there was a general consensus amongst senior and client facing Invest NI staff that facilitated BHCs are overly bureaucratic and time-consuming to administer.

However, in contrast, businesses expressed, on the whole, a high level (93%+) of satisfaction with the process that was implemented to administer the BHC including the:

- Degree to which the process was appropriately explained to the business prior to undertaking the BHC. The feedback suggests that businesses' CE's/BA's took an appropriate amount of time to discuss the objectives of the BHC, the benefits that would potentially be derived, as well as the time and staff commitment required to complete the process;
- Ease of completion of the Benchmark Questionnaire - Businesses indicated that the questionnaire used clear, unambiguous language (supported by the provision of accompanying definitions of the information required around each benchmarking metric) and required a commensurate level of information which could be easily identified and provided by the business in relation to each metric;
- Effectiveness of the Assessor administering the BHC. Positively, similarly high levels of satisfaction were expressed by businesses in relation to the effectiveness of the Invest NI and the External Assessors administering the BHCs, potentially suggesting that the BHC training provided to CEs and BAs had been fit-for-purpose.

However, differing opinions were expressed by client-facing staff as to the degree to which they had been appropriately upskilled to administer BHCs.

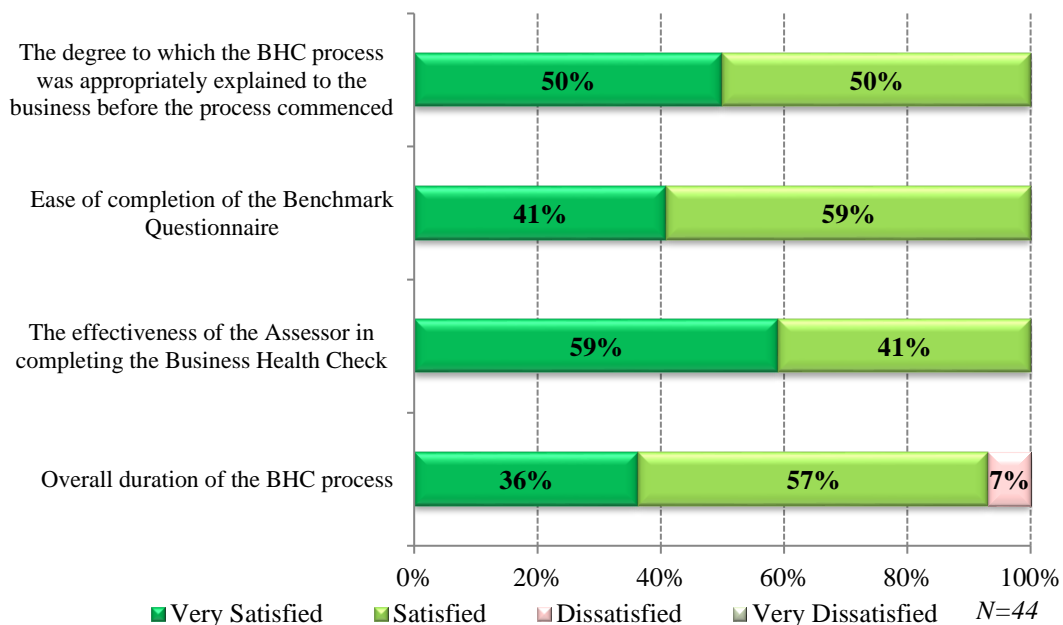
In any such case, under both scenarios, there was a consistent view expressed across CEs and BAs that the training was time-consuming and overly theoretical, placing too much focus on the theory of the benchmarking and EFQM models underpinning the process, with insufficient focus placed on how to administer the tool practically ‘on the ground’ and communicate the results of the BHC to senior business stakeholders (especially in instances where specific issues and the need for remedial action was identified (e.g. in relation to business strategy), given their ongoing working relationship with the business.

A number of client-facing staff (especially those staff members with less experience in delivering BHCs) indicated that issues of not feeling appropriately up-skilled and confident to deliver BHCs became more pronounced when internal support from the Skills and Competitiveness Division was no longer available to co-facilitate the delivery of BHCs<sup>18</sup>.

In many cases, the nature and content of the training served to compound client-facing staff members’ views that the BHC process was overly bureaucratic and was not commensurate with the value that was ultimately derived from engaging in the process. Regardless of whether the client-facing staff felt suitably upskilled and confident in their ability to deliver the BHC, there was a general consensus that moving forward, the training should be streamlined and more appropriately focused on the more practical aspects of the tool’s administration.

- Overall duration of the BHC process.

**Figure 3.1: Businesses’ satisfaction with the BHC process**



*“Yes, the process takes time but this was explained to us at the outset and we welcomed the dedicated time that was provided by our Client Executive. Whilst they (the CE) had always been there when we need them, they always felt too much on the periphery and I wasn’t totally convinced that they understood the business, what it was trying to achieve or the issues that it was facing. The BHC changed that. During the in-depth focus groups with the business’ senior management and operational teams, we got an opportunity to discuss the business, where it should be going and what it needed to do to get there. Through the process, the Client Executive really challenged our approach in a number of areas and was able to identify a range of actions that should be taken*

<sup>18</sup> During consultation, Invest NI confirmed that the Skills and Competitiveness Division developed and delivered an internal training programme during early 2016 for new staff members and as a refresh for client facing staff who had completed the original training format. The training was designed to give them the practical skills and confidence to deliver a BHC. Whilst the Division offered support to jointly complete a BHC with a Client as part of the training, take up of the training and support is understood to have been low.

*forward...we really did get a lot out of the process and would definitely like to undertake the process again further down the line.”*

*“All-in-all the process took around 5 days to complete and I had no problem with that given the value we got out on the other side. The process provided a strong objective review of our performance and provided us with good strategic direction on the steps we needed to take. I would have been more concerned about the robustness of the assessment had it been any less intensive.”*

*“The process was very straightforward. We completed a questionnaire which was pretty straightforward and had a number of in-depth conversations with our Client Executive. I liked the iterative nature of the process whereby we were able to discuss and amend that draft action plan so that it was fully fit-for-purpose.”*

*“Overall, I was very happy with the work done by the Client Executive and the process ran seamlessly. Whilst the process took a number of weeks to complete, the businesses input across this period was only intermittent and did not distract from its ongoing operations.”*

*“Both our Client Executive and Assessor took the time to develop an in-depth understanding of our business in order to tailor their advice. Therefore it isn’t surprising that the process tends to take several weeks as I know personally that we needed the time to develop an understanding of the barriers which were restricting our growth and competitiveness and to have thorough discussions regarding the actions that needed to be taken.”*

**Business recipients of facilitated BHC support**

In addition, the following points were noted by a number of senior and client facing Invest NI staff and External Assessors in relation to the current structure, content and delivery of the BHC:

- In considering the applicability and usefulness of the BHC to Invest NI and their clients, it was suggested by a number of senior and client facing Invest NI staff that, for businesses that are growing rapidly or evolving constantly (e.g. growth and scaling and entry-level clients) the BHC requires a significant investment of resources to provide what is only a ‘snap-shot’ assessment of the business at a given point in time. For these businesses, it was suggested that the assessment can quickly become outdated and defunct in terms of its usefulness. In this scenario, these internal consultees questioned the value of the BHC process for these types of businesses;
- Whilst the majority of internal consultees highlighted the theoretical importance of the benchmarking aspect of the BHC as a means of ensuring that businesses’ assessment results were appropriately contextualised relative to ‘best in class’ performance, a number of internal and external assessors suggested that the benchmarking assessment was less useful and meaningful for:
  - Early stage/entry businesses that did not have an operating track record that provided sufficient data to be included within the benchmarking assessment; and
  - Larger businesses and/or those businesses with more complex operating and governance structures. In the case of these businesses, it was suggested that there were insufficient and/or a lack of directly comparable benchmarks to enable a meaningful comparison to be made on the business’ relative performance.
- Linked to the concerns that were expressed in relation to the levels of bureaucracy associated with administering the BHC, it was noted that the process of administering the benchmarking aspect of the assessment (which requires a hard-copy questionnaire to be self-completed by the business) often requires additional time input both from Invest NI and the business due to incorrect information being included by businesses within the questionnaire. It is understood that these errors are identified by the Assessor during their review of the questionnaire and prior to the information being inputted into the diagnostic assessment by the BHC team. By way of minimising the number of errors being made and associated additional administrative time, it was recommended by a number of consultees (including Assessors themselves) that the questionnaire should be completed by the business in conjunction with their Assessor during one of the

facilitated sessions. In such an instance, it was suggested that if the tool was being completed online (potentially using a Tablet computer) the results could also be discussed in real-time.

- A number of consultees were of the view that the most added-value aspect of the BHC process is the EFQM element of the process including the facilitated focus groups. Specifically, it was suggested that the key benefits of this element of the process include:
  - Encouraging communication between different business functions and levels of seniority and responsibility. It was noted that in many businesses, especially large businesses with more complex operating structures, communication of this nature does not routinely occur;
  - The communication and interaction between the various business' stakeholders provides the opportunity to identify barriers and issues across the organisation and gain agreement/buy-in and a joined-up approach to addressing these (including the actions that are required to be undertaken); and
  - From a corporate perspective, it was noted that the interaction with cross-sectional representation from the business also provides the CE/BA with an opportunity to enhance both their knowledge of and working relationship with, the business.

However, consistent with the feedback detailed previously, some client-facing staff queried the need and usefulness of this element of the BHC, over and above what they perceive themselves to already be doing in their day-to-day role as a CE/BA; and

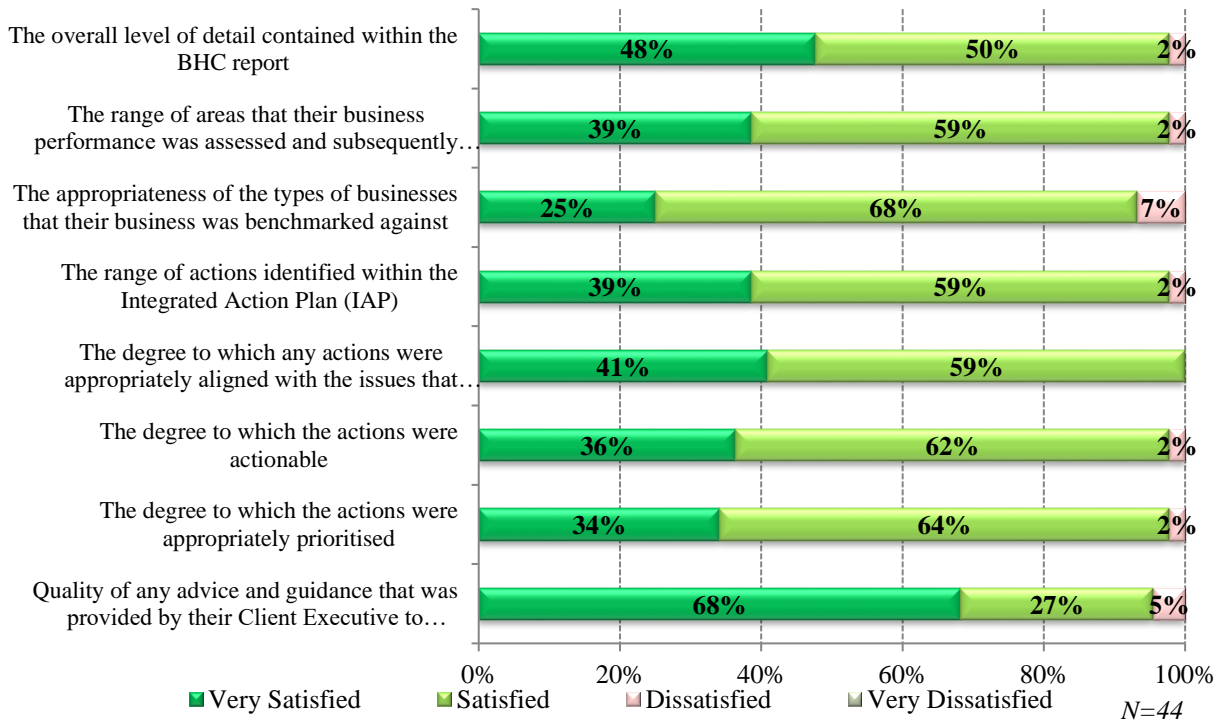
- For reasons discussed previously, in instances where a BHC is required, there was general agreement that the current delivery model of utilising internal and external assessors should be maintained.

### 3.4 **Outputs from the BHC process**

Aligned with the high levels of satisfaction expressed in relation to the BHC process, businesses expressed a high level of satisfaction with the:

- Content of BHC report that emerged from the facilitated process including the: overall detail of the report, the range of areas (i.e. from a financial, customer, internal process and learning and growth perspective) and types of businesses that their performance was assessed and subsequently benchmarked against, the range of actions identified within their IAP and the degree to which these were prioritised and aligned with the issues facing the business; and
- Quality of any advice and guidance that was provided by their CE/BA to address any issues identified by the BHC including any signposting to other Invest NI interventions.

Figure 3.2: Businesses' satisfaction with the BHC outputs



*"I found benchmarking analysis and level of detail in the BHC report really thorough. It showed the business how it was performing against similar businesses in a range of areas including its financial performance and the effectiveness of its internal processes."*

*"The report that we received contained a number of prioritised action points that were wholly aligned to helping us address the issues that have been identified in the various discussions that we had had with our Client Executive during the process. We liked the fact that the actions were specific, focused and measurable so that we knew when we had achieved them. Our Client Executive has done a good job in monitoring our progress, providing advice and support as and when we have needed it."*

*"Once we received the report, we sat down with our Client Executive and went through the actions that we needed to take. She (the Client Executive) provided us with some good advice as to address each point and has subsequently signposted us to other Invest NI supports to help address some of the issues that were identified."*

*"Whilst we were aware of some of the issues that we were facing, the process brought a level of affirmation to this and importantly, help us identify the actions that were required to overcome these."*

*"Our business wasn't provided with any advice and guidance from our Client Executive during our Health Check which is disappointing as we would have welcomed the independent input."*

*"The benchmarking analysis which was undertaken by our assessor could have been enhanced through the inclusion of businesses from Great Britain. This would have ensured that there is an appropriate mix of business sizes to compare our performance against."*

**Business recipients of facilitated BHC support**



### 3.6 Businesses' views of, and satisfaction with, the Online Diagnostic

Six businesses that undertook a facilitated BHC also undertook an online diagnostic. All business indicated that they were 'very satisfied' or 'satisfied' with the:

- Process involved in completing the diagnostic including its ease of completion and the amount of time required to complete the assessment; and
- Outputs emanating from the assessment including the range of areas that the business' performance was assessed against, the level of detail of the action plan and the range of actions identified, as well as the appropriateness of the types of events and resources that their business was ultimately signposted to.

*"I undertook the online diagnostic prior to undertaking the more advanced Health Check with my Client Executive. It didn't take too long to complete and I thought that the benchmarking assessment and plan we got back was really informative. It was the review of this information that encouraged me to talk to my Executive about having a more detailed assessment undertaken."*

*"We completed the online diagnostic after the advanced health check that was completed with an external Assessor. We used it more as a means to track our progress against other businesses as opposed to identifying action and supports that could help us...as this had already been identified by the assessor and our Client Executive. It was simple and straightforward to complete. Whilst the online questionnaire required quite a bit of input about our business, it was information that all businesses should readily have to hand."*

*"The online diagnostic was an excellent analysis tool which signposted us to numerous events that we would have never been aware of if we didn't avail of the support."*

*"The online diagnostic was a much more accessible alternative to the Business Health Check especially for businesses who are only undertaking a Health Check to benchmark their performance. We were able to thoroughly benchmark our performance without having to commit time for assessor visits which can be off-putting for businesses."*

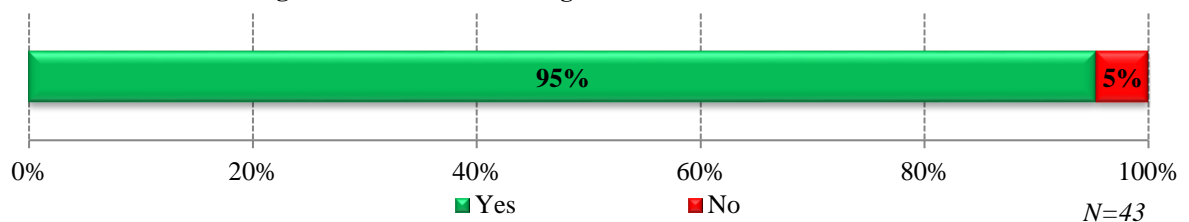
*"Surprisingly the online diagnostic was well targeted and identified a range of issues that we would have overlooked because we didn't have the time to commit to another Business Health Check. The online diagnostic was an additional stage in our improvement journey."*

**Business recipients of online diagnostic assessment**

### 3.7 Willingness to recommend the BHC and engage in the BHC process in the future

Encouragingly, almost all respondents (95%, N=19)<sup>19</sup> stated that they would recommend the BHC to other businesses who are in need of support to assess and benchmark their business' performance and identify actions to enhance their growth and competitiveness. For many of these businesses, the BHC process had provided an objective challenge of 'what they were doing' and 'how they were doing it', identifying issues and challenges, that were inhibiting the businesses' growth and competitiveness, which they were unaware of.

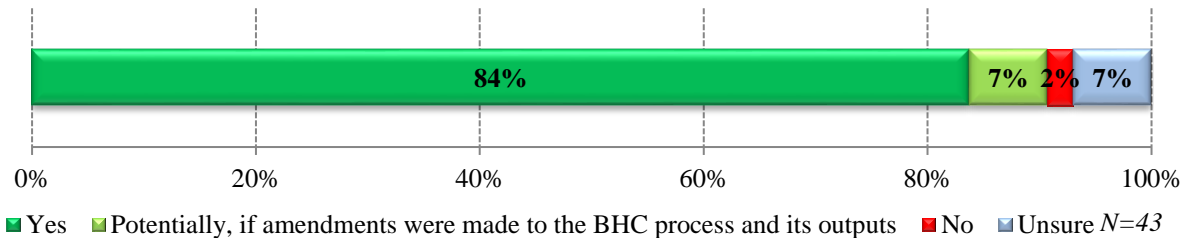
**Figure 3.3: Business' willingness to recommend the BHC**



<sup>19</sup> Please note 1 respondent did not provide a response.

Unsurprisingly, given the high levels of satisfaction expressed, more than four-fifths of respondents (84%, N=43) stated that they would undertake another BHC if it was offered to them by their CE/BA.

**Figure 3.4: Willingness to undertake another BHC**



Of the remaining businesses (N=7):

- 3 businesses indicated that they would undertake another BHC in the event that:
  - A more thorough and informative assessment is undertaken of their business’ performance (N=1);
  - More appropriate benchmarks are included within the BHC to compare their business’ performance (N=1);
  - More appropriate forms of follow-on support are identified (N=1); and
  - The actions identified within the Integrated Action Plan (IAP) are more focused (as opposed to being too high level) (N=1)<sup>20</sup>.
- 3 businesses indicated that they were unsure if they would undertake another BHC due to the time required to complete the process; and
- 1 business suggested that it would not be prepared to undertake another BHC as it had received little or no value from engaging in the process.

*“I would definitely recommend the Health Check process to other businesses and would want the business to undertake another one at some stage in the future. Based on our own experience, it is easy to get too ‘bogged-down’ in your day-to-day operations and overly complacent that everything is ticking along as it should be. In my experience, the health check provides a rounded objective look at a business’ performance and identifies issues that can often be missed by those that are too close to the business.”*

*“Everyone needs a fresh set of eyes to confirm that you are on the right track or challenge the status-quo”.*

*“Whilst it’s quite a lengthy and detailed process and probably don’t think it necessary to do one every year, I did get some good independent advice and was signposted to useful follow-on support, so I would definitely consider doing another one at some point in the future.”*

*“I really can’t understand why every business would not want to avail of Health Check as it’s a really worthwhile process.”*

*“I’m not sure if I would undertake another one (a BHC), the process would need to be more streamlined and less time-intensive for me to consider undertaking a further one.”*

**Business recipients of facilitated BHC support**

<sup>20</sup> Please note that respondents were able to select more than one response, hence the number of responses provided (4) exceeds the number of businesses indicating that they were undertake another BHC, if amendments were made to the BHC process and its outputs (N=3).



### 3.9 Businesses' Recommendations for Improvement

Only a small number of respondents provided recommendations as to how the Business Health Check could be improved. These recommendations included:

- Introduce follow-up reviews every 6-12 months to ensure businesses are following the action plan provided and remain focused to improve their performance (N=5); and
- Streamline the delivery of the facilitated BHC including the levels of staff input required from participating businesses (N=2).

### 3.10 Summary Conclusions

In contrast to the views expressed by a significant cohort of client-facing staff who perceive the administration of BHC support to be overly bureaucratic and of less relevance to certain types of clients, businesses expressed a high level of satisfaction with the administration of the support including the ease of completion of the BHCs, the effectiveness of the Assessors involved in delivering these and the duration of the BHC process.

Similarly, businesses were, on the whole, highly satisfied with the outputs resulting from the BHC process including the content and level of detail of the BHC report, the range of areas that their business' performance was benchmarked against, as well as the range of actions identified within the IAP and the degree to which these were prioritised and aligned with the issues facing the business. Businesses were also of the view that the advice and guidance that was provided by their CE/BA to address any issues identified by the BHC, including any signposting to other Invest NI interventions, was of a high quality.

#### 4. IMPACT OF THE BHC

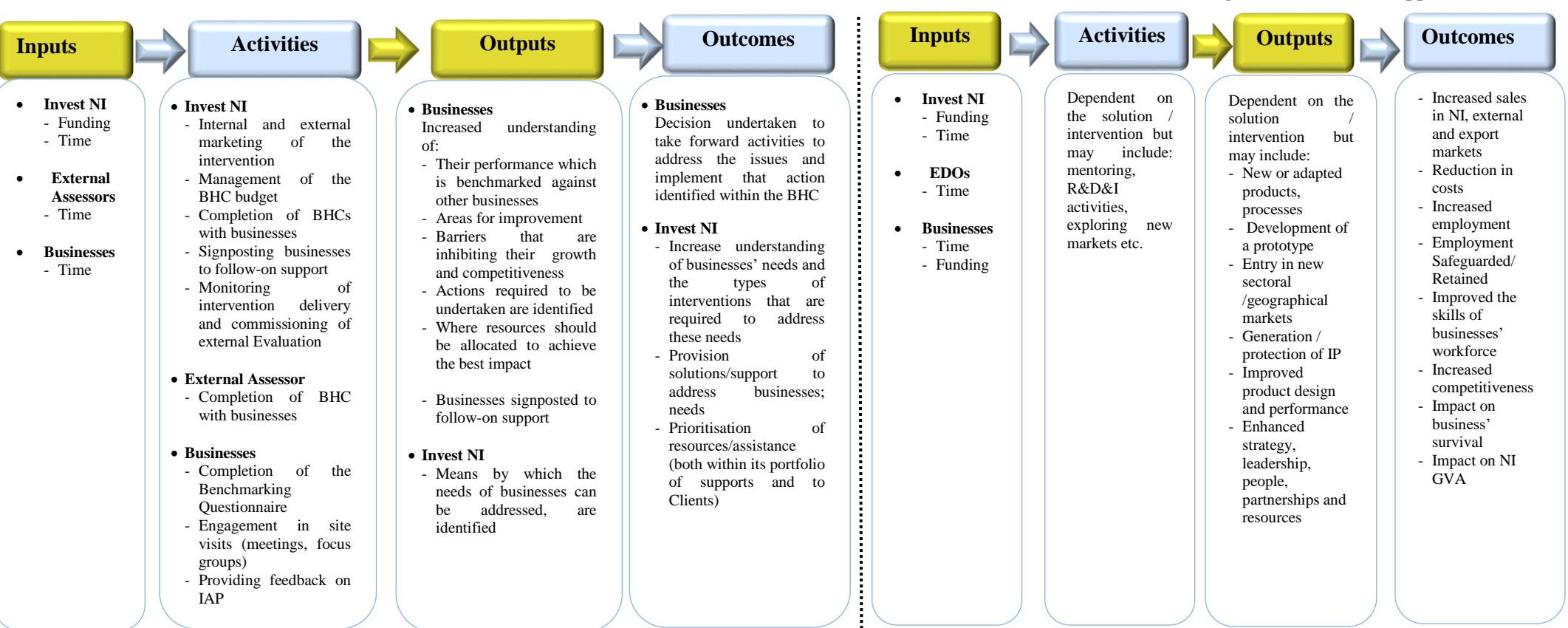
##### 4.1 Positioning the role of the BHC

Prior to assessing the feedback provided by consultees in relation to the impact that the BHC has had, it is important to contextualise the role of the situational tool. This is presented in the form of a logic chain, which establishes the underpinning ‘logical’ flow between the inputs, activities, outputs and outcomes of the intervention (Figure 4.1).

Figure 4.1: BHC Logic Chain

BHC LOGIC CHAIN

INVEST NI SOLUTION (e.g. CDS, SFA, Lean support etc.)



Whilst the Economic Appraisal for the period under review suggested that the BHC would deliver “*a positive cultural impact (leadership/people/process/policy and strategy aspects) within participating companies and ensure change is implemented within 12 months following completion of the BHC*”, it is the Evaluation Team’s view that this objective did not appropriately reflect the role of the BHC.

As a situational tool, our discussions with Invest NI indicate that the primary role of the BHC is to:

- Assess and benchmark businesses’ performance (vis-à-vis other similar businesses);
- Diagnose the barriers/issues that are inhibiting their growth and competitiveness and identify areas for improvement;
- Identify and prioritise remedial actions that should be taken to address any identified barriers/issues; and
- Act as a conduit to follow-on interventions (within Invest NI and/or elsewhere) aimed at supporting businesses to address the barriers that are inhibiting their growth.

In short, it is envisaged that the BHC process will result in the generation of knowledge that will facilitate business’ (and their CE/BA) to make an informed decision of the necessary business development activities/solutions that should be taken forward (with or without the support of Invest NI) to address the barriers/issues identified as inhibiting their business growth and competitiveness. Ultimately, the positive cultural impacts alluded to within the Economic Appraisal will only arise in the event that the business takes forward the business development activities<sup>21</sup>.

## 4.2 Impact of the BHC - The *External Perspective*

### 4.2.1 Activity Additionality/ Deadweight

The net impact of Invest NI’s BHC (i.e. its additionality) relating to a businesses’ decision to engage in similar activities to assess and benchmark their business’ performance and identify actions to enhance their growth and competitiveness, or where relevant, to undertake these activities to a similar scale and/ or within a similar timescale, can only be measured after making allowances for what would have happened in the absence of the support. That is, the support must allow for deadweight. ‘Deadweight’ refers to activity that would have occurred without the intervention i.e. the BHC support.

Appendix IV provides a detailed overview of the Evaluation Team’s deadweight/ additionality calculations. However, in summary, we have calculated levels of activity deadweight using a ‘participant self-assessment’ methodology. The methodology utilises a series of questions<sup>22</sup> within the participant survey and assigns weightings (agreed in conjunction with DfE’s Economist Team) to the individual responses.

The questions sought to ascertain respondents’ views on the impact that the receipt of BHC support had on their decision to take forward the BHC activities. Options included:

<sup>21</sup> In the event that a business chooses to take forward these activities with Invest NI follow-on support, the greatest weighting of any impacts that arise (e.g. in terms of leadership, people, processes, policy and strategy) should, in the Evaluation Team’s view, be attributed to the follow-on intervention/solution that supported the business to take forward the business development activities (as opposed to the BHC). Given the demarcation that exists between the role of the BHC and any follow-on intervention(s)/solution(s) that a business may have been signposted to, it is not the role of this evaluation to assess the efficacy of the support provided to addressing the issues that were identified during the BHC process (this being the role of the Evaluations of the specific follow-on interventions/solutions).

<sup>22</sup> In-line with DfE guidance, these questions focused on identifying the likelihood that the individual would have undertaken the BHC activities, what scale of activities would have been undertaken in the absence of support (if relevant) and how much later would the activities would be undertaken (if relevant).

- Whether they would have taken forward the activities at all;
- Whether they would have taken forward the activities but on a reduced scale;
- Whether they would have taken forward the activities but at a later date;
- Whether they would have taken forward the activities but on a reduced scale and at a later date; and
- Whether they would have taken forward the activities at the same scale and within the timescale regardless of the BHC.

Depending on the response provided, a level of additionality/ deadweight was applied. For example, a respondent who indicated that they definitely would not have taken forward the activities in the absence of the BHC would have been assigned a level of 100% additionality (i.e. full additionality). Conversely, a respondent who indicated that they definitely would have taken forward the activities within the same timescale regardless of the receipt of the BHC support would have been assigned a level of 100% deadweight (i.e. no additionality). Other responses were given a weighting somewhere between these two extremes (i.e. a level of partial additionality/ deadweight).

The outcomes of the analysis are detailed below:

Table 4.1: Activity Additionality/ Deadweight (N=44)	
Deadweight	Additionality
41%	59%

On an overall basis, levels of activity additionality have been calculated at 59%. Notwithstanding the corresponding levels of deadweight, the calculated level of partial additionality (90%) and the feedback provided by businesses indicates that, in instances where businesses may have taken forward activities independent of support, businesses typically would **not** have:

- Taken forward the same range of activities performed by the BHC. Specifically, a number of businesses indicated that whilst they may have taken forward activities the diagnose the issues that were inhibiting their growth, they would not have had the capacity or capability to take forward the benchmarking aspects of the BHC;
- Assessed the same breath of business areas that were examined through the BHC;
- Undertaken the activities as robustly and/or objectively as their CE/BA or the external Assessor; and
- Taken forward the activities within the same timescales, with a significant cohort of businesses reporting that they would have taken the activities more than one year later.

Table 4.2: Disaggregation of levels of Activity additionality		
	No of responses	% of respondents
No additionality	2	5%
Partial additionality	40	90%
Fully additionality	2	5%
<b>Total</b>	<b>44</b>	<b>100%</b>

*“As a long established business, our senior management team would continuously monitor its performance and seek to identify any issues that are constraining our growth. However, we probably wouldn’t have assessed the same breath of areas and we definitely wouldn’t have had the information to benchmark our performance against other similar businesses.”*

*“The added value of the BHC is its independence and objectivity. The process gave us a fresh look at things and helped us to identify a number of actions that we needed to take to enhance our performance. We wouldn’t have had the time or ability to complete the process without support.”*

*“If I’m being honest, I was a bit skeptical of the process and what it would achieve. It (the BHC process) all seemed a little over-the-top for my businesses and I would never have done it myself unless my Client Executive recommended it. However, the process was tailored around my business’ commitments and I was presently surprised by what I got out of it. The assessment determined that I needed to focus on addressing three or four key HR and strategy issues and subsequently signposted me to other Invest NI support that could help me with*

these”.

*“I may have taken forward some of the diagnosis activities but not across all the same areas of the business or in the same level of detail.”*

*“In the absence of the support provided through the BHC, we would have undertaken the activities at a reduced scale and a later date. This would allow us time to prioritise the activities and develop an understanding of how to assess our business internally. Although I think that the findings would not have been as thorough as those provided through the BHC as we would have only undertaken the activities when time became available.”*

**Business recipients of facilitated BHC support**

#### 4.2.2 Nature and Extent of Market Failure

This section examines the factors that would have prevented businesses from proceeding with the activities or proceeding with them in the same manner (i.e. at the same scale or in the same time scale) independent of the support provided through the BHC. In doing so the analysis utilises a methodology agreed in conjunction with DfE and Invest NI to quantify the nature and extent of market failure. Based on the survey responses, the factors that would have prevented businesses from proceeding with the activities or undertaking them within the same manner (in terms of scale or time scale) included:

<b>Table 4.3: Factors preventing businesses from undertaking the activities that were supported by the BHC, or undertaking them in the same manner</b>		
<b>Need for support</b>	<b>Market Failure</b>	<b>%</b>
Their business would not have had the time to undertake the activities	No	36%
Their business lacked the knowledge that would be required to undertake the activities	Yes	28%
Their business was unaware of external expertise that could offer the support similar to that provided through the BHC	Yes	18%
The activities were perceived to be too complex/ difficult to take on without support	Yes	13%
Without knowing more about the potential benefits, their business would not have considered undertaking the activities	Yes	10%
Their business could not have afforded the external expertise required to provide the support	No	8%
Their business would have been unwilling to fund the external expertise to provide the support	No	3%
<b>N=</b>		<b>42<sup>23</sup></b>

<sup>23</sup> Responses will not sum to 100% on the basis that businesses were able to select more than one response. It should be noted that this question was only asked to those individuals who stated that they would not have undertaken the activities in the absence of the BHC. 2 individuals noted that they would have undertaken these activities in the absence of the BHC.

Based on these findings, the Evaluation Team was able to undertake an analysis of the degree to which market failure played a role in a business’ decision not to undertake the activities independently of receiving support through the BHC. This analysis involved categorising business’ motives for participation based on:

- **No Market Failure** – The business felt that they ‘would have undertaken the activities anyway’ or stated that would not have undertaken the activities in the absence of the BHC because:

- The business could not have afforded the external expertise to provide the support;
- The business would have been unwilling to fund the external expertise to provide the support;
- The business would not have had the time to undertake the activities

- **Partial Market Failure** – The business’ decision to participate was due to **both** non-market failure and market failure factors. That is to say, they would not have engaged in the activities, or would have engaged in them in a different manner because:

- The business could not have afforded the external expertise to provide the support (not a market failure);
- The business would have been unwilling to fund the external expertise to provide the support (not a market failure);
- The business would not have had the time to undertake the activities (not a market failure); **and**
- The activities were perceived to be too complex/ difficult to take on without support (market failure – risk aversion due to asymmetric information); and/ or
- The business was unaware of external expertise that could offer the support similar to that provided through the BHC (market failure – asymmetric information); and/ or
- Without knowing more about the potential benefits, the business would not have considered undertaking the activities (market failure – asymmetric information); and/ or
- The business lacked the knowledge that would be required to undertake the activities (market failure – asymmetric information).

- **Full Market Failure** – The business’ decision to participate was solely due to market failure factors (asymmetric information) i.e.:

- The activities were perceived to be too complex/ difficult to take on without support (market failure – risk aversion due to asymmetric information); and/ or
- The business was unaware of external expertise that could offer the support similar to that provided through the BHC (market failure – asymmetric information); and/ or
- Without knowing more about the potential benefits, the business would not have considered undertaking the activities (market failure – asymmetric information); and/ or
- The business lacked the knowledge that would be required to undertake the activities (market failure – asymmetric information).

The results of this analysis are presented in the table below:

<b>Table 4.4 Impact of Market Failure</b>		
	<b>No. of responses</b>	<b>% of responses</b>
No Market Failure	18 <sup>24</sup>	41%
Partial Market Failure	2	4%
Full Market Failure	24	55%
<b>Total</b>	<b>44</b>	<b>100%</b>

In summary, the analysis indicates that more that 59% of businesses would not have taken forward the activities to assess and benchmark their business’ performance and to identify actions to enhance their growth and competitiveness (or would have taken the activities forward to a different scale and/ or timescale) due to full (55%) or partial market failure factors (4%). In the remainder of cases, affordability and time constraints were the key factors as to why the business would not have taken forward the activities independently.

<sup>24</sup> Includes the 2 individuals that stated that they would have undertaken similar activities in the absence of the BHC.



#### 4.2.3 Objectives for Participation and Extent of Achievement

Businesses cited a broad range of objectives that had influenced their decision to undertake a BHC, with the most frequently cited (by 75%+ of businesses) including to:

- Identify areas for improvement;
- Obtain an objective assessment of the business' performance (which was also cited by businesses as being the single most important objective for completing a BHC);
- Identify barriers that were inhibiting the growth of the business; and
- Identify actions that should be undertaken to improve the business' growth and competitiveness.

Table 4.5: Objectives for undertaking a BHC and extent of achievement							
Objective	Motive for undertaking BHC		Single Most Important Motive		Degree of Achievement (N=44)		
	No.	% <sup>25</sup>	No.	%	Wholly	Partially	Haven't achieved
To identify areas for improvement	39	89%	6	15%	95%	5%	0%
To obtain an objective assessment of the business' performance	39	89%	12	27%	93%	5%	2%
To identify barriers that were inhibiting the growth of the business	34	77%	5	11%	95%	5%	0%
To identify actions that should be undertaken to improve the business' growth and competitiveness	34	77%	3	7%	98%	2%	0%
It was recommended that the business undertake the BHC prior to receiving other support from Invest NI	33	75%	12	27%	N/A	N/A	N/A
To benchmark the business' performance against other businesses	29	66%	5	11%	93%	7%	0%
To gain an understanding of where resources should be allocated to achieve the best impact	27	61%	-	-	98%	2%	0%
To identify potential solutions/ further support to address business' needs	27	61%	1	2%	96%	2%	2%
<b>N=</b>	<b>44<sup>26</sup></b>		<b>44</b>	<b>100%</b>			

<sup>25</sup> Responses will not sum to 100% on the basis that businesses were able to select more than one response.

<sup>26</sup> This is based on the number of BHCs completed.

In addition, despite the fact that Invest NI relaxed the requirement for businesses to undertake a BHC in the event that a business wished to undertake a ‘significant’ Invest NI intervention, it is apparent that client facing staff are continuing to recommend that businesses undertake a BHC in advance of receiving these supports. For example, three-quarters of businesses indicated that it was recommended that the business undertakes the BHC prior to receiving another Invest NI support and just over one-quarter of business indicated that this was the primary reason why they undertook a BHC. The Evaluation Team’s discussions with a number of Client Executives suggested that the Health Check served the dual purpose of:

- Ensuring that the follow-on support that the business was signposted to was appropriately aligned to the needs of the business and, in doing so;
- Safeguarding (as far as possible) against the misallocation of public monies.

Reflecting businesses’ high levels of satisfaction with the BHC process (including the quality of facilitation support) and its outputs, the feedback from businesses indicates that the BHC has successfully delivered upon its stated aims and objectives, as illustrated by the degree to which businesses stated that they had wholly achieved each of their motives for participation (typically 93%+).

*“My Client Executive was keen for the business to undertake a Health Check prior to receiving some other forms of support. Whilst I was concerned that this would delay the business in receiving this other support, the process actually served to identify some other leadership issues we were having. This ultimately resulted in us receiving additional mentoring support through Invest NI’s NED (non-executive director) programme.”*

*“As a business we are always interested in seeing how we are performing and identifying areas for improvement. The benchmarking and focus groups with the business’ leadership team objectively did both of these things.”*

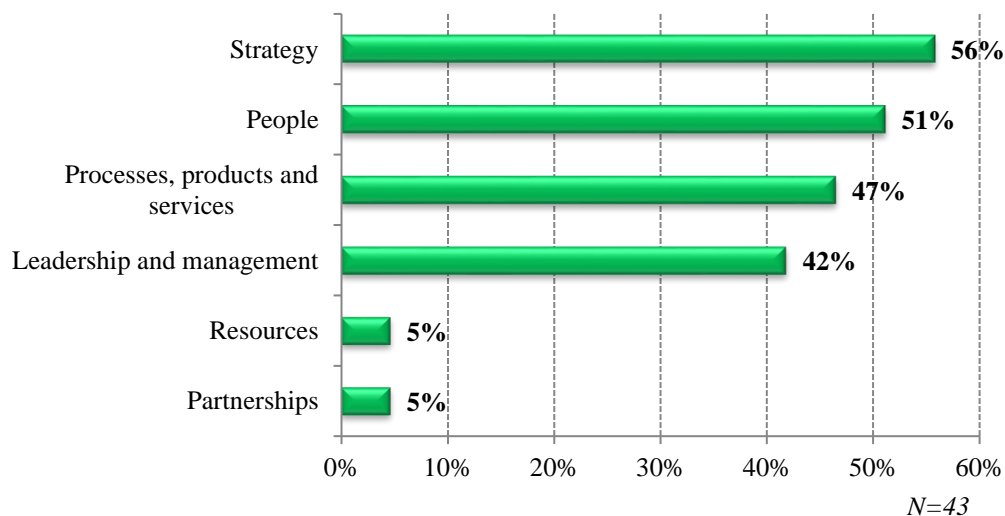
*“The process was pretty useful. Whilst it didn’t highlight any issues that we weren’t already aware, it did serve to confirm that we were doing the right things to address these.”*

**Business recipients of facilitated BHC support**

#### 4.2.4 Nature and Extent of Barriers to Growth and Areas for Improvement

During consultation, businesses identified a diverse range of barriers that were identified as inhibiting their growth and competitiveness during the BHC process with the most frequently cited falling under the broad themes of strategy, people, processes/products/services and leadership and management.

**Figure 4.2: Nature of barriers to growth and areas for improvement identified**



Based upon the feedback from businesses, Table 4.6 overleaf provides examples of the specific barriers to growth and areas for improvement that were identified under each broad theme during the BHC process.



**Table 4.6: Barriers to Growth and Areas for Improvement identified during the BHC process**

Nature of barrier to growth	Business identifying the barrier		Examples of barriers to growth/ areas for improvement	Businesses' feedback
	No.	% <sup>27</sup>		
Strategy	24	56b%	<ul style="list-style-type: none"> <li>Absence of, or need to more clearly define and articulate, the businesses' strategy/plan for growth. By association, businesses suggested that this was largely reflective of wider strategic issues being encountered across their respective organisations. Examples of these issues included: <ul style="list-style-type: none"> <li>A lack of objective setting particularly around the business' growth aspirations;</li> <li>A lack of clarity as to the activities that would be undertaken (e.g. product development, sales and marketing activities) and the human and financial resources that would be required to realise its growth aspirations (in instances where these were articulated);</li> <li>A lack of understanding of the business' competitors, competitive positioning and customers' needs reflecting a lack of market research being undertaken; and</li> <li>A lack of definition of target markets and customers resulting in ad hoc business development activities being undertaken and financial resources being inappropriately used/prioritised;</li> </ul> </li> <li>Where strategies had been developed, businesses reported that these were often not being: <ul style="list-style-type: none"> <li>Communicated effectively across the organisation;</li> <li>Monitored against, to map progress and reasons for variances; and</li> <li>Reviewed and/or updated on a timely basis.</li> </ul> </li> </ul>	<p><i>"It became apparent during the Health Check that our business plan and our wider strategic planning processes were not up to scratch. We were too focused on delivering our current order book and not giving consideration to what we wanted to achieve in the longer-term and how we were going to go about achieving it. In addition to this, I think we didn't communicate our strategy effectively enough across the organisation."</i></p> <p><i>"Through our discussions, we realised that we were spreading ourselves too thinly and not targeting our resources in areas that we have a competitive advantage."</i></p> <p><i>"As a leadership team, we weren't being strategic enough in our thinking. This resulted in us wasting resources trying to enter too many markets far too soon."</i></p> <p><i>"If I'm being honest, business planning has never really been my forte...we simply hadn't given enough attention to what we wanted to achieve as a business and how we should best go about achieving it. This resulted in us just struggling to safeguard what we already had rather than seeking out new opportunities and expanding the business."</i></p>
People	22	51%	<ul style="list-style-type: none"> <li>Absence or lack of on-the-job or more formalised training;</li> <li>Low levels of staff motivation;</li> <li>Lack of progression planning;</li> <li>Absence of staff appraisals/performance reviews;</li> <li>Lack of internal human resources and job descriptions were insufficiently defined resulting in confusion amongst employees as to the precise nature and extent of their roles, employees feeling 'overstretched' and stressed which, in turn, resulted in strained internal relationships.</li> </ul> <p>In practical terms, businesses reported that these people-related issues resulting in</p>	<p><i>"Insufficient time and effort were being placed on reviewing employees' performance and providing structured feedback during a formal performance review. Based on the feedback that we got from the focus groups, we understand that this resulted in employees feeling undervalued, uncertain of their career progression path and more likely to leave the business at some stage in the future."</i></p> <p><i>"Employees were unsure of their exact roles and responsibilities which led to some tension and tasks falling through the cracks."</i></p>

<sup>27</sup> Responses will not sum to 100% on the basis that businesses were able to select more than one response.

**Table 4.6: Barriers to Growth and Areas for Improvement identified during the BHC process**

Nature of barrier to growth	Business identifying the barrier		Examples of barriers to growth/ areas for improvement	Businesses' feedback
	No.	% <sup>27</sup>		
			lower levels of productivity, staff absenteeism and loss of key staff.	<i>"Over the last few years, we have put a big focus on reducing our cost base. Unfortunately, I think that we became a little too 'lean' in terms of our headcount which resulted in individual employees being overstretched."</i>
Leadership and management	18	42%	<ul style="list-style-type: none"> <li>• Low levels of leadership and management capacity within the business, resulting in individual staff members being allocated too many roles and responsibilities;</li> <li>• Absence or lack of specific leadership and management training;</li> <li>• Lack of succession planning;</li> <li>• Lack of feedback to staff on their performance (including staff appraisal/performance reviews) and progression planning;</li> <li>• Poor staff performance not being managed appropriately;</li> <li>• Lack of communication and interworking within leadership and management teams and/or lack of communication from these teams to the rest of the organisation;</li> <li>• Misallocation of roles to individual management team members;</li> <li>• Governance and reporting structures not being clearly defined and communicated</li> <li>• Issues not being addressed in an appropriate and/or timely manner resulting in staff feeling demotivated and a culture of discontent being created</li> </ul>	<p><i>"Individuals within the business' management team were working in silos and not making others aware of what was going on in the parts of the business that they were responsible for."</i></p> <p><i>"My father started the business almost twenty-five years ago and is now at a stage where he wants to reduce the amount of time he is working with a view to transferring the full-time operation of the business over to rest of the family. However, little thought had been given to how the transfer was going to work including who would lead the business and take over the operational responsibilities being performed by my father".</i></p> <p><i>"Issues relating to employee underperformance were being left to fester and the lack of action to remedy the situation was creating an uneasy working environment for others."</i></p>
Processes, products and services	20	47%	<ul style="list-style-type: none"> <li>• Process inefficiencies resulting in, for example, lower levels of production, process being repeated, increased lead times, increased levels of waste, reduced delivery performance, ineffective space utilisation and lower levels of customer satisfaction</li> <li>• Insufficient time and attention being paid to maintaining the consistency in the quality of goods being produced and/or services being provided resulting in lower levels of customer satisfaction and repeat orders;</li> <li>• Lack of product/service development; and</li> <li>• Businesses' processes being too heavily weighted towards lower value products/services</li> </ul>	<p><i>"Through our discussions, we identified a number of process issues that were resulting in orders being delivered late to clients who were, understandably unhappy."</i></p> <p><i>"Not enough time and money was being put into market and customer research to support the development of our product range."</i></p> <p><i>"Process related issues were causing production and quality issues."</i></p>
Partnerships and resources	2	5%	<ul style="list-style-type: none"> <li>• Inappropriate financial management/planning</li> <li>• Inadequate supply chain management resulting in businesses failing to meet deadlines.</li> </ul>	<p><i>"A stronger focus needed to be placed on ensuring we had a steady cash flow"</i></p> <p><i>"Not enough was being done to effectively manage and build relationships with our suppliers."</i></p>

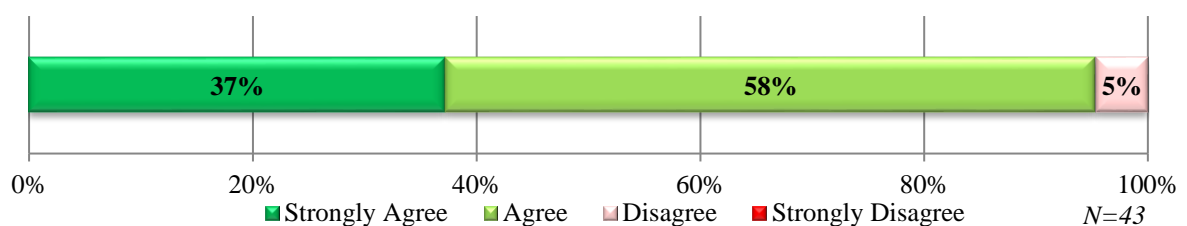
#### 4.2.5 Appropriateness of signposting activities

All businesses indicated that they had been signposted to follow-on interventions to support them to address any barriers that were identified as inhibiting their growth and competitiveness.

Based upon current monitoring procedures and confidentiality clauses which preclude the Evaluation Team from receiving completed BHCs, the Evaluation Team has been unable to ascertain the nature of interventions that all business were signposted to during the BHC process and the degree to which these offered the potential to address the barriers and areas for improvement that were identified. Notwithstanding this, we note the following:

- During the research process, Invest NI provided a list of interventions that 109 businesses had received at some stage after undertaking a BHC. The Evaluation Team randomly selected 20 businesses from its sample (N=44) and examined the support that was subsequently received by these businesses to assess the degree to which the support offered the potential to address the barriers facing these businesses (as identified during the BHC and subsequently reported to the Evaluation Team during the research process). Whilst noting the limitations of such an approach, given the uncertainty that exists as to whether the support that was received had been offered to specifically address issues identified during the BHC process, there appears to be broad alignment between the two in 19 of the 20 cases;
- During consultation, the Evaluation Team received feedback from 14 CEs, that had facilitated a BHC, who were able to provide feedback illustrating how follow-on interventions that had been offered and subsequently delivered to businesses were specifically seeking to address the barriers and areas for improvement that were identified during the BHC process;
- Almost all respondents (95%, N=43) were in agreement that the follow-on support their business was signposted to offered the potential to address the barriers to growth and areas for improvement that were identified during their BHC<sup>28</sup>.

**Figure 4.3: Extent to which businesses agreed that any follow-on support offered the potential to address the issues that were identified during the BHC process**



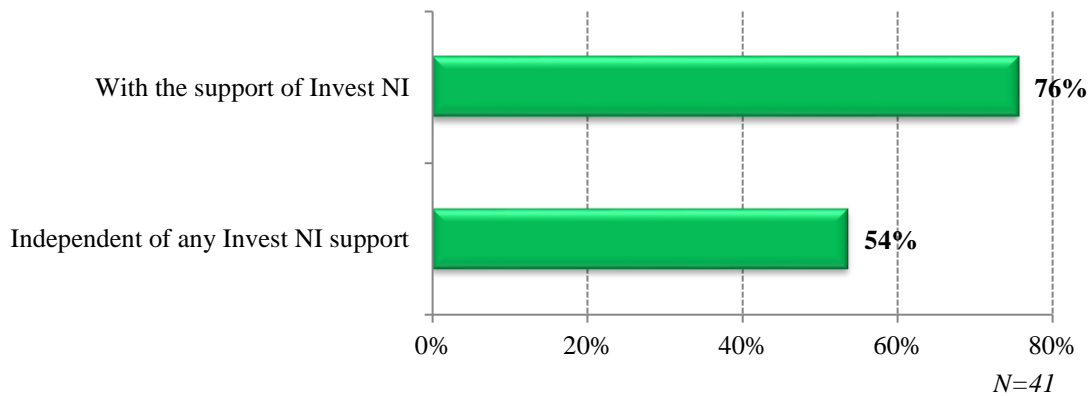
<sup>28</sup> As noted, given the role of the BHC, it is not the role of this evaluation to assess the degree to which any follow-on interventions actually supported businesses to address the barriers/issues that were identified during the BHC.

#### 4.2.6 Business development activities undertaken following the BHC

Almost all businesses (95%, N=43) indicated that they had undertaken business development activities to address the issues and implement the actions that were identified during their BHC<sup>29</sup>. Of these businesses:

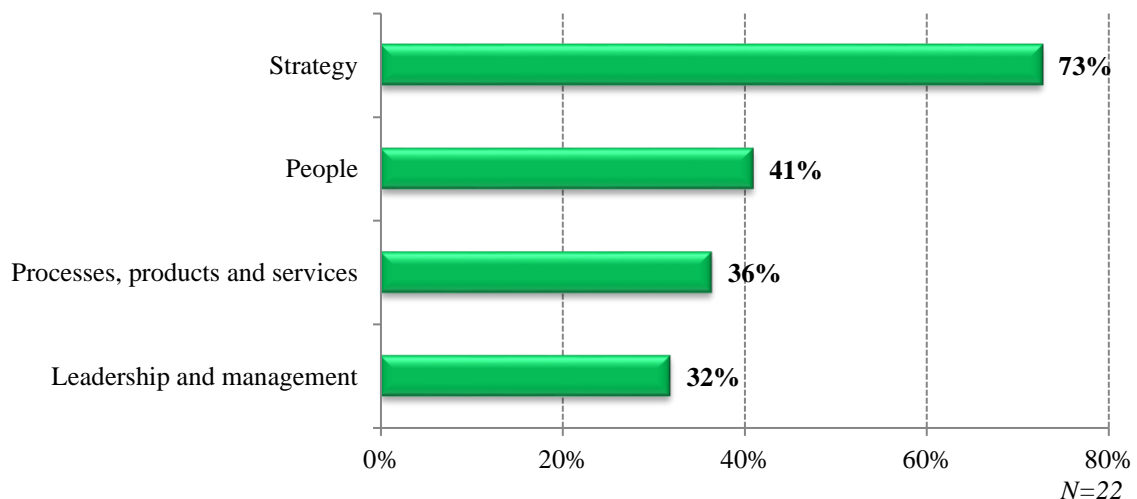
- Just over three-quarters (76%, N=41) of businesses indicated that they had undertaken activities with the support of Invest NI; and/or
- Just over half (51%, N=43) of businesses indicated that they had undertaken activities independent of any Invest NI support.

**Figure 4.4: Extent businesses undertook activities to address the issues identified during their BHC**



Businesses that took forward business development activities independent of any Invest NI support indicated that they had undertaken a range of activities that were focused on enhancing their business' strategy, people, processes, products and services and leadership and management.

**Figure 4.5: Focus of activities undertaken by businesses independent of support from Invest NI**



Examples of specific activities that were taken forward independent of any support from Invest NI included:

<sup>29</sup> The remaining two business indicated that had not undertaken any business development activities to address the issues that had been identified as they did not have the time to take forward the activities due to other business priorities

**Table 4.7: Activities undertaken to address the issues identified during the BHC process**

	No.	% <sup>30</sup>	Examples of activities undertaken	Businesses' feedback
Strategy	16	73%	<ul style="list-style-type: none"> <li>Market research, consultation with staff members and customers to inform the strategic planning process;</li> <li>Identification of target markets and customers;</li> <li>Business plans and marketing strategies developed;</li> <li>Communication of the business' strategy across the organisation; and</li> <li>Activities undertaken to map progress towards the business' strategy.</li> </ul>	<p><i>"Within two months of receiving the Health Check report, the business' management team had undertaken a number of meetings to discuss the future direction of the business and what we could reasonably achieve over the next three to five years. Based on these discussions, I developed and circulated a new business plan which we are continuing to monitor our progress against each financial quarter."</i></p> <p><i>"The business developed a marketing plan outlining the markets that we are going to target in the next two years, the activities that will be undertaken and the roles and responsibilities of each senior management team member in completing these activities."</i></p>
People	9	41%	<ul style="list-style-type: none"> <li>Employment of additional staff (e.g. operational, admin staff);</li> <li>Audits undertaken to identify employees' skills and training needs;</li> <li>On-the-job and more formalised training being delivered to employees;</li> <li>Formalised staff appraisals/performance reviews undertaken; and</li> <li>Dedicated HR functions being introduced.</li> </ul>	<p><i>"I met with each of my staff members to discuss their training needs. This feedback was collated and shared with the firm's management team and a plan was developed as to how best to address these needs...so far we have been able to address many of the skills and training gaps on-the-job but we do intend to invest in additional formalised external training for more technical and administrative roles."</i></p> <p><i>"We introduced a biannual staff appraisal which has served as the basis for wider progression planning discussions. These have also been used to identify performance related issues, as well as helping us to assess levels of staff motivation"</i></p>
Processes, products and services	8	36%	<ul style="list-style-type: none"> <li>Greater levels of R&amp;D&amp;I have been undertaken to enhance the quality of existing products, as well as develop product ranges;</li> <li>Streamlining of processes and addressing of inefficiencies;</li> <li>Greater focus placed upon customer relationship management;</li> </ul>	<p><i>"The business has spent quite a bit of money tweaking our products and expanding our product range."</i></p> <p><i>"We reorganised the layout of our factory floor to improve our space utilisation"</i></p>
Leadership and management	7	32%	<ul style="list-style-type: none"> <li>Formalised training being delivered;</li> <li>Governance and reporting procedures defined and communicated; and</li> <li>Succession planning discussions undertaken.</li> </ul>	<p><i>"Two or our senior management team attended a 'people management' training course."</i></p> <p><i>"We formalised our governance and reporting structures and circulated these amongst all staff members."</i></p>

<sup>30</sup> Responses will not sum to 100% on the basis that businesses were able to select more than one response.

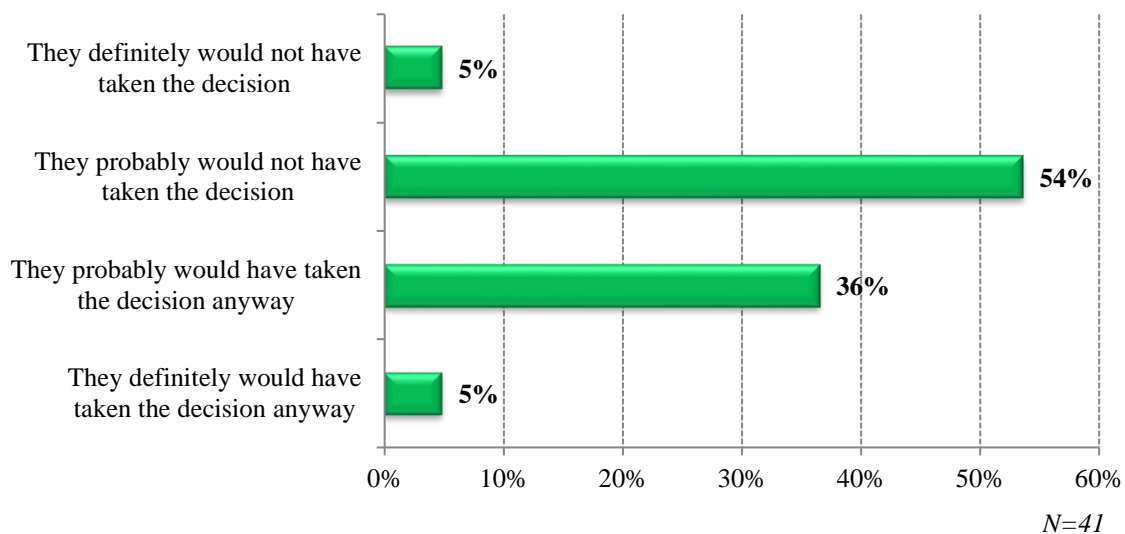
#### 4.2.7 Impact Additionality

As noted, it is envisaged that as a result of the BHC process, a business will be provided with the knowledge and information that will facilitate it (and their CA/BA) to make an informed decision of the necessary business development activities/solutions that should be taken forward (with or without Invest NI follow-on support) to address any barriers/issues that have been identified as inhibiting its growth and competitiveness and implement the actions identified within its IAP.

Of those businesses that had taken undertaken business development activities, with and/or without the support of Invest NI, just under three-fifths of respondents (59%, N=41) stated that, in the absence of the BHC, they ‘definitely’ (5%) or ‘probably’ (54%) would not have been in a position to take the decision to take forward business development activities to address the issues that were identified within their Integrated Action Plan (IAP). For this cohort of businesses, the Health Check process had served to provide an objective robust assessment of their business’ performance, highlighting barriers and areas for improvement that would not have been identified in the absence of the support.

Whilst the remaining businesses (41%, N=41) indicated that they would likely have derived the information to reach a decision to undertake business development activities in the absence of the BHC, many of these businesses reported that they would have reached this decision in a relatively later timescale (given the fact that many businesses would have undertaken the performance assessment activities at a later date, as reported through the assessment of ‘activity’ additionality).

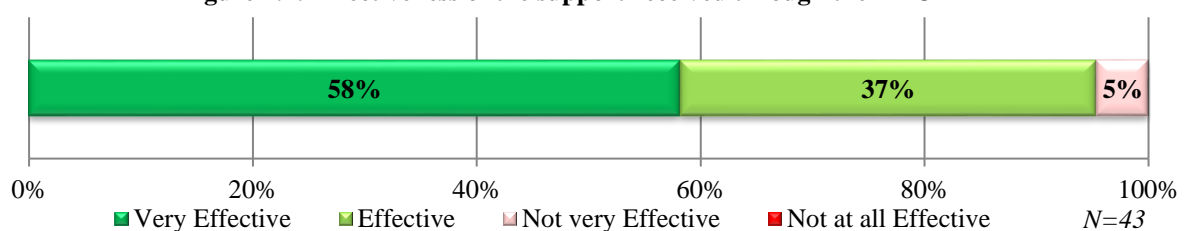
**Figure 4.6: Likelihood of businesses taking a decision to take forward business development activities in the absence of the BHC**



#### 4.2.8 Overall Effectiveness of the Support

Almost all respondents (95%, N=43) stated that the support they received through the BHC was ‘very effective’ (58%) or ‘effective’ (37%) in terms of supporting their business to assess and benchmark their performance and identify actions to enhance their growth and competitiveness.

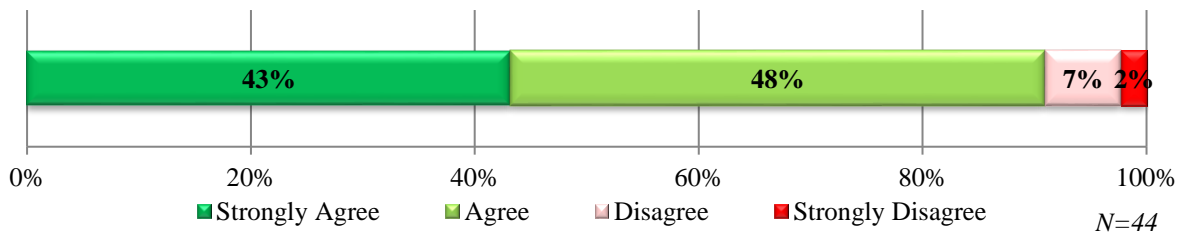
**Figure 4.7: Effectiveness of the support received through the BHC**





Similarly, the majority of respondents (91%, N=44<sup>31</sup>) were in agreement that the amount of time and level of staff input that was required to complete the BHC (including completing the benchmarking questionnaire, participating in the assessors site visit, providing feedback on the draft report and agreeing on the Action Plan) was commensurate with the value their business received from their BHC.

**Figure 4.8: Extent to which respondents agree that their time and input was commensurate with the value they received from their BHC**



However, a small number of respondents (N=4) stated that their time and input was not commensurate with the value they received from their Health Check as the actions provided by their assessor were too high level and failed to take into consideration the business' ability to take action (i.e. the actions were not as 'SMART' as they would have liked). These businesses also considered the process to be overly bureaucratic and time-consuming.

*"The saying 'you get out what you put in' comes to mind when I think of the Health Check. Yes, it takes quite a bit of time to complete and took employees away from their day-to-day duties but this should only to be expected if you want to get an objective business-specific assessment. We did put the time and effort in and I was pleased to see the fruits of this at the end of the process. I think both I and my Client Executive of the issues that we need to address and have a clearer roadmap of what we need to do to address these with the support of Invest NI."*

*"We got everything out of the process that our Client Executive suggested we would. The process encouraged internal discussion and debate which ultimately led us to identifying the need for further work to develop our growth strategy and address a number of HR issues...on the whole, I was pleased with how everything went."*

*"Although the Business Health Check process requires a significant commitment from businesses, we found that the knowledge gained from the external assessment to be priceless. Our time was definitely commensurate for the results we were provided by our assessor."*

*"The significant time commitment required to complete a Business Health Check is understandable given businesses receive a comprehensive report as well as an Integrated Action Plan to direct future activities in the hopes of addressing the barriers which were identified. The outputs we received undoubtedly exceeds the time we inputted."*

*"We didn't mind having to commit significant periods of time to accommodate site visits etc. as we were gaining an objective assessment of our business' performance which proved to be very useful."*

*"I don't think our time and input was commensurate with the value we received from the BHC as the actions identified for our business were too high level and failed to take into consideration the constraints that would stop us from implementing them."*

**Business recipients of facilitated BHC support**

<sup>31</sup> This is based upon the number of BHCs completed.

### 4.3 Impact of the BHC - The *Internal* perspective

Unsurprisingly, given the ‘mixed’ feedback provided by senior and client facing Invest NI staff in relation to their views of and satisfaction with the BHC, three differing opinions (broadly equally split in the weighting of views) were expressed in relation to the impact made by the situational tool during the period under review.

For one particular cohort of CEs/BAs the BHC had, in their view, added little or no value over and above the knowledge and understanding that they would have gained through their ongoing working relationship with their client business (i.e. there was little or no ‘additionality’ associated with the activity). In short, and in contrast to the views of businesses, it was the views of this cohort of internal consultees that the process was not commensurate with the value that was ultimately derived from undertaking the BHC.

At the other end of the spectrum, a number of CEs/BAs indicated that the BHC had provided a robust and objective framework within which to assess their client businesses’ performance, identify barriers to growth and actions to remedy these, as well as provide a demonstrable evidence base to underpin their rationale for signposting clients to follow-on supports. It was noted that BHC was particularly useful in instances where:

- The Client facing staff did not have a pre-existing relationship with the Client business e.g. if the business was a new Invest NI Client; and/or
- The Client facing staff felt less confident of undertaking the assessment, diagnosis and subsequent signposting activities in the absence of engaging in a structured process; and/or
- The scale and/or complexity of the business, and issues facing it, required a more structured and robust review.

A number of senior and client facing Invest NI staff also noted that the BHC framework had served to provide assurance that a level of consistency and robustness was being applied to the assessment process across the organisation.

The third cohort of senior and client facing Invest NI staff, who were neither wholly ‘for’ or ‘against’ the BHC, suggested that whilst they did not derive considerable added-value from the process, in terms of enhancing their knowledge and understanding of their client businesses, the BHC has served to validate and provide an evidence base to justify the interventions that they subsequently signposted their client(s) to.

Looking beyond the impact that the BHC had at an individual business and CE/BA level, there was a general consensus amongst internal consultees that the findings emerging from the BHC (at an overarching intervention level) had not been collated and utilised as effectively as they could have been to:

- Provide a better understanding of the needs of Invest NI’s Client-base;
- Support the prioritisation of resources/assistance (e.g. across Invest NI’s portfolio of supports); and
- Support the development of interventions to address clients’ needs.

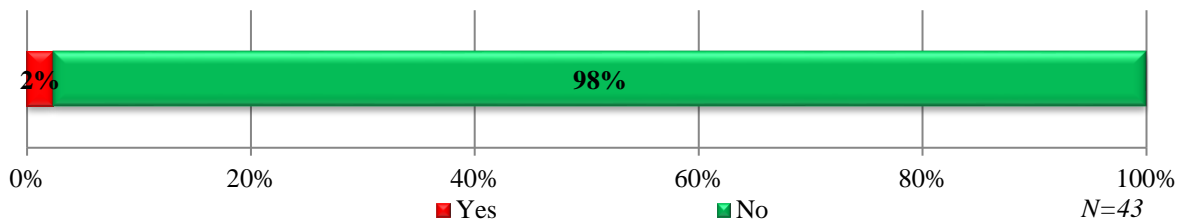
Whilst noting that there are other ongoing initiatives across Invest NI to inform its understanding of these issues at a corporate level, the value that could potentially have been garnered through the assessment of BHC outcomes (at an intervention level) has not been realised.

#### 4.4 Duplication and Complementarity

##### 4.4.1 Duplication

Almost all businesses (98%, N=43) indicated that, in the absence of the BHC, they would not have been able to get the same or similar support elsewhere.

Figure 4.9: Businesses' ability to get the same or similar support elsewhere



However, the Evaluation Team's review of the marketplace and consultations with key stakeholders indicates that a number of private sector providers (e.g. Centre for Competitiveness (CforC)) currently provide EFQM standard business diagnostics, albeit at a cost to the business. However, as noted in Section 4.2.2, the majority of businesses indicated they would not have taken forward the diagnostic activities due to market failure factors (typically asymmetric information). Allied to this, we note that there are likely to be operational synergies in Invest NI client facing staff undertaking the diagnostic activities to maximise the appropriate targeting of Invest NI follow-on support and associated levels of additionality associated with these offerings.

At present we note that Invest NI currently completes diagnostics under two scenarios; namely:

- Scenario 1 - As part of the ongoing client-management activities performed by client facing staff; and
- Scenario 2 - As an integral component of other Invest NI programmes such as the Leadership Team Programme (LTP) and Accelerating Growth Programme (AGP) to define the needs of a business which can be subsequently addressed through the provision of Programme support.

However, moving forward, the Evaluation Team understands that there is a potential that Invest NI's Enterprise Europe Network (EEN) Team may be tasked by Innovate UK with administering a situational diagnostic tool within the NI EEN region (Scenario 3). Whilst it is understood that the diagnostic may take the form of the GROWTHmapper tool<sup>32</sup> (which is being used in other EEN regions) or some other format, depending on its ultimate content, there is a risk that the introduction of the diagnostic results in availability of more than one format of diagnostic being available to Invest NI's client base.

In an ideal scenario, by way of avoiding duplication, Invest NI would only deliver one situational diagnostic tool. Whilst Invest NI has the remit to dictate the nature of diagnostic that is delivered under the first two aforementioned scenarios, Innovate UK, as ultimate funders of EEN, will ultimately dictate the nature of diagnostic that is utilised by Invest NI's EEN team.

By way of removing the risk of duplication, one potential action that could be taken forward would be for Invest NI to replace the current BHC with GROWTHmapper tool. However, in our view, such an action is unwarranted given the positive feedback that has been provided by businesses in respect to the BHC. Indeed, given the relatively small size of the EEN team and the associated expectation that the team will only have the capacity to complete a relatively small number of diagnostics (as confirmed by the Invest NI EEN Network manager) the introduction of any new diagnostic is unlikely to have a material impact on the uptake of BHC support.

<sup>32</sup> Details on the GROWTHmapper tool are provided in Section 5.

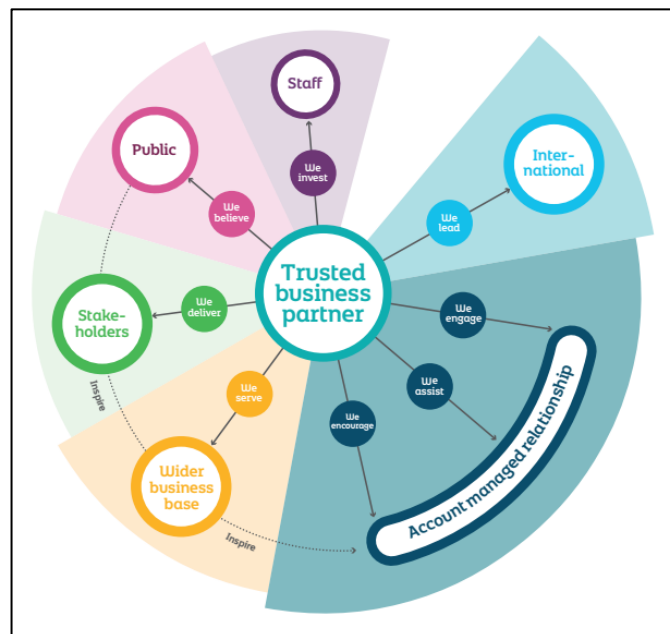
In addition, during consultation a number of consultees queried the potential for the BHC to duplicate any newly introduced Innovation Accreditation (or vice versa) which is currently being considered and scoped by Invest NI. However, whilst in the early phases of development, our discussions with Invest NI indicate that the accreditation is likely to be awarded to businesses based upon their uptake of innovation-orientated interventions (both within Invest NI and the broader marketplace) as opposed to assessing how the business is performing against a set of innovation related metrics. In such an instance, we are of the view that the risk of duplication is low and, indeed, the accreditation offers the potential to complement the assessment work currently being delivered within the BHC. However, given the early stage of development of the Innovation Accreditation, the risk of duplication should be kept under review by Invest NI.

#### 4.4.2 Complementarity

In terms of complementarity, it is noted that Invest NI is in the process of developing and embedding a ‘Trusted Business Partner’ approach to ensure that Invest NI’s customers, partners and stakeholders (as identified in Figure 4.10) are provided with the highest level of service delivery appropriate to their needs and are supported, stimulated and challenged to realise their growth ambitions.

The move to a Trusted Business Partner approach focuses on positioning the organisation as a trusted business partner and developing staff to deliver high quality engagement through partnership with its customers. It is less about products and services, more about business solutions; less about transactions and more about relationships.

**Figure 4.10: Invest NI’s role as a ‘Trusted Business Partner’**



In line with the objectives of the Trusted Business Partner model, the consultative nature of the BHC process offers the potential to deepen Invest NI’s engagement and relationship with its clients, identify their growth potential and any barriers that are constraining their growth and competitiveness, as well as identifying interventions that can potentially address these barriers/constraints to enable them to realise their growth aspirations. In doing so, the BHC acts as a key conduit to other support mechanisms/interventions both internal and external to Invest NI. We do however note that given the numbers of BHCs completed during the period under review, the degree to which the situational tool has been utilised in this signposting role was lower than was anticipated at the outset.

Furthermore, it is noted that the BHC also offers the potential to play a complementary role within the wider toolkit of interventions<sup>33</sup> to assist NI to embed the Trusted Business Partner and deliver against the wider objectives of its associated Customer Management Programme. For example, the knowledge and understanding garnered through the BHC process should directly inform the Account Development Plans (ADPs) that are being developed for Account Managed Clients to provide a clearer picture of their strategy (including business objectives and goals), organisational structure, operations and how Invest NI can add the greatest value through their engagements with their customers to support them to realise their growth aspirations.

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<sup>33</sup> Other interventions within Invest NI's wider Customer Management toolkit include Customer Journey Mapping, Developing Staff competencies and wider Learning Pathways (skills, knowledge and experience).

#### 4.5 Achievement of Objectives

Based on monitoring information and feedback from businesses and key consultees, Table 4.8 provides an analysis of the degree to which the targets for BHC have been achieved.

Table 4.8: Progress towards BHC targets		
Target	Target Achieved	Commentary
<b>Activity targets</b>		
1. Between March 2011 and November 2016 complete:		Detailed analysis of the progress made against the annual activity targets established for the BHC is presented in Section 2. However, in summary, we note the following:
<ul style="list-style-type: none"> <li>442 Online diagnostics</li> </ul>	✓	1,182 online diagnostics were completed by NI businesses, more than 2.5 times (or 167% more) than the anticipated number.
<ul style="list-style-type: none"> <li>347 Intermediate BHCs</li> </ul>	✗	<ul style="list-style-type: none"> <li>111 Intermediate BHCs were completed, 68% less than anticipated at the outset.</li> <li>38 Advanced BHCs were completed, 65% less than anticipated at the outset.</li> </ul> <p>The feedback from a number of Invest NI consultees suggests that a number of distinct but interrelated factors may have combined to reduce levels of ‘buy-in’ to the BHC process amongst client-facing staff which, in turn, contributed to the relatively lower number of Intermediate and Advanced BHCs being completed during the period under review. Amongst the most frequently cited factors included: changes in the working relationship between CEs/BAs and their clients, perceived levels of bureaucracy associated with administering BHCs, changes in guidance as to when BHCs should be utilised, removal of BHC-related performance targets and lower levels of BHC ‘championing’ at senior levels.</p>
<ul style="list-style-type: none"> <li>105 Advanced BHC</li> </ul>	✗	
<b>Output/outcome targets</b>		
2. Ensure all companies participating in the intermediate or advanced BHC access at least one subsequent Invest NI intervention within 12 months following completion of the BHC	Level of achievement cannot be determined and target not aligned with the role and objectives of the BHC	<p>Based upon available monitoring information, the Evaluation Team is unable to conclude as to the whether or not businesses that received a BHC subsequently received an Invest NI intervention with 12 months of completing their respective BHC.</p> <p>In any such case, the Evaluation Team would question the appropriateness of this objective on the basis that:</p> <ul style="list-style-type: none"> <li>It is not the remit of the BHC to ensure that businesses access follow-on Invest NI support; rather it is a situational tool that identifies the issues that are inhibiting a business’ growth and competitiveness, the actions that should be taken forward to remedy these and signpost businesses to other relevant supports, as and when required. Any decision to seek follow-on supports is ultimately one that the business must take in conjunction with their CE/BA;</li> <li>The inherent assumption in the target is that all businesses will require Invest NI support. However, in theory, there are a number of scenarios where this may not be the case. For example: <ul style="list-style-type: none"> <li>The BHC may determine that a business is operating effectively and no specific actions are required to be implemented;</li> </ul> </li> </ul>



**Table 4.8: Progress towards BHC targets**

Target	Target Achieved	Commentary
		<ul style="list-style-type: none"> <li>– The business may be able to take forward actions to address the barriers independently of receiving support. Indeed, we note that nearly all businesses (95%, N=43) that engaged in the primary research undertook actions that were identified by their BHC independent of support;</li> <li>– The business may require support which is not available within Invest NI’s portfolio of offerings;</li> <li>– There may be wider business constraints that inhibit a business from taking forward an Invest NI support within the defined 12 month period (e.g. time constraints, competing business priorities).</li> </ul> <p>Notwithstanding these caveats, per Section 4.2.5, the Evaluation Team’s discussions with a sample of businesses that received support and a number of internal Assessors indicates that all businesses were signposted to, and subsequently availed of, follow-on interventions (from Invest NI and/or elsewhere), which offered the potential to support them to address the barriers that were identified during the BHC process<sup>34</sup>.</p>
3. Achieve a positive cultural impact (leadership/ people/ process/ policy and strategy aspects) within participating companies and ensure change is implemented within 12 months following completion of the BHC.	Target not aligned with the role and objectives of the BHC	<p>For the reasons detailed under Section 4.1 and Target 2, it was agreed in conjunction with the Evaluation Steering Group that, in retrospect, this target was not aligned with the role and objectives of the BHC.</p> <p>We do however note that of the businesses that took forward actions independently of receiving Invest NI support (54% - N=41), these businesses indicated that:</p> <ul style="list-style-type: none"> <li>• 73% undertook activities to enhance their business’ strategy;</li> <li>• 41% undertook activities to enhance their business’ people;</li> <li>• 36% undertook activities to enhance their business’ processes, products and services; and</li> <li>• 32% undertook activities to enhance their business’ Leadership and management.</li> </ul>

In summary, the analysis indicates that only one of the three high level activity targets (representing 5 of the more detailed 17 annual activity targets that were established) – relating to the delivery of online diagnostics - was achieved. The remaining two output/outcome targets were deemed by the Evaluation Team and Evaluation Steering Group to not be fully aligned with the roles and objectives of the BHC.

Moving forward, the Evaluation Team recommends that greater emphasis is placed on establishing a more appropriate mix of SMART activity, output and outcome targets which are more intrinsically focused and linked with the overarching aims and anticipated outcomes of the BHC as articulated in the logic model presented in Section 4.1.

<sup>34</sup> Please note, for reasons stated previously, it is not the role of this Evaluation to conclude on the degree to which these follow-on interventions successfully addressed the barriers and areas for improvement that were identified during the BHC process.

#### 4.6 Assessment of Risks

The 2013 Economic Appraisal identified four potential risks that could potentially impact upon the successful delivery of BHC's activities during the period under review. A summary of these risks is provided below with commentary provided as to whether these risks arose.

Table 3.8: Assessment of risks		
Potential Risk	Risk occurrence (Y/N)	Commentary
Failure to achieve targets	Y	Only one of the three cumulative activity targets (equating to 5 of the 17 annual activity targets that were established) - relating to the delivery of online diagnostics - was achieved. The number of Intermediate and Advanced BHC was 68% and 65% respectively lower than anticipated. The potential reasons for the lower levels of uptake of BHC support have been discussed in the preceding sections of this report.
Insufficient support/participation	Y	The remaining two output/outcome targets were deemed by the Evaluation Team and Evaluation Steering Group to not be fully aligned with the roles and objectives of the BHC.  In our view, the delivery of the intervention could have benefited from closer attention during the period under review to identify opportunities to encourage uptake of BHC support.
Budgetary overruns	N	As noted in Section 6, reflecting the lower than anticipated levels of demand for BHC support, the costs of administering the situational tool during the period under review were below that expected at the outset.
Governance and oversight relating to the appointment of External Assessors and the subsequent quality of their delivery	N	Consultation with Invest NI indicates that no issues were faced in recruiting suitably qualified external assessors and all assessors adhered to their contractual obligations in delivery their respective BHCs. In support of this, the feedback from businesses that undertook a BHC indicates that the support provided by these assessors was of a high quality.

#### 4.7 Summary Conclusions

Salient points to note in relation to the impact made by the BHC during the period under review include:

- As demonstrated by the calculated levels of activity additionality, the BHC has played a positive role in encouraging businesses to engage in activities to assess and benchmark their business' performance and identify actions to enhance their growth and competitiveness. In the event that businesses potentially would have taken forward these activities, independent of support, businesses indicated that they typically would not have taken forward the same range of activities and/or assessed the same breadth of business areas and/or undertaken the activities as robustly or objectively as their CE/BA or External Assessor;
- A mixture of market failures (typically asymmetric information) and non-market failures (affordability and time constraints) would have prevented a significant cohort of business from taking forward the business development activities (or taking them forward to the same scale and/or in the same timescales);
- Reflecting, at least in part, businesses' high levels of satisfaction with the BHC process and its outputs, the feedback from businesses indicates that they have almost wholly achieved their

objectives for undertaking a BHC. Key amongst these being to obtain an objective assessment of their business' performance and benchmark it with 'best in class' and identify barriers inhibiting their growth and competitiveness, areas for improvement and actions to remedy these. Allied to this, businesses indicated that they had been signposted to follow-on support which offered the potential to support them to implement the action identified;

- Businesses identified a diverse range of barriers that were identified as inhibiting their growth and competitiveness during the BHC process with the most frequently cited falling under the broad themes of strategy, people, processes/products/services and leadership and management. Almost all businesses indicated that they had undertaken business development activities to address the issues and implement the actions that were identified during their BHC. Whilst these businesses typically undertook the activities with the support of Invest NI, more than half undertook business development activities independent of support to address the barriers that had been identified;
- Just under three-fifths of respondents (59%, N=41) stated that, in the absence of the BHC, they 'definitely' (5%) or 'probably' (54%) would not have taken the decision to take forward business development activities to address the issues that were identified within their Integrated Action Plan (IAP);
- Unsurprisingly, given the 'mixed' feedback provided by senior and client facing Invest NI staff in relation to their views of and satisfaction with the BHC, differing opinions were expressed in relation to the impact made by the situational tool during the period under review. For some, the BHC added little or no value over and above the knowledge and understanding that they would have gained through their ongoing working relationship with their client business. In contrast to the views expressed by businesses, for these internal consultees, the BHC process was not commensurate with the value that was ultimately derived from undertaking the BHC.

At the other end of the spectrum, a number of CEs/BAs indicated that the BHC had provided a robust and objective framework within which to assess their client businesses' performance, identify barriers to growth and actions to remedy these, as well as provide a demonstrable evidence base to underpin their rationale for signposting clients to follow-on supports.

The third cohort of senior and client facing Invest NI staff, who were neither wholly 'for' or 'against' the BHC, suggested that whilst they did not derive considerable added-value from the process, in terms of their knowledge and understanding of their client businesses, the BHC has served to validate and provide an evidence base to justify the interventions that they subsequently signposted their client(s) to.

- Looking beyond the impact that the BHC had at an individual business and CE/BA level, there was a general consensus amongst internal consultees that the findings emerging from the BHC (at an overarching intervention level) had not been collated and utilised as effectively they could have been and, consequently, Invest NI has arguably not derived the level of corporate benefit that was envisaged at the outset;
- The risk that the BHC duplicated other forms of support was minimal. Indeed, given the signposting activities taken forward as part of the process, the BHC should be viewed as a complementary intervention to all other supports that are available in the NI marketplace (including those provided by Invest NI). We do however note that given the numbers of BHCs completed during the period under review, the degree to which the situational tool has actually complemented these other interventions is lower than was anticipated at the outset; and
- The analysis indicates that only one of the three cumulative activity targets (equating to 5 of the 17 annual activity targets that were established) – relating to the delivery of online diagnostics - was achieved. The remaining two output/outcome targets were deemed by the Evaluation Team and Evaluation Steering Group to not be fully aligned with the roles and objectives of the BHC.

## 5. BENCHMARKING

### 5.1 Introduction

The Evaluation Team has benchmarked the support provided through the Invest NI BHC against equivalent business analysis tools and similar interventions. This section provides a summary of the Evaluation findings, with a detailed description on each of the benchmarked interventions provided in Appendix V.

Table 6.1: Overview of Key Benchmarks				
Region	Northern Ireland	UK	Scotland	ROI
Tool	BHC	GROWTHmapper	IMP <sup>3</sup> rove Assessment	Innovation Health Check
Developed By	Winning Moves and EFQM	Oxford Innovation	IMP <sup>3</sup> rove Academy	Enterprise Ireland
Adopted By (if different)	Invest NI	Innovate UK and EEN Regional teams (alongside the IMP <sup>3</sup> rove Assessment) <sup>35</sup>	Scottish Enterprise (SE)	
Areas Assessed	Business performance against the Balanced Scorecard measures (i.e. financial, customer, process and learning and growth) and EFQM Enablers and Results (leadership, people, strategy, partnerships, resources and processes, products and services)	Business performance against a range of measures including strategy, cash, marketing and sales, leadership, access to finance, innovation, people and skills, operations, sustainability and change	Innovation management dimensions including. strategy, organisation and culture, life-cycle management, enabling factors and results)	Innovation management practices (including innovation culture, strategy, capability & resources, understanding the business, structure and processes)
Delivery mechanism	Quantitative self-completed online diagnostic or a facilitated diagnostic comprising a quantitative benchmarking assessment and a qualitative EFQM assessment	Quantitative online diagnostic and a follow-up visit from a GROWTHmapper Coach to develop an action plan	Whilst the IMP <sup>3</sup> rove Academy provides a self-completion form, SE facilitates the completion through a workshop.	Facilitated diagnostic resulting in a hybrid (i.e. both quantitative and qualitative) approach
Who is involved?	Cross-section of the business' employees involved in focus groups	Completed individually by a number of key management personnel	Cross-section of the business' employees involved in a workshop	Cross-section of the business' employees involved in a workshop
Time Input	Average of 4.5 days of Assessor time for an Intermediate BHC and 7 days of Assessor time for an Advanced BHC	The questionnaire is stated to take 15 minutes to complete and the visit will typically take less than 1 day.	SE estimates that there is an average of 5 days of Assessor time and average of 3 FTE days of company time	A half-day facilitated workshop
Output received by business	A BHC report including an IAP (either an auto-generated online report or a detailed report and action plan depending on the delivery model adopted)	Automatically generated report including a RADAR plot, strengths/weaknesses, management score analysis and an overall scorecard with a follow-up action plan agreed with the GROWTHmapper Coach	Automatically-generated IMP <sup>3</sup> rove Assessment Report	IHC Report benchmarking the practices and performance of the business' innovation and innovation environment against businesses which are strong, average or weak on innovation
Option for ongoing	Yes – through signposting to other	Yes – through referrals to Oxford	Yes – through an additional Root/	Yes – through referrals to other

<sup>35</sup> Innovate UK has adopted GROWTHmapper as the preferred business analysis tool to be utilised by the UK EEN Regional Teams. Innovate UK recommends that GROWTHmapper should be utilised alongside IMP<sup>3</sup>rove on the basis that SMEs may need initial work before being in a position to gain the full benefits of IMP<sup>3</sup>rove. It was suggested (in Innovate UK's Invitation to Quote for the business analysis tool) that the use of a business analysis tool alongside IMP<sup>3</sup>rove would improve a business' understanding and buy-in to the more in-depth innovation management capacity assessment provided by IMP<sup>3</sup>rove.

**Table 6.1: Overview of Key Benchmarks**

Region	Northern Ireland	UK	Scotland	ROI
Tool	BHC	GROWTHmapper	IMP <sup>3</sup> rove Assessment	Innovation Health Check
<b>support to implement actions?</b>	Invest NI support	Innovation Specialist Coaches or wider GROWTHmapper tools	Cause Analysis and/ or optional coaching and consulting support	Enterprise Ireland support
<b>Eligibility</b>	All NI businesses can access the online diagnostic. Invest NI clients can access facilitated BHC support	All businesses with high growth potential (both early-stage and established)	All businesses but especially for innovative businesses with sufficient scale (e.g. 20-30 employees)	All Enterprise Ireland client businesses
<b>Any financial cost to Business?</b>	No	No	No	No
<b>When is the tool required/ advised?</b>	Driven by client need as determined by the CE/ BA	The EEN Regional teams prioritise use of the tool with those businesses which are deemed to have the greatest potential to internationalise and grow	SE utilises the tool based on client need as determined by the Account Manager/ Innovation Specialist) usually prior to undertaking R&D&I project)	Driven by client need as determined by the Development Advisor/ Technologist
<b>Levels of Uptake</b>	1,331 across a 68 month period (average of 235 per annum) including online diagnostics, or 149 facilitated BHCs across a 68 month period (average of 26 per annum)	Unknown	SE supports the delivery of 50-60 Assessments per annum	Across 300 completed over last year across 15 countries
<b>How is information used corporately?</b>	Whilst noting that there are other ongoing initiatives across Invest NI to inform its understanding of its client base, the value that could potentially have been garnered through the BHC (at an intervention level) has not been realised	Innovate UK collects the aggregated results of the business analysis tool using a customer relationship management tool and prepares reports to help guide the EEN consortium	SE includes the results of the assessment within the overarching Company Review Workbook for each account managed client to inform decision-making on priority interventions	Minimally at present given the early-stage of the tool (introduced in 2016), although it is intended that once there is a larger dataset greater value will be garnered (at a corporate level) for Enterprise Ireland
<b>Strengths of the tool (based on consultations)</b>	<ul style="list-style-type: none"> <li>Facilitated delivery allows for a ‘sense-check’ of information at the time of completion</li> <li>Focus groups encourage communication between different business functions and levels of seniority and responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Quick for each individual to complete (c. 15 minutes)</li> <li>Adopted by Innovate UK so there will be comparable data available across EEN Regional teams</li> </ul>	<ul style="list-style-type: none"> <li>Highly detailed for assessing innovation management</li> <li>Facilitated delivery allows for a ‘sense-check’ of information at the time of completion</li> <li>Widely recognised and adopted, enabling the business to compare itself against best practice internationally</li> </ul>	<ul style="list-style-type: none"> <li>Designed to require limited financial data to be provided so it is suitable for early-stage businesses</li> <li>Facilitated delivery allows for a ‘sense-check’ of information at the time of completion</li> </ul>

**Table 6.1: Overview of Key Benchmarks**

Region	Northern Ireland	UK	Scotland	ROI
Tool	BHC	GROWTHmapper	IMP <sup>3</sup> rove Assessment	Innovation Health Check
Weaknesses of the tool (based on consultations)	<ul style="list-style-type: none"> <li>Bureaucratic and time-consuming to administer</li> <li>Benchmarking aspect is less meaningful for early-stage/entry businesses and larger businesses</li> </ul>	<ul style="list-style-type: none"> <li>Dependent on each member of the management team to complete to enable the process to proceed</li> <li>The self-completion method does not enable an independent ‘sense-check’ of the inputs at the time of completion</li> </ul>	<ul style="list-style-type: none"> <li>Intensive tool which requires the business to have a degree of scale to be effective (e.g. at least 30 employees and trading)</li> <li>Whilst SE facilitates its delivery, consultees noted that the tool includes some ambiguous language which could be challenging if businesses completed the tool without a facilitator</li> <li>Focuses solely on innovation management so may need to be supplemented with a general business analysis tool to cover all key performance areas (as per Innovate UK’s model)</li> </ul>	<ul style="list-style-type: none"> <li>Still in early-stages so the database is too small to enable segmentation at this time</li> </ul>



Salient points to note from the benchmarking analysis include:

- Each of the tools considered aims to support indigenous businesses to better understand their competitive positions by identifying key strengths, core competencies, barriers to growth and areas for improvement. Each tool ultimately provides the participating business with an assessment report which benchmarks its performance against a range of key metrics and identifies areas for improvement. The business will also receive signposting/ referrals to potential follow-on supports to implement the identified actions.
- The areas assessed within each of the diagnostics considered are broadly similar (e.g. finances, leadership/management, strategy, operations/processes etc.). Whilst the IMP<sup>3</sup>rove Assessment and the Innovation Health Check (IHC) have been designed to focus on innovation management principles, it is recognised that the other benchmarks considered (i.e. the BHC and the GROWTHmapper) are also innovation-focused and that there is a considerable degree of ‘overlap’ in the areas assessed vis-à-vis the innovation management areas.
- Each of the diagnostic tools considered is supported by the public sector and provided to businesses free-of-charge. However, a number of these tools (e.g. GROWTHmapper and IMP<sup>3</sup>rove) are available to any business through the use of private consultancy services, if desired.
- The diagnostic tools are typically recommended based on client need, as determined by client-facing staff within the delivery organisations. Unlike the current model for the BHC, Innovation Specialists within Scottish Enterprise (SE) have individual targets for the completion of IMP<sup>3</sup>rove Assessments (around 3 per year). It is, therefore, the responsibility of the Innovation Specialists to proactively collaborate with SE Account Managers to identify account-managed clients which are considered to demonstrate the greatest need for the diagnosis and signposting activities. Whilst there is no requirement to offer the benchmark tools to businesses across a routine period of time (e.g. every 3-5 years), the benchmark consultations indicated that the client-facing staff continually monitor client businesses to identify the need for a repeat diagnostic to be undertaken.
- Similar to the BHC, the IHC is delivered by Enterprise Ireland through a facilitated workshop attended by a cross-section of the business’ employees. Whilst the IMP<sup>3</sup>rove Academy has designed the IMP<sup>3</sup>rove Assessment to be completed online independently by the business, SE indicated that, in its experience, facilitated delivery of the tool is a preferable model for the delivery versus self-completion. Benefits of the facilitated delivery cited by the benchmarking consultees included:
  - Facilitation prevents any ambiguity during completion and provides an opportunity for a ‘sense-check’ of the information being collated.
  - The process of undertaking facilitated discussions provides an opportunity to for a cross-section of employees to gain a consensus of key barriers to growth and of how best to address these.
  - Whilst there is an overarching need to complete all the questions within the tools, it was suggested that delivery facilitated by trained and experienced assessors provides a flexibility in approach to allow for the unique circumstances of individual businesses, which cannot be achieved through an online diagnostic only.
- The GROWTHmapper represents an online diagnostic which is completed independently by the management representatives within the business and followed up with a visit from a GROWTHmapper Coach to develop an action plan. Whilst Oxford Innovation (who developed the tool) suggests that the questionnaire takes approximately 15 minutes to complete, consultations with representatives from Invest NI and Enterprise Ireland suggested that there are weaknesses to the GROWTHmapper approach including:
  - Each manager completes the questionnaire independently in their own time and every nominated individual must complete the questionnaire prior to the report being generated. Consultees suggested that this process can result in a loss of momentum and delays in the event that one individual does not complete the questionnaire in a timely manner.

- It was suggested that detailed information is required to be inputted within the tool and that the self-completion model does not provide an opportunity for the independent ‘sense-check’ of the information being included which can be achieved through facilitated delivery.
- Whilst the BHC is offered at three levels (i.e. online, intermediate and advanced), the other tools considered are delivered using only one mechanism in each case. For instance, the GrowthMapper is delivered solely using an online diagnostic and a follow-up visit and the IMP<sup>3</sup>rove Assessment and the Innovation Health Check are delivered via facilitated workshops.
- SE stated that it considers the IMP<sup>3</sup>rove Assessment to be “*the most well-rounded tool for assessing innovation management available*”. Furthermore, the consultee highlighted that the tool has been widely adopted throughout Europe which means that extensive benchmarking data is available.

Notwithstanding this, consultations (including with SE) indicated that the level of sophistication of the innovation management processes assessed within the IMP<sup>3</sup>rove Assessment is such that the tool is primarily useful for businesses which have achieved a degree of scale<sup>36</sup>. As such, SE only utilises the tool for approximately 50-60 selected account-managed clients per year.

- On the basis of the perceived limitations of existing tools (such as, but not limited to GROWTHmapper and the IMP<sup>3</sup>rove Assessment), Enterprise Ireland developed the IHC as an alternative option for assessing the innovation management practices of businesses. Enterprise Ireland is of the view that the IHC requires less complex data (and particularly less financial data) to be provided vis-à-vis the IMP<sup>3</sup>rove Assessment, and provides greater flexibility in delivery, thereby potentially being more appropriate for micro-businesses and/or early-stage/entry-level businesses.
- The average time input required for SE to complete an IMP<sup>3</sup>rove Assessment (5 days of Assessor time) is broadly comparable with the time input for a facilitated BHC (ranging from 4.5 to 7 days depending on the type of BHC). Whilst the time input for the GROWTHmapper (typically less than one day for the visit plus the time required to complete the online tool) is lower than for the facilitated diagnostic tools, as previously noted, there is potentially a ‘trade-off’ in terms of some of the value garnered through the facilitation process.
- A key aim of each tool is to provide corporate information across the client base to help to inform and prioritise future support initiatives. In this regard, Innovate UK has developed a customer relationship management tool to collate the aggregated results of the GROWTHmapper and routinely produces reports utilising the same. Whilst it is recognised that there are other ongoing initiatives across Invest NI to inform its understanding of its client base, there is potential for Invest NI to further embed the corporate information garnered through the BHC (at an intervention level).
- Since its launch in 2016, Enterprise Ireland has trained 250 facilitators in 15 countries in the delivery of the IHC and approximately 300 IHCs have been delivered at the time of writing. In the event that Invest NI wished to license the tool in future, Enterprise Ireland indicated that it would be willing to grant a license with no associated fee on the basis of the following conditions<sup>37</sup>:

- Free to use on the basis that the user returns the data collected.
- In order to protect the tool’s integrity, the data and the facilitated process, all users need to apply the tool in a consistent manner; therefore users are required to undergo a one-day training workshop.
- Can use outside the EEN programme.
- Returned data will be included in the tool (anonymously with b-mark ref code).
- A fresh site tool will be issued to users as and when it is updated.
- Use the tool as is, no unilateral adjustments.
- Suggestions for improvements are welcomed.
- Improvements will be shared with all users when the tool is being updated.

<sup>36</sup> Suggested by SE to be businesses which have at least one product trading and have a minimum of 20-30 employees.

<sup>37</sup> Source: Enterprise Ireland ‘IHC Terms of Use’.

## 5.2 Summary Conclusions

In summary, the Invest NI BHC provides a similar offer (in terms of aims and objectives) as a number of other diagnostic tools, but each benchmark considered differs somewhat in terms of the model of delivery (e.g. online self-completion and/or facilitated discussions).

Given Invest NI's strategic focus on innovation moving forward, there may potentially be merit in Invest NI considering the adoption of Enterprise Ireland's IHC. However, this would be subject to Invest NI agreeing what its corporate requirements are from any diagnostic tool and ensuring that these would be adequately fulfilled by the IHC (or indeed any 'off-the-shelf' solution).

## 6. PROGRAMME FINANCE

### 6.1 Introduction

Section 7 examines the costs associated with administering the BHC during the period under review. In doing so, the section also considers the value-for-money (VFM) that has been provided by the intervention.

### 6.2 Proposed versus Actual Costs

Table 6.1 and 6.2 (overleaf) compare the actual BHC costs incurred with those anticipated at the outset of each period.

#### *Technical notes:*

- The analysis has been split into two distinct time periods: April 2011- March 2014 and April 2014- November 2016;
- In the absence of an Economic Appraisal for the period April 2011- March 2014, the budgets (as presented) are based on casework recommendations and related primarily to external costs such as licenses for the diagnostic tools and fees for external assessors as well as the salary costs associated with a BHC Advisor who was transferred into Invest NI on secondment for the 2012/13 and 2013/14 financial years. The budgets did not account for internal staff costs associated with the delivery of BHCs or the management and administration of the intervention. Further details on the budgets, below aggregated categories, for the initial three years, were not available;
- Whilst Invest NI's activity data indicates that a number (N=10) of Advanced BHCs were completed internally in 2012/13 and 2013/14, these BHCs were delivered by the BHC Advisor on secondment and were funded through the external budgets. As such, there were no internal delivery costs (for other CEs/BAs) associated with these Advanced BHCs;
- Invest NI has estimated that 0.5 days of CE/BA time would have been incurred to support the external assessor (such as attending the feedback meeting and supporting in the development of the IAP);
- Invest NI has estimated that 4.5 days of CE/BA time would have been incurred to complete an Intermediate BHC internally and 7 days of CE/BA time to complete an Advanced BHC internally.
- It has been assumed by Invest NI that all CEs/BAs involved in the internal or external delivery of BHCs would have been at a Deputy Principal grade;
- Invest NI has further estimated that 10% of a Grade 7 FTE and 50% of an EOII FTE were involved in the management and administration of the BHC across the period under review. Of these, Invest NI estimated through discussions that 5% of the time spent by the Grade 7 and 10% of the time spent by the EOII would have been involved in managing the online tool, with the remainder of the time spent by these posts on BHC activities pro-rated between Intermediate and Advanced BHCs in line with levels of activity.
- The budget for Year 3 as per the Economic Appraisal (which relates to 2016/17) has been pro-rated to reflect the 8-month period under review from April to November 2016. Similarly, whilst Invest NI paid for annual licenses within the 8-month period, these costs have been pro-rated to reflect the license fees associated with the period under review;
- Invest NI staff costs are reflective of the full economic costs of staff time including ERNI plus Superannuation, and loadings. These costs are based on the DfE Ready Reckoner of Staff Costs. The 2009/10 salary costs have been uplifted to today's prices by applying a 3% annual increase. The superannuation and loadings have been uplifted using HMT's GDP deflators;
- In-line with NIGEAE, actual costs have been considered on a full-economic cost basis and are inclusive of VAT where applicable.

### April 2011- March 2014

The total cost of delivery BHC support during the period April 2011 to March 2014 was c. £415k. The majority (59%) of these costs were made up of external delivery costs (c. £246k) which were 12% lower than anticipated at the outset. An additional £86k of internal delivery costs were incurred bringing the total delivery costs to £332k.

<b>Table 6.1: Anticipated versus Actual Costs April 2011 – March 2014</b>		
	<b>Proposed</b>	<b>Actual</b>
<b>External Delivery Costs</b>		
Licenses, External Assessors, Secondment Costs and Economic Appraisal	£280,000	£246,282
<b>Internal Delivery Costs</b>		
Delivery of Intermediate BHC		£83,616
Delivery of Advanced BHC		-
Supporting on external delivery		£2,026
<b>Sub-total</b>		<b>£85,642</b>
<b>Internal Management and Administration Costs</b>		
Grade 7	Not identified	£22,982
EOII		£59,911
<b>Sub-total</b>		<b>£82,893</b>
<b>Total cost</b>		<b>£414,818</b>

### April 2014 – November 2016

The table overleaf compares the actual and anticipated cost of delivery for the period April 2014 to November 2016. Key points to note include:

- The total external cost associated with the delivery of the BHC during the period was £188,966, which was 56% lower than the external costs anticipated within the Economic Appraisal. The underspend was largely reflective of the fact that just 11 BHCs were externally delivered across the period, as compared with 53 external BHCs proposed.
- Similarly, the actual total internal cost (£103,012) was 78% lower than the internal cost proposed in the Economic Appraisal, which was primarily as a result of the low numbers of facilitated BHCs completed (N=56) vis-à-vis the numbers proposed in the Economic Appraisal (N=214). The lower levels of facilitated BHCs also resulted in lower levels of internal staffing resources being required for the management and administration of the BHC.
- Invest NI has indicated that whilst it was anticipated at the time of approval that marketing materials (such as brochures/ literature/ case studies) would be prepared, following internal review it was determined that the existing materials were up-to-date and appropriate so such expenditure was not deemed to be necessary. It was also anticipated that an employee satisfaction survey would be undertaken but given the low numbers of CEs/BAs directly involved in the delivery of BHCs,<sup>38</sup> it was determined that there would be minimal value in incurring expenditure on such a survey.

<sup>38</sup> Particularly noting that over two-thirds (68%, N=34) of the BHCs delivered internally during this period were delivered by one member of the Skills and Competitiveness Division.

**Table 6.2: Anticipated versus Actual Costs April 2014 - November 2016**

Cost category	2014/2015 (£)			2015/2016 (£)			Apr – Nov 16 (£)			Total (April 2014 - November 2016)			
	Anticipated	Actual	Var (£)	Anticipated	Actual	Var (£)	Anticipated	Actual	Var (£)	Anticipated	Actual	Var (£)	Var (%)
<b>External Costs</b>													
Benchmark Index Annual License	25,000	31,200	6,200	25,000	31,200	6,200	16,667	20,800	4,133	66,667	83,200	16,533	25%
Virtual Advisor Annual License (relating to the online)	14,000	18,000	4,000	14,000	18,000	4,000	9,333	12,000	2,667	37,333	48,000	10,667	29%
Virtual Advisor Sub-License for Councils	-	-	-	-	2,040	2,040	-	1,360	1,360	-	3,400	3,400	-
EFQM Annual Membership/ Subscription to C for C	1,200	1,320	120	1,200	-	(1,200)	800	0	(800)	3,200	1,320	(1,880)	-59%
External Assessors	100,000	4,410	(95,590)	100,000	15,876	(84,124)	66,667	18,270	(48,397)	266,667	38,556	(228,111)	-86%
Marketing Materials	5,000	-	(5,000)	5,000	-	(5,000)	3,333	-	(3,333)	13,333	-	(13,333)	-100%
Employee Satisfaction Survey	15,000	-	(15,000)	15,000	-	(15,000)	10,000	-	(10,000)	40,000	-	(40,000)	-100%
Evaluation	-	-	-	-	-	-	-	14,490	-	-	14,490	-	-
<b>Sub-total</b>	<b>160,200</b>	<b>54,930</b>	<b>(105,270)</b>	<b>160,200</b>	<b>67,116</b>	<b>-93,084</b>	<b>106,800</b>	<b>66,920</b>	<b>(39,880)</b>	<b>427,200</b>	<b>188,966</b>	<b>(238,234)</b>	<b>-56%</b>
<b>Internal Direct Costs</b>													
Online	15,340	-	(15,340)	15,340	-	(15,340)	10,227	-	(10,227)	40,907	-	(40,907)	-100%
Intermediate	117,731	18,180	(99,551)	117,731	37,293	(80,438)	78,487	0	(78,487)	313,949	55,473	(258,476)	-82%
Advanced (CEs and Business Advisor)	38,845	4,040	(34,805)	38,845	0	(38,845)	25,897	0	(25,897)	103,587	4,040	(99,547)	-96%
Supporting on external	-	144	144	-	444	-	-	1,062	-	-	1,650	1,650	#DIV/0!
<b>Sub-total</b>	<b>171,916</b>	<b>22,364</b>	<b>(149,552)</b>	<b>171,916</b>	<b>37,737</b>	<b>(134,179)</b>	<b>114,611</b>	<b>1,062</b>	<b>(113,549)</b>	<b>458,443</b>	<b>61,163</b>	<b>(397,280)</b>	<b>-87%</b>
<b>Management Costs</b>													
Grade 7 (10%)	6,723	8,073	1,350	8,020	8,282	262	5,347	8,495	3,148	20,090	24,850	4,760	24%
DP (100%)	67,233	-	(67,233)	67,233	-	(67,233)	44,822	-	(44,822)	179,288	-	(179,288)	(100%)
SO (40%)	22,474	-	(22,474)	22,474	-	(22,474)	14,983	-	(14,983)	59,931	-	(59,931)	(100%)
EOII (40%)	17,525	20,992	3,467	17,525	21,505	3,980	11,683	22,021	10,338	46,733	64,517	17,784	38%
<b>Sub-total</b>	<b>113,955</b>	<b>29,065</b>	<b>(84,890)</b>	<b>115,252</b>	<b>29,787</b>	<b>(85,465)</b>	<b>76,835</b>	<b>30,516</b>	<b>(46,319)</b>	<b>306,042</b>	<b>89,368</b>	<b>(216,674)</b>	<b>(71%)</b>
<b>Total</b>	<b>446,071</b>	<b>106,359</b>	<b>(339,712)</b>	<b>447,368</b>	<b>134,640</b>	<b>(312,728)</b>	<b>298,246</b>	<b>98,498</b>	<b>(199,748)</b>	<b>1,191,685</b>	<b>339,497</b>	<b>(852,188)</b>	<b>(72%)</b>

In summary, the full economic cost associated with delivering the BHC during the period under review was c. £754k.

**Table 6.3: Summary of BHC Costs (April 2011 – November 2016)**

	April 2011 – March 2014	April 2014 – November 2016	Total
<b>Online</b>			
External Costs	£42,000	£51,400	£93,400
Internal Delivery Costs	£0	£0	£0
Management and Admin Costs	£7,140	£7,694	£14,834
<b>Subtotal Online</b>	<b>£49,140</b>	<b>£59,094</b>	<b>£108,234</b>
<b>Intermediate</b>			
External Costs	£66,427	£74,258	£140,685
Internal Delivery Costs	£83,616	£55,473	£139,089
Management and Admin Costs	£56,815	£61,255	£118,070
<b>Subtotal Intermediate</b>	<b>£206,858</b>	<b>£190,986</b>	<b>£397,844</b>
<b>Advanced</b>			
External Costs	£137,855	£63,309	£201,164
Internal Delivery Costs	£2,026	£5,690	£7,716
Management and Admin Costs	£18,937	£20,418	£39,355
<b>Subtotal Advanced</b>	<b>£158,818</b>	<b>£89,417</b>	<b>£248,235</b>
<b>Total Full Economic Cost</b>	<b>£414,816</b>	<b>£339,497</b>	<b>£754,314</b>



### 6.3 Cost Effectiveness

The 2013 Economic Appraisal did not include anticipated cost-effectiveness indicators for the BHC. Indicators of cost-effectiveness calculated by the Evaluation Team include:

Table 6.4: Cost Effectiveness Indicators (based upon full-economic costs)		
Type of BHC	Cost effectiveness indicator	Full Economic Cost
Online	Cost per online BHC completed (N=1,182)	£92
Intermediate	Cost per intermediate BHC completed (N=111)	£3,584
	Cost per unique business supported through an intermediate BHC (N=109)	£3,650
Advanced	Cost per advanced BHC completed (N=38)	£6,533
	Cost per unique business supported through an advanced BHC (N= 36)	£6,895
All BHCs	Cost per BHC completed (N=1,331)	£567
	Cost per facilitated BHC completed (N=149)	£5,063
	Cost per unique business supported through facilitated BHCs (N=143)	£5,275

### 6.4 Value-for-Money

In assessing the degree to which the BHC has provided VFM, careful consideration needs to be given to its role and remit. Unlike other economic development interventions, the BHC does not, in itself, directly support businesses to derive tangible outcomes (e.g. increases in turnover, cost savings, increased employment etc.) which are typically viewed as the key indicators of success when assessing the degree to which an intervention has provided VFM.

This does not, however, negate the potential value that a situational tool such as the BHC can provide to businesses and Invest NI alike. Whilst noting that levels of activity (in terms of the number of facilitated BHCs) have been lower than anticipated and senior and client facing Invest NI staff have questioned the degree to which the BHC has added value to their knowledge and understanding of their client businesses, for other Invest NI staff the intervention has served to provide:

- A robust framework with which to objectively assess their client’s performance;
- Assurance that a level of consistency and robustness was being applied to the assessment process across the organisation; and
- Validate and provide an evidence base to justify the interventions that they subsequently signposted their client(s) to and, in doing so, safeguard (as far as possible) against the misallocation of public monies.

Whilst noting that Invest NI has arguably not derived the same level of corporate benefit from the BHC than was envisaged at the outset, this was due to the fact that the findings emerging from the process have not been collated and utilised (at an overarching intervention level) as effectively as they could have been, as opposed to deficiencies in the BHC process.

From a businesses’ perspective, the feedback from businesses indicates that the Health Check has wholly delivered what it set out to achieve - i.e. to assess and benchmark client business’ performance, identify barriers that were inhibiting its competitiveness and areas for improvement; identify actions that could remedy these barriers/issues and signpost businesses to follow-on support (as and where these are required).

Given the weighting of positive feedback from businesses who represent Invest NI’s core focus, and given the fact that the majority of costs incurred have been of a variable nature (i.e. the scale of costs incurred will vary depending upon the scale of activity delivered), it is the Evaluation Team’s view that the intervention has, in the round, provided VFM in respect of the public sector funds that have been invested in it.

Table 6.5 considers the performance of the BHC in relation to each of Invest NI’s intervention principles.

**Table 6.5: Summary of Value for Money**

VFM Indicator	Conclusion
<b>Strategic Fit</b>	<p>In-line with the strategic imperatives of the NI Government that existed during the period under review, the Evaluation Team’s analysis indicates that the BHC has, at least in part,</p> <ul style="list-style-type: none"> <li>• Supported Invest NI’s core ambition of being an enabling organisation (i.e. not simply a dispenser of funds, but delivering interventions which in themselves add value); and</li> <li>• Acted as a gateway for other Invest NI support programmes.</li> </ul>
<b>Need &amp; Market Failure</b>	<p>Businesses reported that a mixture of market failures (typically asymmetric information) and non-market failures (affordability and time constraints) would have prevented a significant cohort of business from taking forward the business development activities (or taking them forward to the same scale and/or in the same timescales).</p>
<b>Additionality</b>	<p>As demonstrated by the calculated levels of activity and impact additionality (59%), the BHC has played a positive role both in terms of encouraging businesses to:</p> <ul style="list-style-type: none"> <li>• Engaging in activities to assess and benchmark their business’ performance and identify actions to enhance their growth and competitiveness; and</li> <li>• Take the decision to take forward business development activities to address the issues that were identified within their Integrated Action Plan (IAP).</li> </ul> <p>In the event that businesses potentially would have taken forward these activities, independent of support, businesses indicated that they typically would <u>not</u> have taken forward the same range of activities and/or assessed the same breadth of business areas and/or undertaken the activities as robustly or objectively as their CE/BA or External Assessor.</p>
<b>Duplication and complementarity</b>	<p><b><u>Duplication</u></b></p> <p>Almost all businesses (98%, N=43) indicated that, in the absence of the BHC, they would not have been able to get the same or similar support elsewhere.</p> <p>However, the Evaluation Team’s review of the marketplace and consultations with key stakeholders indicates that a number of private sector providers (e.g. Centre For Competitiveness (CforC)) currently provide EFQM standard business diagnostics, albeit at a cost to the business. However, as noted in Section 4.2.2, the majority of business indicated they would not have taken forward the diagnostic activities due to market failure factors (typically asymmetric information). Allied to this, we note that there are likely to be operational synergies in Invest NI client facing staff undertaking the diagnostic activities to maximise the appropriate targeting of Invest NI follow-on support and associated levels of additionality associated with these offerings.</p> <p><b><u>Complementarity</u></b></p> <p>In line with the objectives of the Trusted Business Partner model, the consultative nature of the BHC process offers the potential to deepen Invest NI’s engagement and relationship with its clients, identify their growth potential and any barriers that are constraining their growth and competitiveness, as well as identifying interventions that can potentially address these barriers/constraints to enable them to realise their growth aspirations. In doing so, the BHC acts as a key conduit to other support mechanisms/interventions both internal and external to Invest NI. We do however note that given the numbers of BHCs completed during the period under review, the degree to which the situational tool has been utilised in this signposting role was lower than was anticipated at the outset.</p> <p>Furthermore, it is noted that the BHC also offers the potential to play a complementary role within the wider toolkit of interventions to assist NI to embed the Trusted Business Partner and deliver against the wider objectives of its associated Customer Management Programme. For example, the knowledge and understanding garnered through the BHC process should directly inform the Account Development Plans (ADPs) that are being developed for Account Managed Clients to provide a clearer picture of their strategy (including business objectives and goals), organisational structure, operations and how Invest NI can add the greatest value through their engagements with their customers to</p>

Table 6.5: Summary of Value for Money									
VFM Indicator	Conclusion								
	support them to realise their growth aspirations.								
Economy Efficiency and Effectiveness	<table border="1"> <thead> <tr> <th>Indicator</th> <th>Evaluation Team's Commentary</th> </tr> </thead> <tbody> <tr> <td><b>Economy</b> measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost</td> <td> <p>During the period under review, Invest NI primarily utilised its own internal staff to deliver facilitated BHCs as opposed to utilising External Assessors<sup>39</sup>. Based on the feedback from businesses, these internal assessors appeared to have appropriate expertise and were of a suitable level of seniority to deliver the BHCs.</p> <p>The four External Assessors were appointed following a public procurement exercise.</p> </td> </tr> <tr> <td><b>Efficiency</b> relates to measures that are concerned with achieving the maximum output from a given set of inputs</td> <td> <p>Whilst confidentiality clauses preclude the Evaluation Team from receiving completed BHCs and hence making an assessment as to the reasonableness of the outputs that were derived from the time input that was provided by the Assessors, businesses expressed a high level of satisfaction in relation to the content of BHC report and the associated IAP.</p> </td> </tr> <tr> <td><b>Effectiveness</b> measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved</td> <td> <p>The analysis indicates that only one of the three cumulative activity targets. Specifically, the analysis indicates that:</p> <ul style="list-style-type: none"> <li>• 1,182 online diagnostics were completed by NI businesses, more than 2.5 times (or 167% more) the number anticipated at the outset (of 442 online diagnostics);</li> <li>• 111 intermediate BHCs were completed, 68% less than the number anticipated at the outset (of 347 Intermediate BHCs); and</li> <li>• 38 intermediate BHCs were completed, 68% less than the number anticipated at the outset (of 105 Advanced BHCs).</li> </ul> <p>The remaining two output/outcome targets were deemed by the Evaluation Team and Evaluation Steering Group to not be fully aligned with the roles and objectives of the BHC.</p> </td> </tr> </tbody> </table>	Indicator	Evaluation Team's Commentary	<b>Economy</b> measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost	<p>During the period under review, Invest NI primarily utilised its own internal staff to deliver facilitated BHCs as opposed to utilising External Assessors<sup>39</sup>. Based on the feedback from businesses, these internal assessors appeared to have appropriate expertise and were of a suitable level of seniority to deliver the BHCs.</p> <p>The four External Assessors were appointed following a public procurement exercise.</p>	<b>Efficiency</b> relates to measures that are concerned with achieving the maximum output from a given set of inputs	<p>Whilst confidentiality clauses preclude the Evaluation Team from receiving completed BHCs and hence making an assessment as to the reasonableness of the outputs that were derived from the time input that was provided by the Assessors, businesses expressed a high level of satisfaction in relation to the content of BHC report and the associated IAP.</p>	<b>Effectiveness</b> measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved	<p>The analysis indicates that only one of the three cumulative activity targets. Specifically, the analysis indicates that:</p> <ul style="list-style-type: none"> <li>• 1,182 online diagnostics were completed by NI businesses, more than 2.5 times (or 167% more) the number anticipated at the outset (of 442 online diagnostics);</li> <li>• 111 intermediate BHCs were completed, 68% less than the number anticipated at the outset (of 347 Intermediate BHCs); and</li> <li>• 38 intermediate BHCs were completed, 68% less than the number anticipated at the outset (of 105 Advanced BHCs).</li> </ul> <p>The remaining two output/outcome targets were deemed by the Evaluation Team and Evaluation Steering Group to not be fully aligned with the roles and objectives of the BHC.</p>
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Cost effectiveness	Cost effectiveness indicators are as per Section 6.3.								
Economic Efficiency test results	Given the role of the BHC and the fact that the intervention does not, in itself, directly support businesses and the NI economy to derive tangible outcomes (e.g. increases in turnover, cost savings, increased employment etc.), EET results have not been calculated.								

<sup>39</sup> As noted in Section 2, all 111 Intermediate BHCs and 12 of the 38 (32%) advanced BHCs were completed by internal Invest NI staff.

## 7. CONCLUSIONS & RECOMMENDATIONS

### 7.1 Introduction

The section presents the Evaluation Team's key conclusions and recommendations arising from the evaluation process.

### 7.2 Conclusions

#### 7.2.1 *Strategic Context and Rationale*

Based upon our review of approval documentation, the rationale for Government intervention was premised on the existence of a number of market failures (including asymmetric information and co-ordination failures) which were inhibiting businesses from undertaking similar business development activities independent of public sector support. There was also an identified need to enhance business growth and competitiveness by signposting them to the most appropriate forms of support to address their needs. In doing so, it was anticipated that this would support the NI economy to address a number of key macro-economic challenges that existed at that time.

From a strategic perspective, it was concluded that there was alignment between the aims and objectives of the BHC and the strategic imperatives of the NI Government at that time (including with the Department for the Economy (DfE) and Invest NI's Corporate Plans). Most notably it was concluded that:

- The BHC was in keeping with Invest NI's core ambition of becoming an enabling organisation (i.e. not simply a dispenser of funds, but delivering interventions which in themselves add value);
- By acting as a gateway for other Invest NI support programmes, the BHC would ensure that public resources were allocated in areas of greatest need; and
- The signposting activities supported through the BHC would encourage businesses to avail of interventions that would potentially contribute to their growth and competitiveness and, in doing so, support the region to deliver a number of wider economic priorities and goals (as articulated within the NI Programme for Government, NI Economic Strategy, DfE and Invest NI Corporate Plans).

#### 7.2.2 *Operation and Delivery*

Between April 2011 and November 2016, a total of 1,331 BHCs were completed. Whilst the number of completed BHCs was in excess (49% more) of that anticipated, and the overall trend in demand for BHC support was upward during the period under review, this masks considerable differences in the uptake of the different types of BHCs. For example, over four-fifths (89%, N=1,331) of the BHCs completed during the period under review were online diagnostics, which was more than 2.5 times (or 167% more) the anticipated number. Conversely, the number of completed intermediate (8% of the total) and advanced (3% of the total) health checks were 68% and 65% respectively lower than anticipated.

A longitudinal analysis indicates that there has been a sharp decrease in the number of facilitated BHCs (i.e. Intermediate and Advanced BHCs) since 2008, albeit this has levelled-off (at much lower level) since 2012/13). The feedback from a number of Invest NI consultees suggests that a number of distinct but interrelated factors may have combined to reduce levels of 'buy-in' to the BHC process amongst client-facing staff which, in turn, contributed to the relatively lower number of Intermediate and Advanced BHCs being completed during the period under review. Amongst the most frequently cited factors included: changes in the working relationship between CEs/BAs and their clients, perceived levels of bureaucracy associated with administering BHCs, changes in guidance as to when BHCs should be utilised, removal of BHC-related performance targets, lower levels of BHC

‘championing’ at senior levels and CE/BAs’ desire to maintain positive working relationships with their clients

The full economic cost associated with delivering the BHC during the period under review was c. £754k.

In contrast to the views expressed by a significant cohort of client-facing staff who perceive the administration of BHC support to be overly bureaucratic and of less relevance to certain types of clients, businesses expressed a high level of satisfaction with the administration of the support including the ease of completion of the BHCs, the effectiveness of the Assessors involved in delivering these and the duration of the BHC process.

Similarly, businesses were, on the whole, highly satisfied with the outputs resulting from the BHC process including the content and level of detail of the BHC report, the range of areas that their business’ performance was benchmarked against, as well as the range of actions identified within the IAP and the degree to which these were prioritised and aligned with the issues facing the business. Businesses were also of the view that the advice and guidance that was provided by their CE/BA to address any issues identified by the BHC, including any signposting to other Invest NI interventions, was of a high quality.

### 7.2.3 Performance and Impact

As demonstrated by the calculated levels of activity and impact additionality (59%), the BHC has played a positive role both in terms of:

- Encouraging businesses to engage in activities to assess and benchmark their business’ performance and identify actions to enhance their growth and competitiveness (activity additionality); and
- Providing information to make an informed decision to take forward business development activities to address the issues that were identified within their Integrated Action Plan (IAP) (impact additionality).

In the event that businesses potentially would have taken forward these activities, independent of support, businesses indicated that they typically would not have taken forward the same range of activities and/or assessed the same breadth of business areas and/or undertaken the activities as robustly or objectively as their CE/BA or External Assessor. The feedback indicates that a mixture of market failures (typically asymmetric information) and non-market failures (affordability and time constraints) would have prevented a significant cohort of business from taking forward the business development activities (or taking them forward to the same scale and/or in the same timescales).

Reflecting, at least in part, businesses’ high levels of satisfaction with the BHC process and its outputs, the feedback from businesses indicates that they have almost wholly achieved their objectives for undertaking a BHC. Key amongst these being to obtain an objective assessment of their business’ performance and benchmark it with ‘best in class’ and identify barriers inhibiting their growth and competitiveness, areas for improvement and actions to remedy these. Allied to this, businesses indicated that they had been signposted to follow-on support which offered the potential to support them to implement the action identified.

Unsurprisingly, given the ‘mixed’ feedback provided by senior and client facing Invest NI staff in relation to their views of and satisfaction with the BHC, differing opinions were expressed in relation to the impact made by the situational tool during the period under review. For some, the BHC added little or no value over and above the knowledge and understanding that they would have gained through their ongoing working relationship with their client business. In contrast to the views expressed by businesses, for these internal consultees, the BHC process was not commensurate with the value that was ultimately derived from undertaking the BHC.



At the other end of the spectrum, a number of CEs/BAs indicated that the BHC has served to provide:

- A robust framework with which to objectively assess their client’s performance, identify barriers to growth and actions to remedy these;
- Assurance that a level of consistency and robustness was being applied to the assessment process across the organisation; and
- An evidence base to justify the interventions that they subsequently signposted their client(s) to and, in doing so, safeguard (as far as possible) against the misallocation of public monies.

The third cohort of senior and client facing Invest NI staff, who were neither wholly ‘for’ or ‘against’ the BHC, suggested that whilst they did not derive considerable added-value from the process, in terms of their knowledge and understanding of their client businesses, the BHC has served to validate and provide an evidence base to justify the interventions that they subsequently signposted their client(s) to.

Looking beyond the impact that the BHC had at an individual business and CE/BA level, there was a general consensus amongst internal consultees that the findings emerging from the BHC (at an overarching intervention level) had not been collated and utilised as effectively they could have been and, consequently, Invest NI has not derived the level of corporate benefit that was envisaged at the outset.

#### 7.2.4 Progress towards targets

The analysis indicates that only one of the three cumulative activity targets (equating to 5 of the 17 annual activity targets that were established) – relating to the delivery of online diagnostics - was achieved. Specifically, the analysis indicates that:

- 1,182 online diagnostics were completed by NI businesses, more than 2.5 times (or 167% more) the number anticipated at the outset (of 442 online diagnostics);
- 111 intermediate BHCs were completed, 68% less than the number anticipated at the outset (of 347 Intermediate BHCs); and
- 38 intermediate BHCs were completed, 68% less than the number anticipated at the outset (of 105 Advanced BHCs).

The remaining two output/outcome targets were deemed by the Evaluation Team and Evaluation Steering Group to not be fully aligned with the roles and objectives of the BHC.

#### 7.2.5 Duplication and complementarity

Whilst almost all businesses indicated that, in the absence of the BHC, they would not have been able to get the same or similar support elsewhere, the Evaluation Team’s review of the marketplace and consultations with key stakeholders indicates that a number of private sector providers (e.g. Centre for Competitiveness (CforC)) currently provide EFQM standard business diagnostics, albeit at a cost to the business. However, the majority of businesses indicated they would not have taken forward the diagnostic activities due to market failure factors (typically asymmetric information). Allied to this, we note that there are likely to be operational synergies in Invest NI client facing staff undertaking the diagnostic activities to maximise the appropriate targeting of Invest NI follow-on support and associated levels of additionality associated with these offerings.

At present, we note that Invest NI currently completes diagnostics under two scenarios; namely:

- Scenario 1- As part of the ongoing client-management activities performed by client facing staff; and
- Scenario 2 - As an integral component of other Invest NI programmes such as the Leadership Team Programme (LTP) and Accelerating Growth Programme (AGP) to define the needs of a business which can be subsequently addressed through the provision of Programme support.



However, moving forward, the Evaluation Team understands that there is a potential that Invest NI's Enterprise Europe Network (EEN) Team may be tasked by Innovate UK with administering a situational diagnostic tool within the NI EEN region (Scenario 3). Whilst it is understood that the diagnostic may take the form of the GROWTHmapper tool (which is being used in other EEN regions) or some other format, depending on its ultimate content, there is a risk that the introduction of the diagnostic results in availability of more than one format of diagnostic being available to Invest NI's client base.

In an ideal scenario, by way of avoiding duplication, Invest NI would only deliver one situational diagnostic tool. Whilst Invest NI has the remit to dictate the nature of diagnostic that is delivered under the first two aforementioned scenarios, Innovate UK, as ultimate funders of EEN, will ultimately dictate the nature of diagnostic that is utilised by Invest NI's EEN team.

By way of removing the risk of duplication, one potential action that could be taken forward would be for Invest NI to replace the current BHC with GROWTHmapper tool. However, in our view, such an action is unwarranted given the positive feedback that has been provided by businesses in respect to the BHC. Indeed, given the relatively small size of the EEN team and the associated expectation that the team will only have the capacity to complete a relatively small number of diagnostics (as confirmed by the Invest NI EEN Network manager) the introduction of any new diagnostic is unlikely to have a material impact on the uptake of BHC support.

In addition, during consultation a number of consultees queried the potential for the BHC to duplicate any newly introduced Innovation Accreditation (or vice versa) which is currently being considered and scoped by Invest NI. However, whilst in the early phases of development, our discussions with Invest NI indicate that the accreditation is likely to be awarded to businesses based upon their uptake of innovation-orientated interventions (both within Invest NI and the broader marketplace) as opposed to assessing how the business is performing against a set of innovation related metrics. In such an instance, we are of the view that the risk of duplication is low and, indeed, the accreditation offers the potential to complement the assessment work currently being delivered within the BHC. However, given the early stage of development of the Innovation Accreditation, the risk of duplication should be kept under review by Invest NI.

In terms of complementarity, it is noted that Invest NI is in the process of developing and embedding a 'Trusted Business Partner' approach to ensure that Invest NI's customers, partners and stakeholders are provided with the highest level of service delivery appropriate to their needs and are supported, stimulated and challenged to realise their growth ambitions.

The move to a Trusted Business Partner approach focuses on positioning the organisation as a trusted business partner and developing staff to deliver high quality engagement through partnership with its customers. It is less about products and services, more about business solutions; less about transactions and more about relationships.

In line with the objectives of the Trusted Business Partner model, the consultative nature of the BHC process offers the potential to deepen Invest NI's engagement and relationship with its clients, identify their growth potential and any barriers that are constraining their growth and competitiveness, as well as identifying interventions that can potentially address these barriers/constraints to enable them to realise their growth aspirations. In doing so, the BHC acts as a key conduit to other support mechanisms/interventions both internal and external to Invest NI. We do however note that given the numbers of BHCs completed during the period under review, the degree to which the situational tool has been utilised in this signposting role was lower than was anticipated at the outset.

Furthermore, it is noted that the BHC also offers the potential to play a complementary role within the wider toolkit of interventions to assist NI to embed the Trusted Business Partner and deliver against the wider objectives of its associated Customer Management Programme. For example, the knowledge and understanding garnered through the BHC process should directly inform the Account Development Plans (ADPs) that are being developed for Account Managed Clients to provide a clearer picture of their strategy (including business objectives and goals), organisational structure, operations and how Invest NI can add the greatest value through their engagements with their customers to support them to realise their growth aspirations.

#### 7.2.6 *Value-for-money*

In assessing the degree to which the BHC has provided VFM, careful consideration needs to be given to its role and remit. Unlike other economic development interventions, the BHC does not, in itself, directly support businesses to derive tangible outcomes (e.g. increases in turnover, cost savings, increased employment etc.) which are typically viewed as the key indicators of success when assessing the degree to which an intervention has provided VFM. This does not, however, negate the potential value that a situational tool such as the BHC can provide to businesses and Invest NI alike.

Given the weighting of positive feedback from businesses who represent Invest NI's core focus, and given the fact that the majority of costs incurred have been of a variable nature (i.e. the scale of costs incurred will vary depending upon the scale of activity delivered), it is the Evaluation Team's view that the intervention has, in the round, provided VFM in respect of the public sector funds that have been invested in it.

#### 7.2.7 *The Future Need for a Situational Diagnostic Tool*

Whilst acknowledging the reservations expressed by some Invest NI staff members with regards to the value of the current BHC process, the Evaluation Team considers that there is an ongoing need for Invest NI to deliver a situational diagnostic tool. Our view is based upon (inter alia) the:

- Positive feedback provided by businesses and a significant cohort of client-facing staff in relation to the impact/contribution of the current diagnostic tool (discussed previously);
- The role of the tool in acting as a conduit to follow-on supports (both within and external to Invest NI); and
- Potential for the intervention to play an increasingly important role within the context of the Trusted Business Partner model and complement the wider toolkit of interventions (e.g. ADPs) to deliver upon the objectives of the organisation's associated Customer Management Programme.

However, we note that, at the time of writing, Invest NI is continuing to develop and define its Trusted Business Partner model, as well as agree how the Organisation can best assess client businesses' levels of innovation, capability and potential for growth. As such, if the decision is taken to continue to utilise a diagnostic (BHC or otherwise), the tool should be framed in the context of, and aligned with, the outworking of these ongoing discussions.

In any eventuality, the ultimate success of the situational diagnostic tool will be highly dependent upon levels of 'buy-in', which does not currently pervade across the organisation and steps should be taken to remedy this situation. These are discussed further in the Recommendations section.

#### 7.2.8 *Equality Considerations*

The Evaluation Team has identified no negative equality impacts and considers the intervention to be accessible to all Section 75 groupings and people with disabilities.

### 7.3 Recommendations

1. Invest NI should continue to utilise a situational diagnostic tool as a structured framework to objectively assess its client's performance, identify barriers to growth and actions (including follow-on supports) to remedy these. The nature of diagnostic that is ultimately utilised should be framed in the context of the emerging Trusted Business Partner model and other ongoing discussions on how the Organisation can best assess client businesses' levels of innovation, capability and potential for growth.
2. Linked to Recommendation 1, steps should be taken by Invest NI to ensure that appropriate complementary linkages are established between any future diagnostic and the wider toolkit of interventions that are being utilised by the Organisation to deliver upon the objectives of its wider Customer Management Programme. Of particular note, guidance should be provided as to how the information generated by any future diagnostic should be used to inform the development of ADPs for account managed Clients.
3. Actions should be taken to maximise internal 'buy-in' to any future diagnostic tool. This should include at a minimum:
  - Greater levels of encouragement/championing of the tool by senior Invest NI staff members to client-facing staff. This should include (inter alia) greater communication of the role of, and benefits that can be derived from, utilising the tool including its importance in embedding the Trusted Business Partner model and its linkages with other Customer Management tools such as ADPs; and
  - Identifying opportunities to deliver a more streamlined model of delivery. In doing so, Invest NI should give consideration to identifying the essential information that it requires to be derived from businesses participating in the BHC process (by sector, stage of development, by size etc.) and identifying potential innovative solutions to administering BHCs (e.g. through the application of greater levels of online functionality).
4. In determining the nature and function of any future diagnostic, careful consideration should be given to:
  - Defining/articulating the circumstances in which Assessors should complete a BHC i.e. whether this support should largely continue to be delivered on a discretionary needs basis or the scenarios whereby Invest NI wishes to make it compulsory for a diagnostic to be completed (e.g. if a business is undergoing a period of significant transition, prior to receiving significant Invest NI support etc.);
  - The merits of retaining External Assessor input and the circumstances in which the input should be utilised (e.g. if the client facing staff do not have a pre-existing relationship with the business and/or the assessment is deemed to be more complex given the business' individual circumstance), opportunities to deliver a more streamlined model of delivery should be explored; and
  - Retaining the three types of diagnostics (online, intermediate and advanced).
5. Whilst noting the need to (as far as possible) to streamline the delivery of facilitated diagnostics (per Recommendation 3):
  - The benchmarking questionnaire should be completed online in conjunction with their Assessor during one of the facilitated sessions during the EFQM element of process; and
  - Consideration should be given to assessing and benchmarking businesses overall innovation performance.

6. By way of raising awareness of the needs of Invest NI's client-base and supporting corporate decision-making (e.g. in terms of supporting the prioritisation of resources/assistance and supporting the development of interventions to address clients' needs), Invest NI should review its procedures for recording the outcomes of individual business diagnostics and collating and sharing the outcomes of the process at an overarching intervention level. At a minimum, the following information should be recorded at an individual business diagnostic level and shared at an intervention level:
  - The nature of barriers that are inhibiting the growth and competitiveness of client businesses and areas for improvement; and
  - The nature of follow-on support that businesses have been signposted to in order to address each type of barrier identified.

We also note that the implementation of this recommendation would benefit post programme evaluation.

7. Based upon the out-workings of the ongoing discussions between Invest NI and Innovate UK regarding the potential introduction of a new diagnostic tool to be utilised by Invest NI's EEN Team, appropriate steps should be undertaken to avoid the duplication of support. In the event that the diagnostic tool that is ultimately utilised is different from the business diagnostic being utilised by Invest NI as part of its wider client management activities, clear guidance should be provided to client-facing staff as to the circumstances under which each tool should be utilised.
8. All changes to the current business diagnostic (the BHC) should be effectively communicated to all internal client-facing staff during the delivery of tailored training and Scheme guidance.
9. Greater focus should be placed on establishing an appropriate mix of Specific, Measurable, Achievable, Realistic and Time-bound (SMART) activity, output and outcome targets which are linked with the overarching aims and objectives of the BHC (i.e. its role as an assessment, diagnosis and signposting situational tool).