

Impact Evaluation of Mentoring for Growth

Report to Be the Business



Contents

Executive Summary.....	i
1. Introduction.....	1
2. Approach and methods	6
3. Programme profile.....	12
4. Outcomes and impacts.....	20
5. Additionality and contribution	35
6. Econometric analysis of impacts.....	40
7. Key lessons.....	51
8. Conclusions.....	56

Annex A: Case studies.....	A-1
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Annex B: Further detail on econometric analysis	B-1
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Annex C: List of consultees.....	A-1
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Executive Summary

1. Productivity is a key source of long-term economic growth for an economy – contributing to better wages, living standards and overall competitiveness of a country. The ONS (2020) highlight that “*weak productivity growth has been one of the defining characteristics of the UK's economic performance over the last decade*”. The UK lags behind comparable nations such as US, Germany and France in terms of productivity. This needs to be addressed.
2. The academic literature finds positive links between more structured management practices and higher levels of productivity. The Productivity Leadership Group (PLG) convened by Sir Charlie Mayfield also highlight that productivity is directly related to management and leadership (M&L) practices within firms.
3. In this context, Be the Business (BtB) aims to build a movement to raise productivity by improving the M&L capabilities of SMEs. The BtB Mentoring for Growth (MfG) programme connects SME leaders (mentees) with business leaders from top-tier firms (mentors) on a pro-bono basis. The bespoke support and guidance provided through mentoring aims to improve M&L capabilities of individuals and, in turn, improve firm-level performance and productivity.
4. SQW, supported by Belmana, were commissioned to undertake an impact evaluation of the MfG programme for Be the Business. The purpose of the evaluation was to assess the performance of the programme following its pilot and subsequent scale up, testing how the programme has delivered against its objective of improving firm performance and productivity through M&L practices – in line with the MfG logic model and theory of change.
5. The main research methods included review of monitoring data, mentee business interviews (69) and mentor business interviews (19), data-linking and econometric analysis, and case studies of ‘paired’ mentoring relationships. The evidence gathered was assessed against the programme logic model and theory of change.

Key findings

6. **We conclude that MfG programme activities have translated into key individual-level outcomes:** improved knowledge and skills (80%); increased awareness of M&L practices (67%); and/or improved confidence in implementing M&L skills (75%). This has resulted in organisational-level benefits, notably the adoption and diffusion of new M&L practices within mentee businesses. These include: specific approaches to leadership; target setting; operations management; performance monitoring; and talent management.
7. **Over half of the mentee respondents indicated improvements in firm-level productivity (self-defined) as a result of the programme, and two-thirds expected this to occur over the next two years.** Productivity was defined by businesses mainly in terms of efficiency, growth and cost savings. In addition, a minority of mentee businesses observed

increases in employment, turnover, investment in R&D, and reduced business costs and overheads. However, for a sizeable minority (41%) productivity was not affected to date and one-quarter thought that there would not be any effect on productivity over the next two years. It may be the case that mentoring relationships are still ongoing for these groups, so there was not enough time for productivity effects to materialise.

8. The role of soft skills and relatedly the personal dynamic, for example trust, openness, empathy, chemistry, communication, between the mentee and mentor were considered important enabling factors to achieving benefits. The dynamic helps to bring out a secure environment for the sharing of ideas, information, best practice, building confidence etc. The quality of the match between mentee and mentor has been important to achieving positive outcomes. The survey also found three further key results in support of the programme.
 - Three-quarter of mentee respondents had improved understanding of the benefits of mentoring as an approach to improving productivity within their organisation.
 - The majority of mentee beneficiaries would recommend the programme to other potential mentees: we calculate a Net Promoter Score of 58 for the programme.
 - Mentor benefits include improved understanding of SMEs, improved communication skills and increased self-confidence.
9. The econometric analysis of the *net* impacts of the MfG programme compared supported and unsupported businesses (with similar characteristics) drawn from the ONS Business Structure Database. The analysis focused on effects of the programme on standard proxies for productivity: employment, turnover and turnover per employee. The econometric results should be treated with caution because of the modest sample sizes and limited availability of post-treatment data.
10. **We estimate that the programme has had statistically significant impacts on employment and turnover growth of mentee beneficiaries:** up to 10% additional employment growth in the first year after support, and up to 11% for additional turnover over the same period. In contrast, we did not find a statistically significant effect of MfG on turnover per employee at this stage. However, the positive and statistically significant results on employment and turnover can be seen as early signs of impact that may translate into productivity improvements in terms of turnover per employee.
11. The additionality of MfG is fairly good, bearing in mind the nature of the programme i.e. the several and (often) 'softer' ways in which mentoring translates into harder benefits over time. The evaluation evidence found that for nearly 60% of mentee respondents benefits have occurred faster than in the absence of the programme – the benefits for most businesses had been accelerated by up to two years. The programme 'deadweight' i.e. beneficiaries reporting benefits would have occurred anyway, is low (6%).
12. Overall, we conclude that programme activities have positively contributed to actual and expected outcomes for mentees at an individual-level and for their business. There is wide

variation in the nature and scale of the effect, reflecting the diverse nature and duration of the mentoring relationships. There is also an increasing pool of good quality, pro-bono mentors with the right skills and capabilities. The econometric analysis suggests statistically significant net impacts have been realised for employment and turnover to date, but not for productivity (turnover per employee) at this stage. The underlying theory of change set out in section 3 is happening as originally intended, despite challenging economic conditions arising from Covid-19.

Key lessons

13. We identify the following key lessons to improve MfG programme impacts going forward.
14. **Continue to ensure the quality of the match and the personal dynamic between mentee and mentor, as these lead to successful outcomes.** The matching of mentee and mentors takes into account: their personalities (including trust, empathy, communication, chemistry); seniority (i.e. being a key decision maker); the fit of mentee's business issue/requirements to mentor's expertise; and expectations of the relationship. The average score for how well mentees thought they were matched with their mentor in the above categories was 4 out of 5. The feedback suggests that the "personal connection", genuine expertise of mentors, and flexibility in terms of the format, level etc. of interaction allowed benefits to be maximised. How the personal dynamic between mentees and mentors is facilitated in the future will be important.
15. **To further increase firm-level productivity impacts a sharper focus on the concept and practice of productivity should be considered.** The evaluation found: mentees' perception of productivity of their business varied (e.g. efficiency, growth, costs etc.); and the reasons for participating in the programme primarily related to business growth and personal development. Given both these findings, there is scope to develop and communicate a consistent and clear working definition of productivity for the purpose of the programme (e.g. in terms of the ratio between employment and turnover) and to ensure that improving productivity remains the priority both in recruitment and subsequent mentoring support.

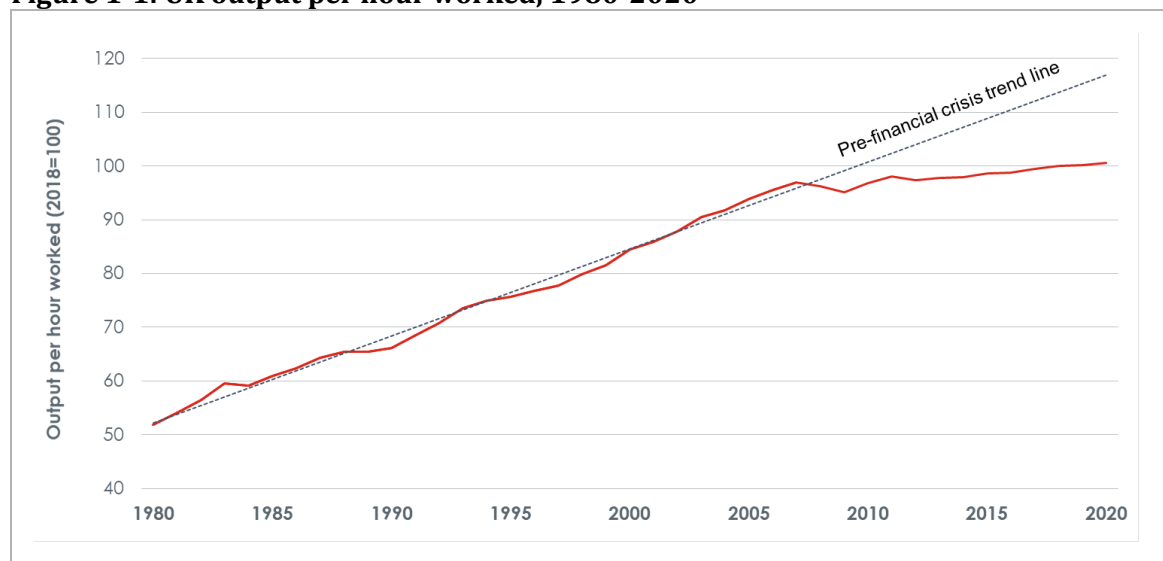
1. Introduction

The UK's productivity challenge

- 1.1** Productivity is one of the main sources of economic growth, contributing to improved living standards and competitiveness of an economy. Since the mid-2000s, the UK has seen slow rates of productivity growth with output per worker largely flatlining since the 2008 global financial crisis (Figure 1-1). Whilst declining productivity growth has been evident in several major economies, the slowdown has been more noticeable in the UK where the productivity gap has remained consistently above its key competitors: US, Germany and France. This sustained period of low productivity growth over the last two decades has been labelled the 'productivity puzzle'.

"Weak productivity growth has been one of the defining characteristics of the UK's economic performance over the last decade. Average annual labour productivity growth between 2009 and 2019 was 0.3%, which compares with around 2% over the decade prior to 2008." [ONS]¹

Figure 1-1: UK output per hour worked, 1980-2020



Source: ONS data

- 1.2** It is estimated that economy-wide improvements to business productivity could boost the UK's aggregate productivity by around 13%,² creating over £100 billion in economic value each year.³ The cost of losing out on this opportunity could be potentially staggering. In this context, improving productivity across the economy has become a key national policy priority for the UK – and even more pertinent given the economic uncertainty arising from the effects

¹ ONS (2020) [Firm-level labour productivity measures from the Annual Business Survey, Great Britain: 1998 to 2018](#)

² Bank of England (2018) [The UK's Productivity Problem: Hub No Spokes](#). Speech given by Andrew G Haldane, Chief Economist, Bank of England.

³ CBI (2017) [From Ostrich to Magpie: Increasing Business Take-Up of Proven Ideas and Technologies](#)

of the Covid-19 pandemic. There is a ‘long tail’ of firms that are underperforming and thus acting as a drag on the rest of the economy⁴ – the so-called ‘productivity laggards’ – and so the focus has been on addressing the gap between the top- and bottom-performing companies (the latter group comprising predominantly SMEs⁵). The Productivity Leadership Group (PLG) convened by Sir Charlie Mayfield highlighted that productivity is directly related to management practices, but the UK lags behind other advanced economies (including the US, Japan and Germany):⁶

“That long tail is no coincidence: it reflects the fact that many British businesses are poor at adopting best management practice; that too few managers think long term about talent; that many rest content with current products and working practices, rather than seeking to innovate; and that British business sometimes focuses too much on short-term survival and success, at the expense of long-term value creation.” [Productivity Leadership Group]

- 1.3** The positive link between management practices and productivity has been evidenced by others, including recent work by Bloom et al. (2019)⁷ showing that more structured management practices contribute to higher levels of productivity. Their earlier results (Bloom et al, 2016)⁸ have shown that organisations that continuously monitor their processes, set comprehensive targets, and pay close attention to the performance of their workforce will perform better. This is also echoed by evidence from the Office for National Statistics (2018, 2021)⁹ showing a statistically significant correlation between productivity and management practices even after controlling for many other factors, including R&D expenditure, and by the evidence from the Enterprise Research Centre (2020)¹⁰ arguing that good leadership in non-frontier SMEs is key to driving productivity gains. Importantly, SMEs are more likely to have low productivity than larger firms, but they are also less likely to adopt modern management techniques and practices.¹¹ Although recent evidence from the Management and Expectations

⁴ UK Government (2017) [Industrial Strategy - Building a Britain fit for the future](#)

⁵ ONS (2017) [Understanding firms in the bottom 10% of the labour productivity distribution in Great Britain: “the laggards”, 2003 to 2015.](#)

⁶ Productivity Leadership Group (2016) [How good is your business really?](#) Based on findings from the World Management Survey (WMS).

⁷ Bloom, N., Brynjolfsson, E., Foster, L., Jarmin, R., Patnaik, M., Saporta-Eksten, I. and Van Reenen, J., 2019. What drives differences in management practices? *American Economic Review*, 109(5), pp.1648-83.

⁸ Bloom, N., Sadun, R. and Van Reenen, J., (2016) *Management as a Technology?* (No. w22327). National Bureau of Economic Research.

⁹ ONS (2018) [Management practices and productivity in British production and services industries - initial results from the Management and Expectations Survey: 2016.](#) ONS (2021) [Management practices and innovation, Great Britain - Office for National Statistics \(ons.gov.uk\)](#)

¹⁰ Enterprise Research Centre (2020) [What drives productivity growth behind the frontier? A mixed-methods investigation into UK SMEs.](#)

¹¹ Bryson, A. & Forth, J. (2018) [The Impact of Management Practices on SME Performance](#)

Survey (2020)¹² suggests that the gap between small and large companies in terms of their management scores¹³ has started to narrow down.

- 1.4** ERC (2020)¹⁴ highlight that the reasons for the variation in productivity between laggard and frontier firms has traditionally been explained by combination of four factors: sector, location,¹⁵ company size and ownership. However, these factors are becoming less important over time with various other factors increasingly explaining differences in productivity performance. These include: management and leadership; diffusion of knowledge; working practices; strategy; and the increasing role of intangible assets (e.g. software, R&D and design, economic competences/business practices).
- 1.5** The PLG report therefore advocates a business-led response to the UK's productivity challenge, suggesting that improving SME management and leadership capability is key to improving productivity. One possible solution for closing the gap between frontier and non-frontier firms is through enabling the sharing of best practice between them, for example through mentoring. Indeed, the importance of mentoring has been recognised in the Business Productivity Review (2019):¹⁶

“With many business managers looking to their peers for trusted advice drawing on experience, we believe those business managers who have successfully overcome issues and grown a business, particularly within their sector, should lead by example and offer mentoring to other business managers.”

Mentoring for Growth programme

- 1.6** Be the Business (BtB) is a business-led initiative, set up in 2017 to act as a catalyst for improving productivity. It aims to build a movement to raise productivity by developing the management and leadership (M&L) capabilities of SMEs – encouraging the adoption of best-practice management techniques and digital technologies through a range of programmes and activities for SMEs. Within this context, BtB's Mentoring for Growth (MfG)¹⁷ programme connects SME leaders (mentees) with business leaders from top-tier firms (mentors) on a pro-bono basis. Bespoke support and guidance are provided through mentoring to improve M&L capabilities of individuals and, in turn, improve firm-level performance and productivity. MfG was piloted in 2018 and scaled up in 2019. The Growth Company¹⁸ has been supporting

¹² [Management practices in Great Britain - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

¹³ The MES management score is a headline indicator of differences in M&L practices across businesses. It captures the following: a) continuous improvement; b) the use of key performance indicators; c) the use of targets; and d) employment practices relating to promotion, training and employee underperformance.

¹⁴ Ibid.

¹⁵ It is worth noting that location also relates to institutions, such as higher education, research institutes, business support organisations and so ability to link to support and knowledge.

¹⁶ HM Government (2019) [Business Productivity Review](https://www.bethebusiness.com/mentoring-for-growth-2/)

¹⁷ <https://www.bethebusiness.com/mentoring-for-growth-2/>

¹⁸ <https://www.growthco.uk/>

the delivery of the programme since the start and became the main delivery partner for cohorts 1 and 2. To date, over 300 mentoring relationships have been formed.

Table 1-1: MfG cohort timings

Cohort	Start date period (first meeting between mentor and mentee)
Pilot	February 2018 to October 2018
Cohort 1	April 2018 to June 2019
Cohort 2	November 2019 to March 2020
Cohort 3	April 2020 to June 2021

Source: Monitoring data; Note cohort 3 is outside the scope of this impact evaluation

1.7 Programme mentors were provided by ‘top-tier’ organisations from the PLG (Figure 1-2).

Figure 1-2: Examples of organisations providing mentors on MfG



Source: BtB

1.8 It is important to recognise that the MfG programme operates in a wider business support landscape: national and local, sectoral, and public and private. This landscape is continuously evolving, resulting in potential overlap and complementarity between initiatives that are focused on firm-level growth and productivity. However, research by the Institute of Directors (2018)¹⁹ found that the available advice for small businesses is highly variable.

Evaluation purpose and scope

1.9 SQW, supported by Belmana, conducted an impact evaluation of the MfG programme for Be the Business. The purpose of the evaluation was to assess the performance of the programme following its pilot and subsequent scale up, testing how the programme has delivered against its objective of improving firm performance and productivity through M&L practices – in line with the MfG logic model and theory of change. The focus of the evaluation was on:

¹⁹ Institute of Directors (2018) [Lifting the Long Tail](#)

- the pilot and cohorts 1 and 2 i.e. mentoring relationships starting from February 2018 through to March 2020 (over 240 mentee businesses)²⁰
- outcomes and impacts experienced by individual mentees and their organisations as the primary beneficiaries of the programme
- the effects for individual mentors where there was evidence of these, and not on mentor organisations as this was not the primary purpose of the programme
- programme-level outcomes – a scaled-up programme with a pool of good quality, pro-bono mentors with the right skills and capabilities to provide high quality mentoring.

1.10 This report sets out the findings from the impact evaluation, building on our previous process evaluation of MfG (2020).²¹

Structure of the report

1.11 The remainder of this report is structured as follows:

- Section 2 outlines the evaluation approach and research methods
- Section 3 sets out the programme logic model, theory of change, and profiles the mentee beneficiaries
- Section 4 presents the evidence on outcomes and impacts from the mentee business survey
- Section 5 assesses the additionality and contribution of the programme
- Section 6 presents the findings from the econometric analysis of impacts on mentee business against comparator groups
- Section 7 sets out the key lessons for the programme going forward
- Section 8 presents the evaluation conclusions.

1.12 In addition, the report contains three appendices: list of consultees, further detail on the econometric analysis, and summary case studies of mentee and mentor paired relationships.

²⁰ Cohort 3 was not included in the sample for this evaluation as they were still at an early stage of the intervention at the time of conducting interviews.

²¹ Be the Business (2020) [Mentoring for Growth Process Evaluation](#)

2. Approach and methods

2.1 This section identifies the key issues and challenges for the evaluation, followed by our approach and research methods.

Key issues and challenges for the evaluation

2.2 The MfG programme is quite nuanced in bringing about changes in management and leadership behaviours to induce improvements in productivity. It is a tailored programme where the type and intensity of support as well as the dynamic of the relationship varies between mentor-mentee pairs. In this impact evaluation, we have taken into account the following issues and challenges:

- **There is diversity in mentee firms participating in the programme.** The firms vary by sector, region, size of firm and stage of development. These characteristics have implications for routes and timescales to outcomes and impacts, especially when the mentees are at different stages of development and have different issues of immediate concern. When selecting appropriate comparator businesses to estimate the net impact of the programme, the evaluation took into account the variation in observable characteristics between the beneficiaries. We also investigated the effects of repeated support from MfG.
- Mentee and mentor relationship as well as the *personal dynamic* between them (e.g. trust, openness and collaboration) can make a massive difference to individual-level and organisational-level benefits. In short, the quality of matching between the mentee and mentor can influence outcomes. We therefore used a more informed consultation exercise to test the extent of the influence of these softer aspects of the relationship on reported outcomes and impacts.
- **Changes in management and leadership practices may lead to improvements in standard 'harder' productivity measures,** such as reductions in costs, increased turnover, changes in the number of employees. However, it can take a long time for those measures to come to fruition. Therefore, the results based solely on the analysis of the 'harder' measures may understate the true effect on the programme.
- The 'softer' outcomes, such as improved knowledge and skills as well as awareness and adoption of M&L practices, can reflect the influence of the programme more quickly than the 'harder' measures. The length of mentoring relationships (up to 12 months) allows enough time for changes in mentee's personal skills and to the way they run their business. Evidence that the changes in M&L practices have taken place may be interpreted as a signal of upcoming longer-term improvements in productivity measures.
- The concept of 'productivity' is often understood differently by businesses as they tend to think about productivity mainly in terms of efficiency, costs, and profitability. This is in

contrast to policymakers who define productivity as output per worker, output per hour, Gross Value Added (GVA).²² The evaluation therefore used firms' self-reported views of productivity.

- **The relationship between employment and turnover growth can have important implications for productivity.** For example, improved turnover (or reduced costs) for the same (or reduced) employment would indicate an improvement in productivity. Conversely, if both turnover and employment grow, and employment growth exceeds turnover growth, this may lead to a fall in productivity indicators (e.g. turnover per employee) but could be consistent with a firm's growth objectives.
- **Selection bias may be a significant confounding factor in the performance of businesses,** as there may be factors which are difficult to observe (e.g. ambition). We minimised the impact of selection bias by identifying specific variables that can be measured in order to improve the match between the treatment and comparison groups and by using panel estimation methods²³ to account for unobservable characteristics.
- The Covid-19 pandemic introduced additional challenges for the programme and the evaluation. The challenges for the evaluation related to design of research tools, the fieldwork and the robustness of the results.
 - The research tools had to reflect potential impact of Covid-19 on outcomes of interest and allow an attempt to disentangle the effects of the programme from the effects of the pandemic. This increased the complexity of research tools.
 - The response rate to the survey was lower than anticipated and the fieldwork took longer to complete. This had several implications: a) the margin of error in the survey was higher, lowering the precision of our estimates; b) additional response bias of uncertain direction may have been introduced.
 - Businesses which benefited more from the programme could be better prepared to navigate through the pandemic, were less affected by it and therefore were more likely to participate in the survey. However, mentees from businesses which could not operate during lockdown had more time to respond to the survey.²⁴ This means that the survey could be capturing both businesses affected more or less by the pandemic and the degree to which they were affected could be correlated with outcomes of mentoring. The net effect of this potential bias is unclear and was not possible to estimate.
 - Due to particular sensitivity of topics around business performance and expectations about the future during the pandemic, which became apparent during piloting of the survey tools, it was not possible to collect quantifiable data on business performance

²² In economic terms, productivity is defined as the "level of output per unit of input"; and labour productivity is the "quantity of goods and services produced per unit of labour input", for example per hour worked or per filled job (ONS, 2020).

²³ i.e. using multiple observations per company over time.

²⁴ As shown below, 15% of the programme population are wholesale and retail businesses.

outcomes in the survey. This meant that our estimates of impacts of MfG on business performance and productivity could only be quantified using econometrics techniques and secondary data, without a possibility to triangulate the findings against self-reported figures.

- Changes in employment, turnover and turnover per employee were used to proxy for productivity, reflecting the challenges in measuring firm-level productivity and for non-MfG supported businesses. Though these measures are commonly used and can be reliably measured with administrative data from the Business Structure Database (BSD), there are well known challenges associated with measuring productivity through these proxies:
 - Understanding of productivity is not universal and businesses operating in different sectors or being at different stages of development can interpret productivity differently and not necessarily the same way policy makers do.²⁵
 - A positive dynamic in employment may be indicative of growth in a company rather than of productivity improvements. At the same time, growth is often necessary to unlock the productivity potential, for example by allowing a greater degree of specialisation. Therefore interpretation of the effects on employment is not clear cut.
 - Turnover is a proxy for value added and may not track changes in other aspects of business performance. Therefore, if MfG support was primarily around cost efficiencies, improved management leading to an increase in profitability or remuneration of employees, but with less focus on overall sales, the turnover measure may underestimate the effect. The fact that MfG is a tailored support programme, and its focus varies between mentoring relationships, compounds this issue.
 - A change in sales, even when deflated using a price index, may not reflect the changes in the quality of the sold products and services. The sales that have accrued may be for an improved product, likely if a business is innovative or responding to market changes. Such innovation will need specific data collected to track not just the value of sales but also whether there have been quality improvements over the period. Collecting such data consistently over time for a credible comparison group of unsupported businesses is challenging.
 - Finally, turnover and employment measures for SMEs are characterised by a large degree of volatility, making it more challenging to detect an effect of support using statistical techniques due to a naturally high variation in outcomes. This is particularly true for turnover per employee as the ratio of two volatile measures is characterised by an even higher variance.

²⁵ To address this issue we collected data on mentees' understanding of productivity in beneficiary survey.

Approach and methods

2.3 We adopted a theory-based approach involving contribution analysis, testing the extent to which outcomes and impacts have occurred as a result of MfG programme – in line with the programme’s logic model and theory of change – whilst considering other factors which may have contributed to these benefits. As part of this, we used quasi-experimental techniques to compare MfG beneficiaries with unsupported businesses. Our approach, therefore, drew on both qualitative and quantitative data: review of monitoring data, business surveys, data-linking and econometric analysis, and case studies of ‘paired’ mentoring relationships.

Contribution analysis

2.4 Contribution analysis “aims to define the links between each element of a logic model, and test and refine these theoretical links between the programme and the expected impacts. It provides a framework for analysing not just whether the programme has had an impact, but how that impact materialised and whether any particular element of the programme or contextual factors were crucial to the impact” (Befani and Mayne, 2014).²⁶ In this way, contribution analysis helps to build up evidence to demonstrate the contribution made by MfG in bringing about the outcomes in question, while also identifying other factors which may have also led to the outcomes reported (e.g. business strategy, new management team, economic environment, market opportunities, policy developments).

2.5 Importantly, contribution analysis enabled us to test the logic model and theory of change especially the underlying assumptions and complementary factors. It uses an iterative six step process of evidence gathering and analysis to compare an intervention’s postulated theory of change to the evidence of what happened in practice (as described by Mayne (2008)²⁷ and set-out in Table 2-1). In doing so, it comes to conclusions about the contribution that the intervention itself (instead of other factors) has made to observed outcomes. It is important to highlight that the evaluation design described above also considers the context in which the intervention is being implemented (Magenta Book, 2020).²⁸

Table 2-1: Steps in contribution analysis

Steps	Summary of our approach
1. Set out the attribution problem to be addressed	Does mentoring lead to the adoption of new or improved management and leadership practices, and subsequently improved productivity?
2. Develop a theory of change and risks to it	This provides the steps in the process to realising productivity improvements, why this might not be achieved, what other factors may contribute

²⁶ Befani, B. and Mayne, J., 2014. Process tracing and contribution analysis: A combined approach to generative causal inference for impact evaluation. *IDS bulletin*, 45(6), pp.17-36.

²⁷ Mayne, J. (2008) *Contribution Analysis: An Approach to Exploring Cause and Effect*, ILAC Brief 16.

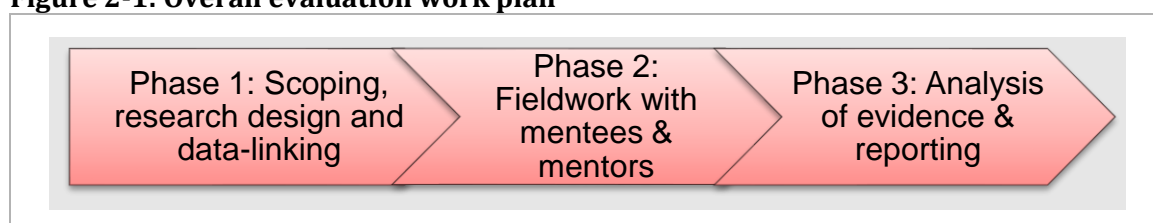
²⁸ HM Treasury (2020) [Magenta Book - Central Government guidance on evaluation](#)

Steps	Summary of our approach
3. Gather the existing evidence on the theory of change	Gather evidence: monitoring and data, business survey, case studies, econometric evidence
4. Assemble and assess the contribution story, and challenges to it	Assess and synthesise the evidence from the fieldwork
5. Seek out additional evidence	Further data collection and analysis
6. Revise and strengthen the contribution story	Arrive at a plausible explanation based on the evidence which will be both qualitative and quantitative

Source: Mayne (2008); SQW

- 2.6** Consistent with the overall approach, the evaluation work was undertaken across three phases of activity outlined below.

Figure 2-1: Overall evaluation work plan



Source: SQW

- 2.7** Phase 1 involved an inception meeting with the client; five scoping consultations by telephone to understand the latest development on MfG and priorities for the evaluation; analysis of baseline and monitoring data; developing a methodology/ pre-analysis plan (draft and final); data-linking and preliminary analysis (see below); design business survey questionnaire for mentees; topic guides for mentors and case studies.
- 2.8** We compared the outcomes and final impacts of mentee businesses ('treatment group') with a comparison group using statistical matching. This allowed us to identify any differences which can be attributed to the intervention of MfG. The non-beneficiary comparison group was identified in the ONS business register snapshots held at the Secure Research Service (Business Structure Database, BSD).
- 2.9** Table 2-2 presents the key outcomes and impacts that were measured and the data sources for the mentee beneficiaries and the comparison group (for both organisation- and individual-level effects). It is important to note that for some of the measures it was not possible to establish a comparison group.
- 2.10** In Phase 2, we undertook 69 mentee and 19 mentor telephone interviews;²⁹ produced a draft interim report on information collected and discussed this with the client. We also purposively selected eight case studies to demonstrate impacts and how they have occurred.

²⁹ One mentor interview was conducted after completion of quantitative analysis. Their perspectives were reflected in qualitative assessment but are not presented in this report in any quantified figures related to mentor interviews.

The selected case studies were designed to be illustrative of effects, not representative of experiences of the programme. These provided tangible examples of how the mentoring relationships are working, and how the activities undertaken lead to outcomes and impacts. These have been written up based on feedback from eight 'paired' mentees and mentors - illustrating the relationships between mentors and mentees and how this has resulted in economic impact for the firms involved.

Table 2-2: Outcome/impact measures and data collection

Data collection		
	Mentee businesses	Comparison group
<i>Organisational:</i>		
Business performance: employment, turnover, costs	Administrative data – BSD	Administrative data – BSD
Adoption of new M&L practices	Beneficiary Survey	Business surveys linking into LSBS
Improved understanding of the benefits of mentoring	Interviews, case studies	
<i>Individual:</i>		
Increased awareness of M&L practices	Interviews, case studies	
Improved knowledge and skills (incl. soft skills such as trust, communication)	Interviews, case studies	
Increased confidence in implementing M&L skills	Interviews, case studies	

Source: SQW; MfG logic model

2.11 The final phase involved econometric analysis of the programme's impact – to determine the changes in the supported businesses that could be attributed to the support. We then analysed and triangulated all the evaluation evidence from the different research strands. We assessed programme performance against the theory-based framework described earlier in this section – testing the underlying logic and theory of change as to whether the MfG programme delivered the intended outcomes and impacts.

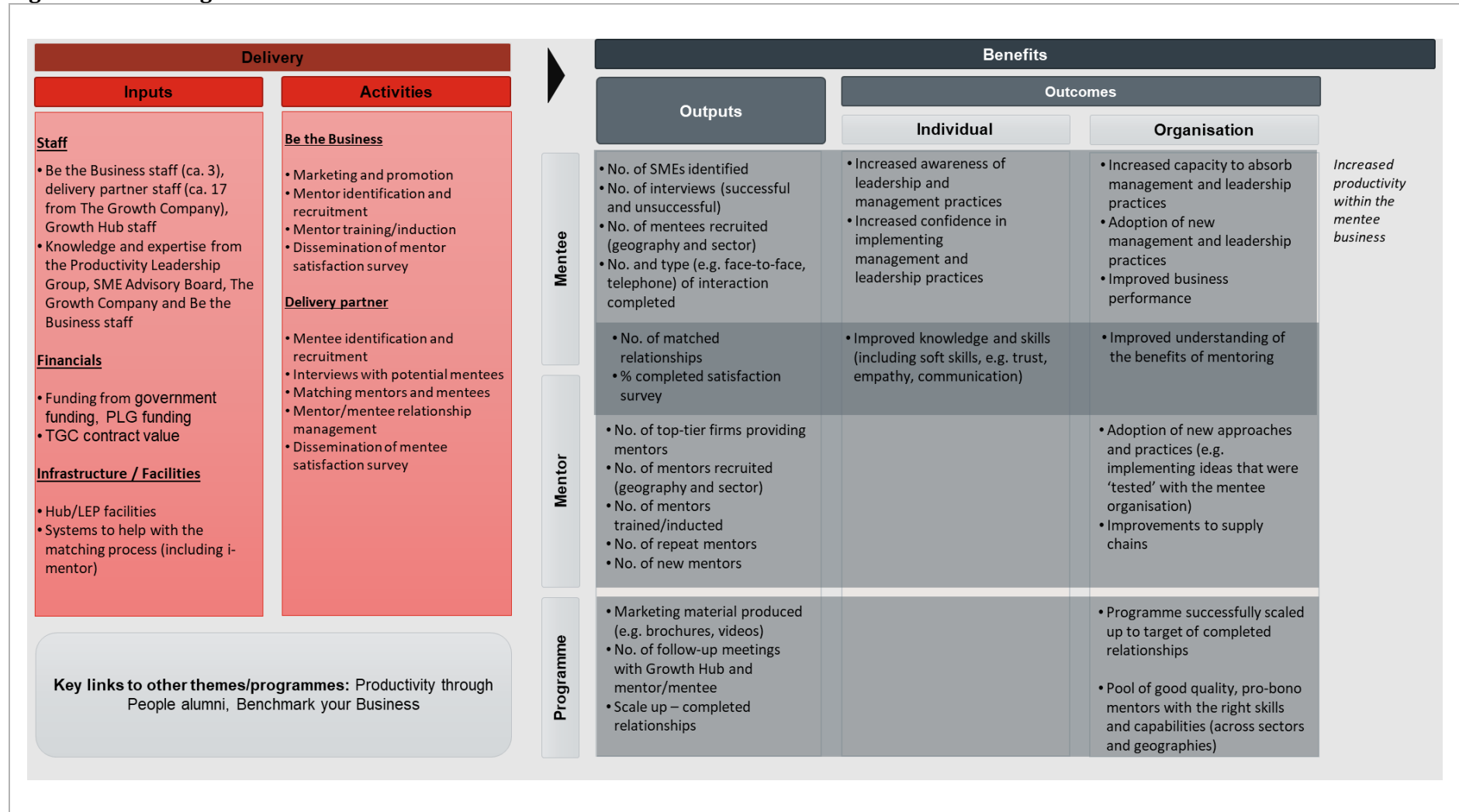
3. Programme profile

- 3.1** This section outlines the MfG programme logic model and theory of change. It also profiles MfG participants based on the monitoring data provided by BtB and the sample captured through the beneficiary survey.

Logic model and theory of change

- 3.2** Figure 3-1 presents the logic model for the MfG programme. This sets out the delivery (i.e. inputs and activities) and expected benefits (i.e. outputs, outcomes, and impacts) of the programme. The inputs include: staff from BtB and the four Growth Hubs participating in the pilot (and then the Growth Company as the national delivery organisation); financial input from BtB; and infrastructure/ facilities provided by BtB and the Growth Hubs. The key activities include: marketing and promotion of the programme; recruitment and matching of mentees and mentors, management of paired mentoring relationship; and satisfaction surveys. These activities are expected to lead to outputs and outcomes for both mentees (primary beneficiary) and mentors.
- 3.3** The outcomes for the individual mentee include: increased awareness of management and leadership practices; improved knowledge and skills (incl. soft skills, such as trust, empathy, communication); and expanded professional networks. These individual effects are expected to translate into outcomes for their organisations through, for example: adoption of management and leadership practices; improved understanding of the benefits of mentoring; and improved business performance. In the longer term, the range of outcomes, in particular adoption of management and leadership practices are expected to increase productivity within the mentee business. For the individual mentor, the programme is expected to mainly lead to improved knowledge and skills, and improved understanding of the benefits of mentoring. It is not expected these will translate into measurable impacts for their organisation.
- 3.4** In addition, there are programme-level outcomes: a successful scaled up programme and a pool of good quality, pro-bono mentors with the right skills and capabilities (across sectors and geographies). In the longer term, all the outcomes and impacts described above are expected to make the programme sustainable, replicable, and ensure the effects can diffuse through the economy.

Figure 3-1: MfG Logic Model



Source SQW, BtB

3.5 The theory of change described above rests on several key assumptions about the programme's delivery and effects which are summarised in Table 3-1.

Table 3-1:Key assumptions behind the theory of change

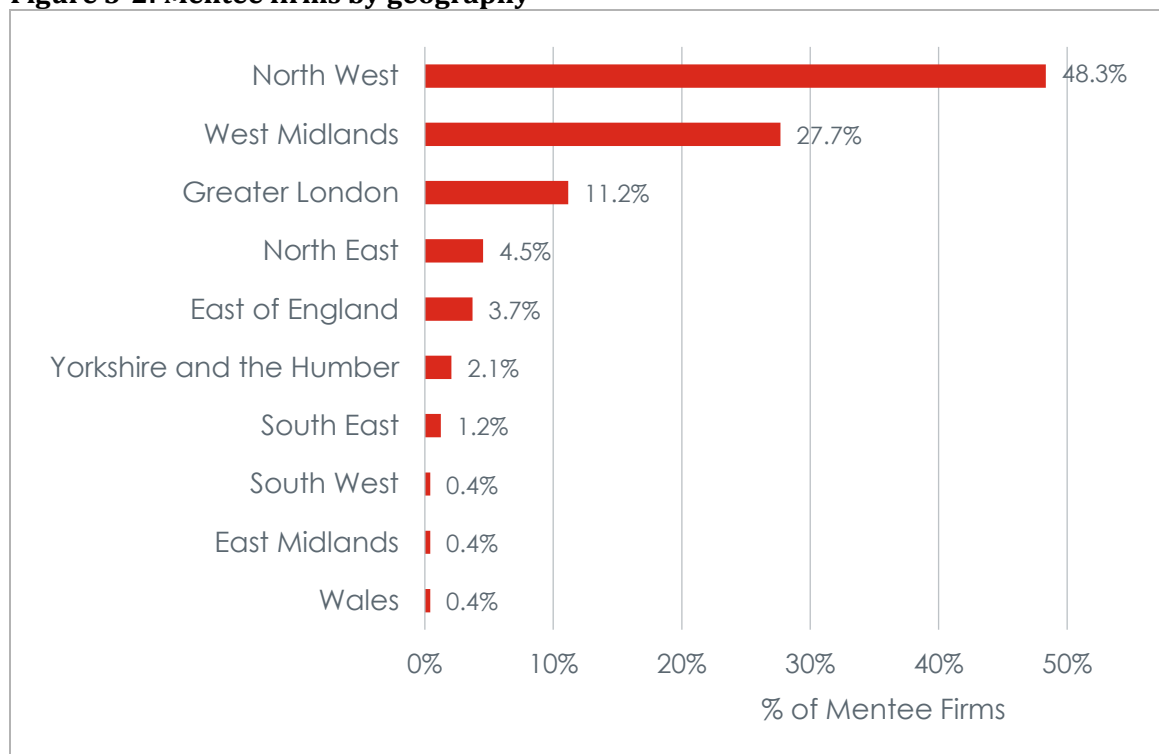
Strategy (Context/ Rationale)	Delivery	Effects
<ul style="list-style-type: none"> SMEs do not know where or how to access management and leadership expertise from top tier firms and/or find the cost prohibitive SMEs lack skills, resources, and absorptive capacity in adopting management and leadership practices. There are no other tailored, pro-bono SME support schemes for improving management and leadership and ultimately productivity. 	<ul style="list-style-type: none"> There is sufficient supply of high-quality mentors and demand from mentees The teams at BtB and The Growth Company are sufficient to manage the operational demand and scale up There is marketing, evaluation and central coordination support for the programme at BtB Partnerships are effective and with the right organisations (including delivery providers and PLC/PLG relationships) The programme has a scalable operating model and infrastructure The programme has mechanisms in place to share knowledge and experience between mentors to maximise benefits 	<ul style="list-style-type: none"> The programme is able to attract and retain high quality mentors Mentors from top-tier companies are high quality It is possible to transfer and apply learnings from large corporations to SMEs. The programme is able to engage SMEs that are not aware of the leadership and management expertise found in top-tier firms, and/or do not know where to go or how to access this expertise. The improved knowledge and skills translate into organisational level productivity (and other) benefits
<p>Alternative/complementary explanations:</p> <p>(1) Mentee businesses access support from other sources including other programmes that improve productivity</p> <p>(2) Internal business strategies and plans (existing and new) influence outcomes and impacts</p> <p>(3) External economic conditions influence outcomes and impacts.</p>		

Source: SQW, BtB

Profile of programme participants

- 3.6** In May 2020 SQW received and analysed the latest monitoring data Be the Business had collated on the Mentoring for Growth programme. As the programme is ongoing and recruitment continues with a further Cohort 3, the data reported below should be read as a snapshot of the programme characteristics at that point in time.
- 3.7** Overall 242 mentee businesses participated in the Mentoring for Growth programme across the pilot, Cohort 1 and Cohort 2, a total of 335 mentees. Some mentee businesses (28) participated in multiple cohorts with different members of staff. 42 businesses had multiple mentees engage in mentoring relationships, including instances of ‘simultaneous support’.³⁰
- 3.8** Just under half of these businesses (100, 41%) were based in the North West, with a further quarter (66, 27%) based in the West Midlands (Figure 3-2). There were much smaller proportions of companies recruited from Greater London, North East, East of England and Yorkshire and Humber (52, 10% in total). There was a very small representation on the programme from the South East, South West, East Midlands and Wales.

Figure 3-2: Mentee firms by geography



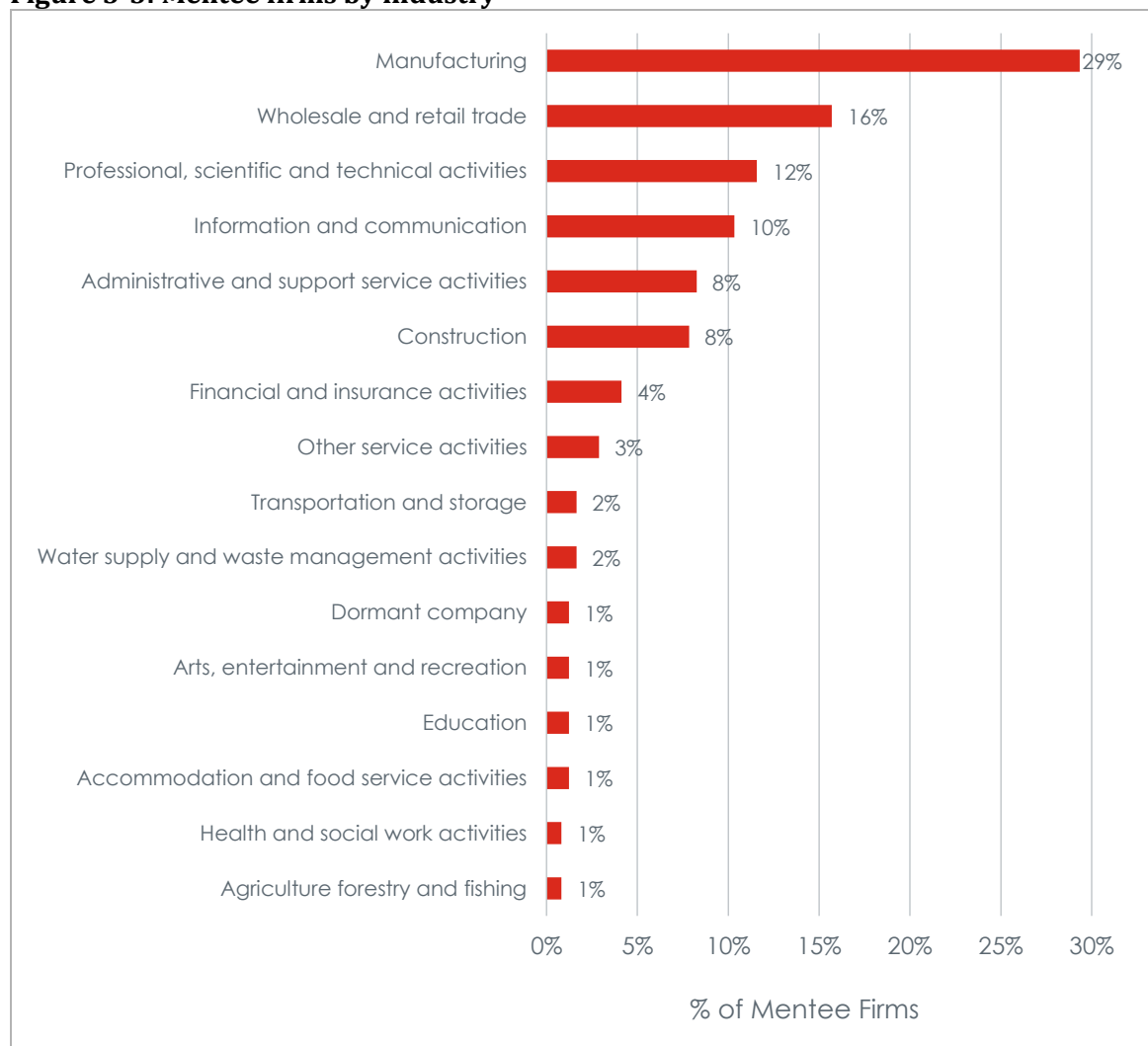
Source: SQW monitoring information from Be the Business (n=242)

- 3.9** Figure 3-3 shows the profile of mentee business by industry. Manufacturing businesses accounted for just over a quarter of all mentee businesses (71, 29%), with wholesale and retail businesses the second largest group (38, 16%). However, manufacturing businesses increased in representation in MfG since the pilot.

³⁰ However, the survey fieldwork revealed that some ‘simultaneous’ relationships were not sustained.

- 3.10** Information and communication; administration; and professional, scientific and technical service sectors accounted for around one-quarter of the businesses recruited in total. The number of mentee businesses participating from these industries has steadily grown from the pilot up to Cohort 2.
- 3.11** A smaller proportion of businesses were recruited from hospitality, arts and entertainment, education and agriculture sectors (11, 4% in total). These mentee businesses were mostly recruited in Cohort 2 which suggests awareness of the potential opportunities that MfG offers may be growing in these sectors.³¹
- 3.12** Lower numbers of businesses from education and health and social care are less surprising given the high prevalence of the public sector in these areas.

Figure 3-3: Mentee firms by industry



Source: SQW monitoring information from Be the Business (n=242)

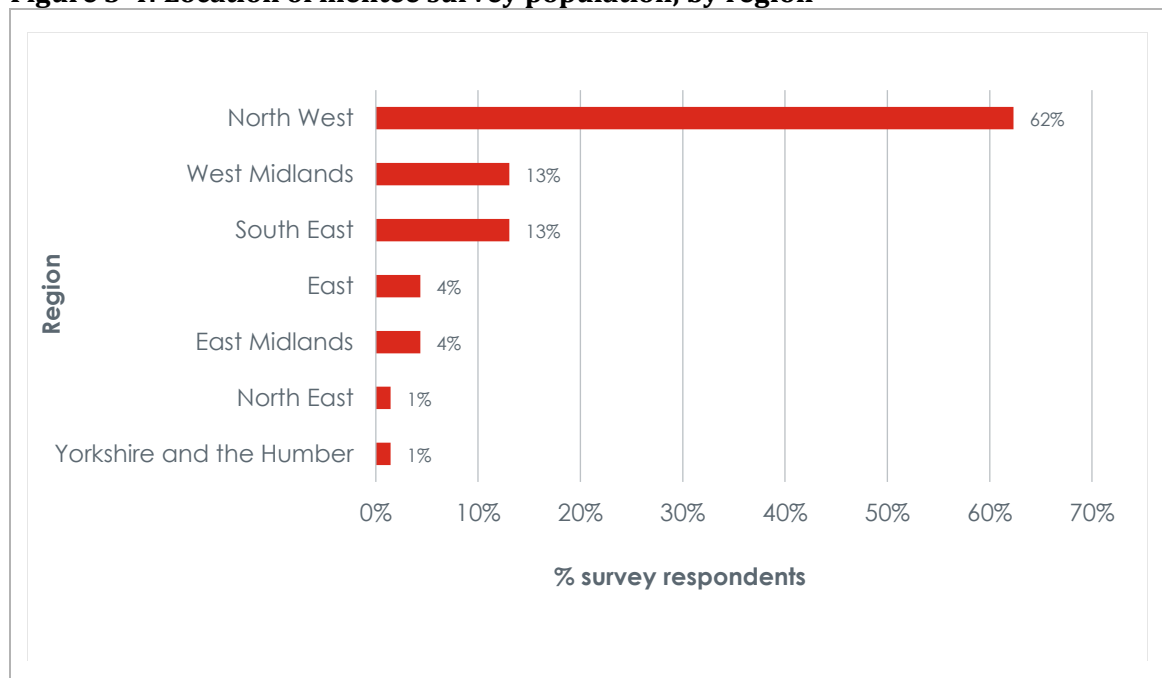
³¹ It is also worth mentioning that until late 2020 BtB run a programme specifically for hospitality and tourism businesses – Collaborative Networks for Hospitality and Tourism. This can also partially explain the lower number of businesses from those sectors on MfG.

Profile of evaluation participants

Overview of mentee businesses

- 3.13** SQW received monitoring data on mentee participants from Be the Business. From this data, a sample of mentees was selected representing different cohorts, geographic areas, and business sectors. A total of 287 mentees were contacted and invited to participate in the evaluation. The profile findings were based on our analysis of the 69 mentees who responded.
- 3.14** Almost two thirds of surveyed mentees (61%, 42 respondents) were part of the most recent mentoring cohort, cohort 2. A further 15 mentees (22%) were part of cohort 1, and 14 mentees (20%) were part of the pilot group. The majority of surveyed mentee businesses were located in the North West of England (62%), with other small clusters in the West Midlands (13%), and the South East (8%) (Figure 3-4).

Figure 3-4: Location of mentee survey population, by region³²



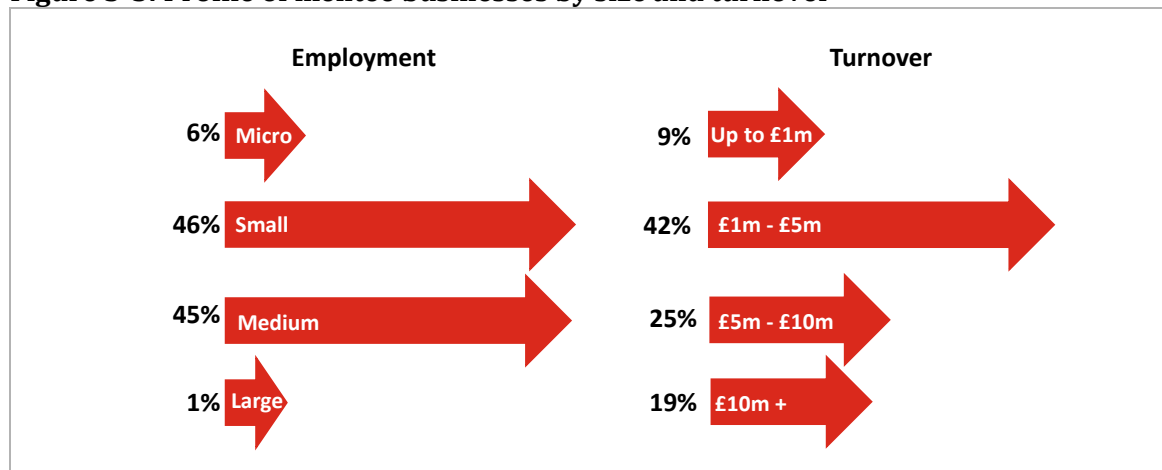
Source: Mentee survey; n=69

- 3.15** Figure 3-5 shows the profile of the mentee businesses by size and turnover.
- 3.16** There was a relatively even split between those who reported an ongoing mentoring relationship (49%) versus those who reported that their relationship was completed (46%). A small minority of mentees (4%) did not know what the status of their relationship was at the time, often because it had been a long time since their previous meeting, but they had not formally closed the relationship.

³² South East includes London.

3.17 The degree to which the sample was representative of the programme population with respect to sectoral and regional composition as well as the composition by cohort was tested using formal statistical tests.³³ The result suggested that the sample was representative of the programme.

Figure 3-5: Profile of mentee businesses by size and turnover³⁴



Source: Mentee survey; n=69

Motivations for engagement

3.18 The main objective of the Mentoring for Growth programme, namely to improve productivity within mentee businesses (by improving management and leadership practices and developing mentee skillsets), does not appear to have been the motivating factor in attracting mentees onto the programme. **When mentees were asked to explain what motivated them to join the MfG programme, their responses reflect that they did not view the mentoring primarily as a way to improve their business productivity.**³⁵

3.19 Mentees cited a variety of reasons for participating, the most common of which were: to achieve business growth, personal development, strategy support, and improve management skills.

3.20 Of 118 responses,³⁶ 33% of mentees (23 respondents) were motivated to engage with mentoring to achieve business growth. Mentees were at varying stages of business development, some were transitioning from the start-up stage into the scale-up stages, while others were challenged with managing growth, moving premises and recruiting staff. They were looking for advice on systems and processes which would need to be updated and changed due to growth, as well as advice on the challenges that scaling up and increased

³³ The tests used to check representativeness of the sample included Pearson χ^2 and Fisher exact tests of proportions.

³⁴ Note that though the programme supports SMEs some have grown into large companies by the time of the evaluation. This was the case with one of the mentee businesses that responded to the survey.

³⁵ Note that survey participants were asked these questions in an open response style – categories have been retrospectively constructed based on these responses.

³⁶ Note mentees could provide more than one response.

growth may bring. A few mentees were focused on breaking into the export market and were seeking support to attempt this. Linked to this, a further 14% of mentees (10 respondents) were concerned about business strategy and were seeking support on articulating a vision, strategy development, and improving their product/service offer.

“My focus is on scaling the business. It is moving out of the start-up phase and into the scale-up phase, I wanted guidance on the challenges” [Mentee]

- 3.21** As well as business-level motivations, some mentees joined MfG for their personal development (16%), to focus on career progression, developing new technical skills (including digital) and personal organisation. A small proportion of mentees had recently gained new roles within their business and/or joined their business board which presented new challenges for them to meet.
- 3.22** Finally, a need for improving management skills was identified as a reason to engage with the programme by 13% of surveyed mentees, while a need for staff development was acknowledged by 9% of respondents.
- 3.23** It is important to note that over one third of the respondents (35%) stated that there were no particular issues that they were seeking to address, but that they were simply looking to access advice from experienced business leaders, and gain an external perspective (possibly from another industry) on their business. This reasoning suggests a **wider lack of confidence among this group of SME leaders**, an observation which was reinforced both within mentee and mentor interviews where isolation within the SME business community was cited as a concern.
- 3.24** **Only five mentees (7%)** directly reported that **they were seeking efficiencies and improved productivity** from their participation in the programme. However, while this may reflect the marketing of the programme and recruitment criteria, it is not necessarily an issue. Depending on the activities undertaken between the mentee and mentor, a lack of understanding of productivity in the truest economic sense, does not prevent productivity improvements being achieved. The evidence presented in the following section suggests that this is in fact the case as over half of beneficiaries (51%) reported that their participation in MfG had a positive effect on productivity in their firm.

4. Outcomes and impacts

Key findings

- **The survey of 69 mentee businesses found that the MfG programme activities have translated into key individual-level outcomes:** improved knowledge and skills (80%), increased awareness of management and leadership (M&L) practices (67%), and/or improved confidence in implementing M&L skills (75%).
- **The increased awareness and new/improved knowledge and skills are resulting in new M&L practices within mentee businesses (54%).** These new practices covered a broad range of topics: leadership approaches, communication, staff engagement, target setting and performance monitoring.
- Mentees defined productivity relating to their business in a range of different ways, notably based on efficiency, growth, and to a lesser extent, cost. **Over half of the mentee respondents have experienced improvements in firm-level productivity a result of MfG.**
- A minority of mentees also observed changes in business performance: employment (38%), turnover (32%), and investment in R&D (23%). Business costs and overheads were less likely to be affected.
- **The role of soft skills and the personal dynamic (e.g. trust, openness, empathy, communication), between the mentee and mentor was considered important enabling factors** to achieving individual-level and organisational-level benefits.
- The above findings are encouraging given: a) the short time elapsed since relationships were completed (around half were still ongoing); b) the long and varied time-paths to impacts; and c) the wider economic conditions due to Covid-19 (just over one-third of mentees thought that their engagement with MfG had helped them to handle the Covid-19 crisis).
- The feedback from 18 mentors found individual-level benefits as a result of MfG: improved communication skills, increased self-confidence, improved understanding of SMEs.

4.2 This section presents evidence on direct outcomes of MfG generated to date and expected over the next two years based on the **survey of 69 business beneficiaries**. Specifically, it provides results on:

- individual-level outcomes, including increased awareness of M&L practices and improvements in skills and confidence to implement those M&L practices
- organisational-level outcomes, including adoption of new to business M&L practices, improvements to business performance and productivity.

4.3 It also identifies benefits for mentors, although this was not the primary purpose of MfG.

4.4 In presenting the evidence below, we wish to highlight the following points.

- A relatively short time has elapsed since the mentoring relationships of surveyed mentees ended (32, 46%) with almost half of the relationships ongoing (34, 49%)³⁷ at the time of the survey, thus influencing the time to outcomes and impacts being realised.
- The quality of the matching and nature of the mentoring activities undertaken influenced the effects realised, and the subsequent attribution to the programme.
- Mentees were not asked to provide any quantitative estimates on the influence mentoring had on business performance (e.g. employment, turnover), but did provide the direction of change (higher or lower).
- Covid-19 resulted in additional challenges for the survey work and for mentee firms: just over one-third of mentee respondents indicated that Covid-19 had hindered their ability to achieve anticipated benefits from MfG.
- In attempt to disentangle the effects of covid from the effects of the programme, the majority of questions in the survey asked for data at three points in time: 'before the programme', 'by March 2020', and 'at the time of the interview'. Often mentees struggled to distinguish between the first two which resulted in little to no variation in answers. This limited our ability to explicitly separate effects of Covid-19 from effects of MfG.
- The estimated margin of error in the survey is up to 10 p.p. In other words, if 50% of respondents reported a benefit, we can be 95% certain that the true proportion that would have been observed in the whole population is between 40% and 60%. The margin of error is the largest when the proportion of responses is close to 50%.

³⁷ Figures for completed and ongoing mentoring relationships do not sum to 69 mentee respondents (i.e. 100%) because data were not available for three respondents.

Mentee outcomes

Individual-level

- 4.5** Almost all mentees had developed individually from their mentoring relationships. Table 4-1 indicates that the majority of mentee respondents experienced the following benefits as a result of MfG: **improved knowledge and skills, increased confidence in implementing M&L skills, and to a lesser extent increased awareness of M&L practices.**

Table 4-1: In terms of your [mentee] personal development, which of the following benefits have you experienced

	Achieved	Expected over next 2 years	Not expected / not relevant	Refused	Don't know	Total
Increased awareness of M&L practices	67%	3%	25%	1%	4%	100%
Improved knowledge and skills (incl. soft skills such as trust, communication)	80%	1%	16%	0%	3%	100%
Increased confidence in implementing M&L skills	75%	1%	20%	0%	3%	100%

Source: Mentee survey; n=69

- 4.6** For mentees reporting improvements in knowledge and skills, the top skills and capabilities related to communication (29%) and leadership (20%). In this context, respondents considered communication in a broad way, encompassing basic listening skills to the communication of complex strategy – incorporating skills not only for communicating *with employees*, but also *to and within senior management*. The feedback suggests that some mentees purposefully worked on communication skill with their mentor, whilst others improved it through implicit learning i.e. recognising the benefits of open and honest communication within the MfG relationship and seeking to replicate it in the workplace.³⁸ In terms of leadership, this also covered a wide of range of skills, for example adopting a leadership style of asking challenging questions to stimulate employee engagement, after seeing the efficacy of this method in their own mentoring relationship.

³⁸ From reviewing mentee responses, it appears mentees generally distinguished between communication practices and communication skills (as discussed above). The former is about learning new practices while the other is about use/implementation of skills, although there is likely to be some inevitable overlap between the two in minds of mentees.

4.7 For mentees reporting improved awareness of M&L practices, this included: **communication practices (22%)** – conflict resolution, methods for circulating information (e.g. frequent team meetings), and personality profiling to understand preferred styles of communication; staff engagement (13%) – for example, one mentee described how they learned to identify the strengths and weaknesses within the team, and how to utilise individual skillsets accordingly; and target setting and performance monitoring (10%) – mentees described the introduction of new goals, at both individual and company levels and how they would monitor progress towards these goals. In the view of two different mentees:

*“I have shifted the focus away from managing the team to **leading** the team, with a real focus on empowering individuals. In the way that the team has been restructured, every individual now has their strengths played to.”*

“I now have a better understanding of the metrics I should be using to track performance within my team and know how to implement this. These metrics now provide a much clearer oversight on how the team is performing.”

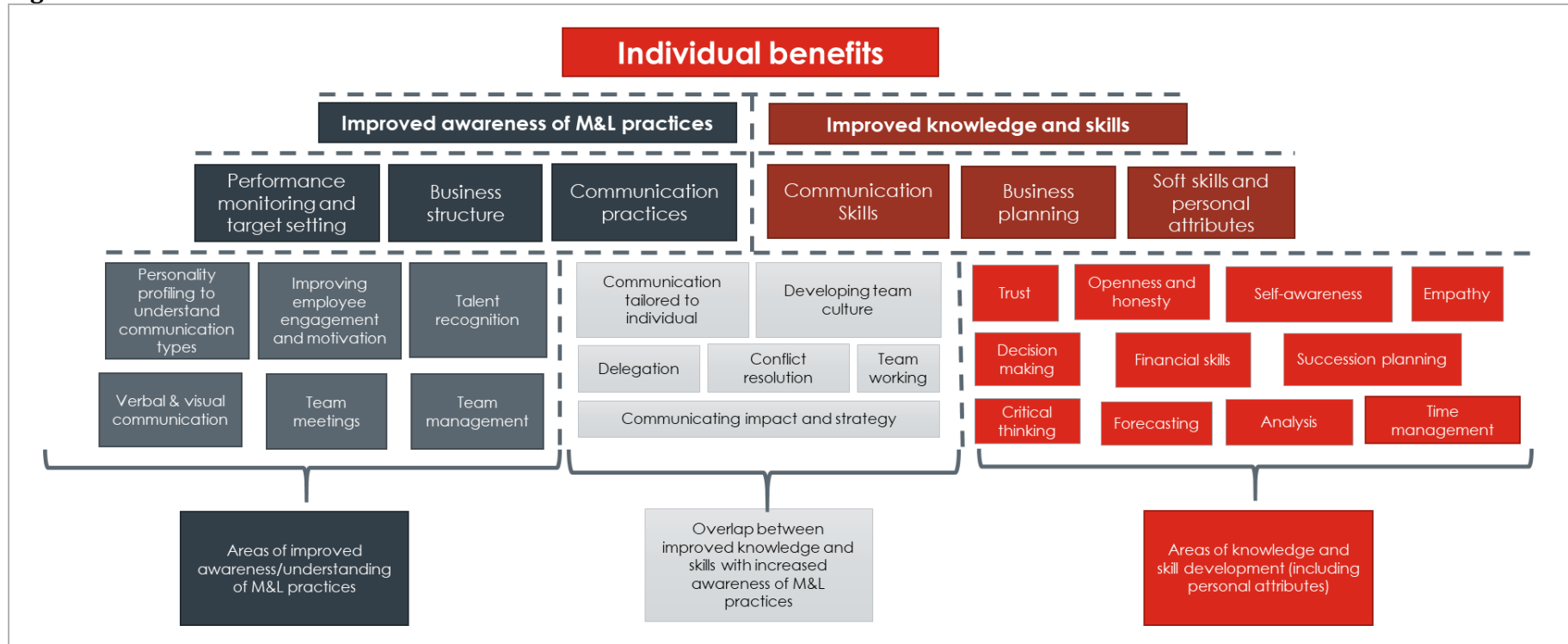
4.8 For mentees reporting increased confidence in implementing M&L skills, their boost in confidence resulted from having a sounding board and someone experienced to reassure them that they were ‘*on the right track*’ in terms of their M&L practices. For several mentees, the advice from their mentor – an independent opinion outside of their business – was of paramount importance. On average, mentees reported an increase in their confidence of 6.5 out of 10. In the view of one mentee:

“Being able to speak to a mentor from a large organisation made me realise that the challenges we face are not unique. It validated that I am doing things well”

4.9 Figure 4-1 summarises the individual-level mentee benefits as result of participating in MfG. We highlight the following:

- There is overlap between awareness of M&L practices, and knowledge and skills
- Soft skills (e.g. trust, openness, empathy) are as important as hard skills (e.g. business planning, financial skills)
- The routes to benefits are varied and focus on learning and implementation
- Mentees were not able to easily distinguish between increased confidence and other outcomes.

Figure 4-1: Individual mentee benefits



Source: SQW based on business survey

Organisation-level

4.10 For over half of the mentees (54%), MfG has led to the adoption of new M&L practices in their organisation. However, the results also indicate that for a sizeable minority (45%) participation in MfG has not led to adoption of new M&L practices within their organisation, suggesting further work needs to be done to understand and drive adoption of M&L practices.

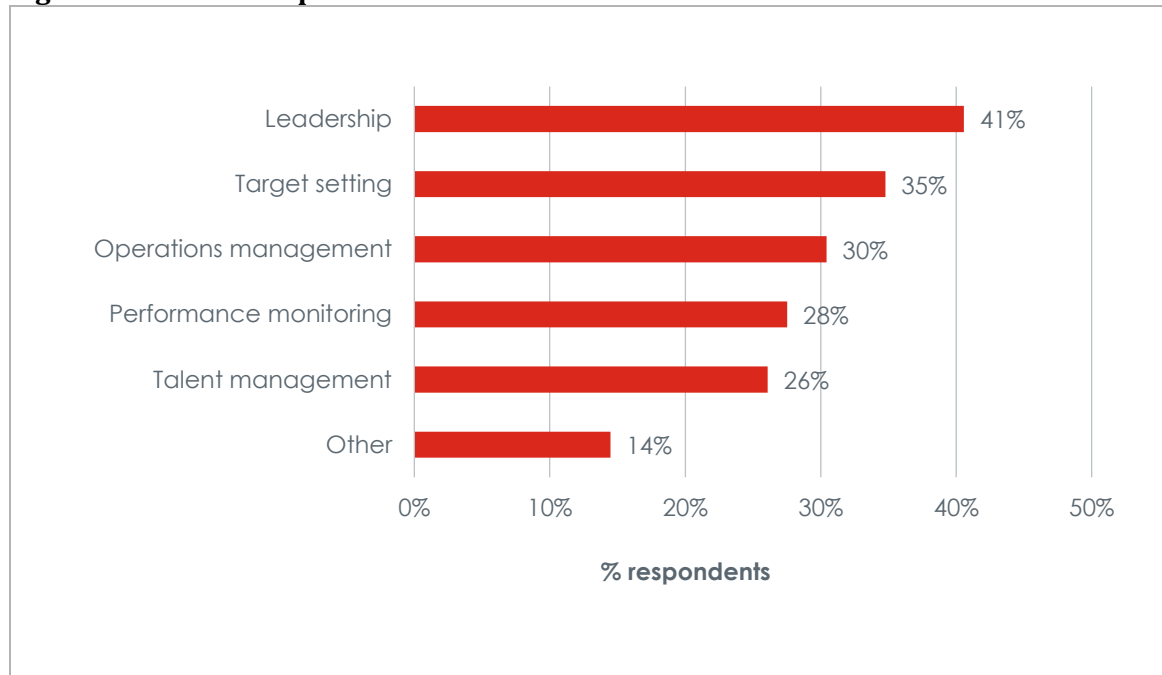
Table 4-2: Impact of MfG on M&L practices

Response	Has your participation in MfG led to adoption of new M&L practices in your organisation? (n=69)	If yes and support has ended: Have these changes been sustained since MfG support ended? (n=15)
	% respondents	% of those who have completed programme and adopted new M&L practices
Yes	54%	100%
No	45%	0%
Don't know	1%	0%

Source: Mentee survey; n=69

4.11 New M&L practices were introduced across a broad range of management areas, including (in order from the highest): leadership, target setting, operations management, performance monitoring, and talent management (Figure 4-2).³⁹ 'Other' examples of M&L practices that have been adopted include: development of succession plans, more stringent time management techniques, and use of visual management methods. **Almost all (86%) of those who reported the adoption of new M&L practices did so in multiple areas.** This suggests that the mentoring relationships had a far-reaching impact within the mentee companies rather than focusing on one particular issue. Critically, of the 15 respondents who introduced new practices, and have since completed their mentoring relationship, all reported that the practices have been sustained.

³⁹ This was a multiple-choice survey question.

Figure 4-2: New M&L practices introduced

Source: Mentee survey; multiple response (n=69)

4.12 To complement the survey analysis we examined a set of additional questions used to measure adoption of M&L practices in the wider business population through the Management and Practices Survey (2016)⁴⁰ and Longitudinal Small Business Survey (LSBS).⁴¹ Responses were collected from 39 mentees. **An exploratory analysis of mentee responses to a subset of questions from MPS indicates that nearly 60% of those who answered these questions⁴² saw an improvement in their management practices 'score' after MfG.** The questions explored: a) the approach taken by mentee businesses to addressing any 'production problems'⁴³; b) the timeframe for their 'production' targets; and c) the level of difficulty they face in achieving those targets. The most common improvement (almost 40% of respondents to these questions) was achieved in relation to the time horizon for planning with mentee businesses adopting a combination of long- and short term-production targets as a result of MfG.

4.13 Data on a selection of M&L practices measured in the wider SME population through the LSBS was collected with a view of exploring the possibility of comparing the progress of beneficiaries against a comparison group drawn from the LSBS. These practices covered: a) keeping an up-to-date business plan, b) business and employee performance monitoring, and c) use of specialised software and web-based solutions in managing the business and keeping tax records. Our analysis indicated no statistically significant changes in responses to those

⁴⁰ <https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/managementandexpectationssurvey>

⁴¹ <https://www.gov.uk/government/collections/small-business-survey-reports>

⁴² Only 39 responses were collected during the survey.

⁴³ This survey was a pilot for the Management and Expectations (2020) survey and was targeted at manufacturing firms, hence the use of 'production terminology'.

questions i.e. which would exceed the margin of error for this small subsample of beneficiaries (+15p.p.).

4.14 Mentees defined productivity relating to their business in a range of different ways, notably based on efficiency and growth. Figure 4-3 provides examples of how mentees think about productivity. This is in line with wider business population who consider productivity differently to policymakers, economists etc. Inevitably, this contributes to the difficulty of measuring changes in firm-level productivity, especially where individual firms (and within the same business) interpret the concept in diverse ways. Some mentees also said that their definition of productivity and how it is measured differs in different parts of their business.

Figure 4-3: When talking about your business, what do you understand by 'productivity'

Theme	Inputs and outputs	Efficiency / efficacy	Cost	Growth	Individual performance
Mentee response examples	"The ratio of inputs to outputs"	"The efficiency and effectiveness of operations"	"How much output you're getting and what people are costing"	"Seeing improvements in productivity would be to see growth in the company"	"Utilising individual skillsets"
	"Doing more in the same or less time"	"Getting something from A to B effectively"	"Pounds per person hour. How much people cost and how much value they add"	"How many orders you can shift in a day"	"How much value individuals add to the company"
	"To increase productivity you must have the same input and increase output. Or reduce input and have the same output."	"Efficiently getting work in and out the door"	"Getting the most out of staff and providing cost effective solutions"	"Number of orderliness that can be processed"	"What kind of level of output is being achieved by individuals"

Source: Mentee survey; open response; n=69

4.15 Notwithstanding the above, the survey found that around half of mentee firms have increased productivity with the proportion rising to two-thirds when the benefits expected over the next two years are taken into account. This is an encouraging finding given the time it takes for productivity effects to come through following changes in business behaviour. Around 40% of mentees reported that participating in MfG had not affected firm productivity, declining to one-quarter of mentees on future expectations.

4.16 In the longer-term, the gap in percentages of those reporting an expected future increase in productivity and no expected effects on productivity appears to be widening, suggesting that more of these benefits from the programme should be realised over the next few years. Given that some of the mentees were in the early stages of their relationship, and the adverse business environment at the time of fieldwork (during Covid-19 restrictions), it is perhaps

unsurprising that more mentees expected productivity from their engagement with the programme within the next two years.

Table 4-3: Realised and expected impact of MfG on productivity

How has participation in MfG affected productivity of your organisation to date?	% respondents	What effect do you expect MfG to have on productivity of your organisation over the next two years?	% respondents
Has increased productivity	51%	Increase productivity	67%
Has not affected productivity	41%	No effect on productivity	25%
Has decreased productivity	0%	Decrease productivity	0%
Don't know	6%	Don't know	4%
Refused	1%	Refused	3%

Source: Mentee survey; n=69

4.17 Given the varied interpretation of productivity, the types of mentee businesses (e.g. sector, age, location), it was not surprising that the routes to productivity gains were also quite varied. The qualitative evidence, including from case studies, identify some of the routes through which productivity benefits were achieved (or expected to be), as described by mentees:

- **Target setting** introduced as a result of the mentoring brought a heightened sense of accountability. With explicit goals and deadlines, mentees (or their employees) were motivated to work faster, leading to increased productivity.
- **Restructuring of teams** in one mentee company meant that each individual played to their strengths. For example, the mentee recognised the skills and potential of a current employee and promoted them from an administrative role into a new project management role. This increased productivity as individuals could work in areas that they were most competent in.
- **KPIs and monitoring** were a key focus of several mentor/mentee relationships. They acted to increase clarity around how different parts of the business were performing. For one mentee, this helped to identify inefficiencies stemming from the warehouse. The warehouse was reorganised to improve efficiency of operations and so increase productivity.
 - This is illustrated in our case study on Handling Concepts (Annex A). Improvements in product delivery processes were required as there were challenges in product development running over schedule and over budget. The mentor talked the mentee

through establishing control mechanisms, KPIs and process ownership from the product design to the shop floor to prevent delays and overspend.

- **Site visits to mentors' companies** allowed some mentees to see the best practice in terms of productivity measures, these were brought back to the mentee company and used to track productivity performance.

4.18 In a small minority of cases, businesses reported an increase in productivity, but linking to the previous discussion on the understanding of productivity, they could not evidence the change:

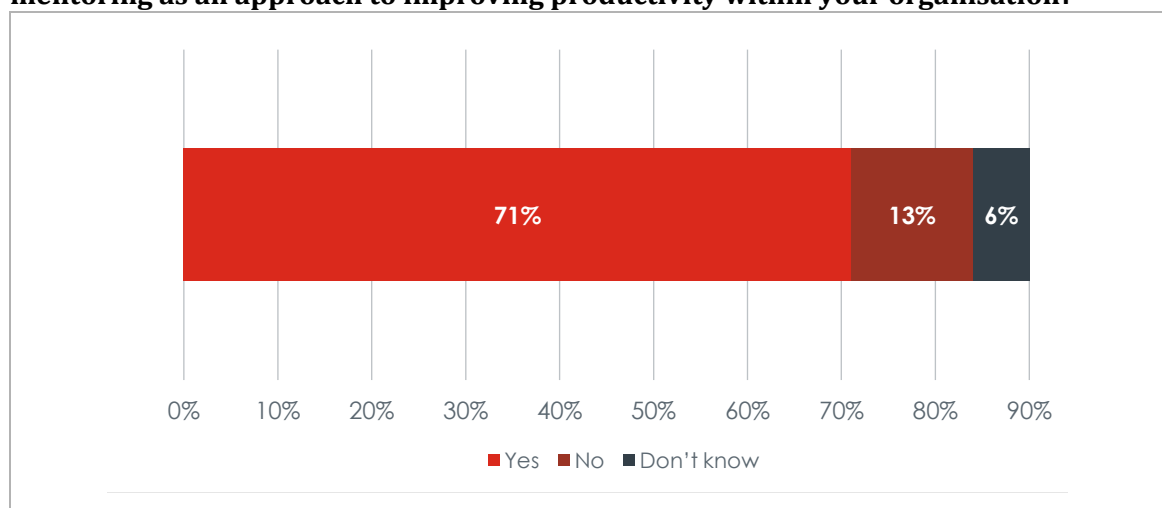
"Productivity has definitely increased but we are not able to measure it in any meaningful way"
[Mentee]

4.19 In situations where productivity outcomes had not (yet) been realised, the wider context is often relevant:

"There has not been any effect on productivity, but this doesn't necessarily reflect a failure of the programme – rather just the timing of it. Only a week or two after first meeting my mentor, the country was in lockdown [Covid-19 restrictions] and I had more important issues that I needed to firefight" [Mentee]

4.20 The above findings on productivity are supported by approximately three-quarter of mentees who thought that MfG has improved the understanding of the benefits of mentoring as an approach to improving productivity within their organisation (Figure 4-4).

Figure 4-4: Do you think that MfG has improved the understanding of the benefits of mentoring as an approach to improving productivity within your organisation?

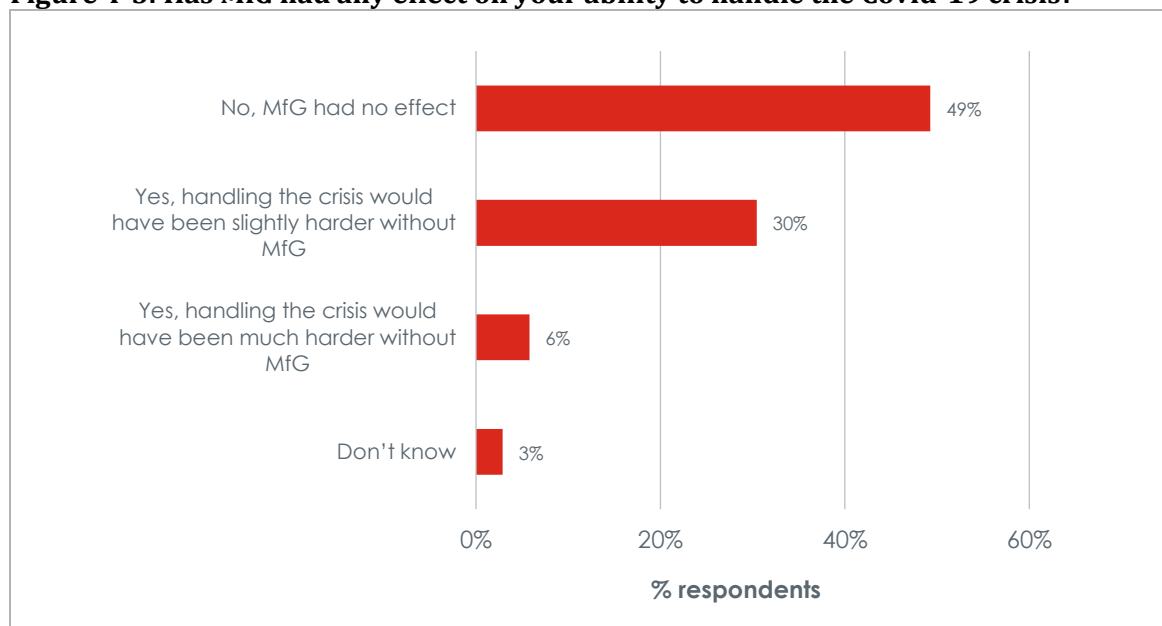


Source: Mentee survey, n=69

4.21 It is important to highlight that at the time of fieldwork, Covid-19 was having a profound impact on businesses in the UK. Indeed, **35% of respondents noted that the pandemic had hindered their ability to achieve anticipated benefits from MfG**. This has implications for productivity outcomes as well as other business performance metrics.

4.22 In a limited number of cases, the programme was found to help businesses navigate the crisis: 36% of mentees reported that handling the crisis would have been slightly or significantly harder without MfG (Figure 4-5). Mentees explained that the programme helped with Covid-19 through a variety of means, including: assisting with the adjustment to new working practices, providing a general sounding board to discuss any Covid-19 related issues, inspiring personal resilience and confidence, and helping the business to pivot or flex. In particular, one mentee benefited from their mentor being involved in the Covid taskforce in their own business. Their knowledge ensured business continuation and helped to improve reputation with clients.

Figure 4-5: Has MfG had any effect on your ability to handle the Covid-19 crisis?



Source: Mentee survey, n=69

Employment and turnover

4.23 Around one-third of mentee firms have experienced employment and turnover benefits. Approximately one-fifth of mentees report benefits in (each) investment in R&D and innovation, costs of doing business, and spending on overheads (Table 4-4). Importantly, the benefits reported tend to occur together: it is unlikely for mentees to report only one business benefit (14%). Looking forward, there is a reasonable portion of mentees who have not yet experienced these benefits but expect to within the next two years.

Table 4-4: In terms of the benefits to your organisation, which of the following have been affected or you expect to be affected in the next 2 years as a result of the MfG programme?

	Achieved	Expected over next 2 years	Not expected / not relevant	Refused	Don't know
Employment	38%	28%	30%	3%	1%
Turnover	32%	29%	30%	3%	6%
Costs of doing business	22%	23%	46%	3%	6%
Spending on overheads	17%	10%	61%	6%	4%
Investment in R&D and innovation	23%	16%	52%	3%	6%

Source: Mentee survey, n=69

4.24 In most cases, when mentees reported a benefit for business performance realised as a result of their engagement with MfG, they were able to provide the 'direction' of the effect (i.e. whether the level was 'higher', 'lower' or 'stayed the same'). The results in Table 4-5 suggest that for most respondents to this question, employment, turnover investment in R&D and innovation were higher as a result of MfG. Similarly, most respondents indicated that costs of doing business, and spending on overheads (i.e. expenditures which cannot be immediately associated with products or services being offered) were lower because of MfG.

Table 4-5: In terms of the benefits to your organisation, are these higher, lower or no change as a result of the engagement with MfG?

	Achieved (n)	Direction of the effect on mentee firms that achieved an impact		
		Higher (%)	Lower (%)	No change (%)
Employment	26	81%	12%	4%
Turnover	22	95%	5%	0%
Costs of doing business	15	33%	53%	13%
Spending on overheads*	12	30%	60%	0%
Investment in R&D and innovation	16	91%	0%	0%

Source: Mentee survey, n = see second column. Note: * refers to expenditures which cannot be immediately associated with products or services being offered

Further perceptions

4.25 To quantify mentees' perception of the programme, they were asked to rate, on a scale of zero to 10, how likely they were to recommend MfG to other potential mentees. Table 4-6 presents the breakdown of their responses. Based on these data, we calculate a Net Promoter Score (NPS) of 58, it is therefore clear that the mentees' view of the programme is overwhelmingly

positive.⁴⁴ Furthermore, **two-thirds of mentees would adopt mentoring within their organisation based on their experience of MfG** – further confirming the positive perceptions of MfG.

Table 4-6: On a scale of 0 to 10, how likely are you to recommend the MfG programme to other potential mentees, where 0 means that you would not recommend the programme at all, and 10 that you would recommend them unreservedly?

Rating	Number of respondents	% respondents
0	0	0%
1	1	2%
2	1	2%
3	1	2%
4	1	2%
5	3	5%
6	2	3%
7	2	3%
8	8	12%
9	2	3%
10	45	68%

Source: Mentee survey, n=66

4.26 The mentor interviews provided further evidence as to the overall value of the programme to mentees. Of the 18 mentors interviewed, 12 (67%) believed that their mentee had achieved their goals. A further five mentors (28%) reported that their mentee had partially achieved their goals. Encouragingly, most of the latter group expected their mentee to achieve their goals in the next two years (17%) or to partially achieve their goals over the same timescale (11%). Overall, mentors also had a positive opinion of the programme and provided an NPS of 67.

Mentor outcomes

4.27 Interviews with 18 mentors identified a range of benefits as a result of the programme (see Table 4-7 for examples):

- A range of soft skills (89% of mentors), and their transferability across sectors and business. Key soft skills included:
 - **improved communication skills**, in particular those relating to listening and questioning were cited by ten mentors as a key development area. In the mentors'

⁴⁴ The Net Promoter Score is a widely used market research metric. It is based on responses to a question asking consumers how likely they are to recommend a certain product or service. It is calculated by subtracting the proportion of individuals who scored 0-6 from the proportion of those who scored nine or ten. Values above 50 are often considered to be 'excellent'.

opinion, these skills were critical to the success of the relationship, helping them to get to the ‘*root cause*’ of the issue at hand and identify the most effective solution.

- **increased self-confidence** was reported by three mentors as a positive outcome from their relationship. Participating in the programme gave these mentors a newfound belief in their capabilities which they are then able to transfer back to their own companies.
- **Improved understanding of SMEs (78% of mentors)** – this included a better understanding of: the challenges SMEs face, the pace of change within SMEs, and the difference in the attitude to risk at an SME vs a larger company (“*larger companies tend to play it safe*”). Overall, these insights enabled mentors to relate to SMEs more easily. This is an important capability for large companies which are likely to be dealing with SMEs through their supply chain.

4.28 In addition, there were unexpected benefits to mentors related to personal satisfaction and improved mental well-being. Also, in a select few cases, mentors reported that their company also benefited from MfG, albeit in a confined manner. Overall, the findings on the effects of the programme on mentor organisations are not surprising given the focus of MfG is on SMEs.

Table 4-7: Examples of mentor feedback on individual-level benefits

“I’ve learned to ask better questions – and that its okay not to get an answer. Stimulating a conversation that produced more questions than answers is okay”

“I am an extreme introvert... MfG has led me to have extra confidence and take more belief in my work”

“I’ve been using my communication skills in a different language – the process has taught me how to speak in plain English rather than acronym and buzz words”

“Mentoring is not just about what you give – you get so much back”

“In my new role I’m managing people that I haven’t managed before – they are a different type of people to my previous team. I have a broader range of skills now as a leader and these have played out in my new team”

“I’m now a more effective mentor within my company due to the practice I had in the MfG”.

Source: Mentor survey

Wider impacts

4.29 The MfG programme has also generated some wider impacts for mentee firms’, customers, suppliers and collaborators. It is important to caution that the findings in this sub-section are based on the perceptions of mentees on wider benefits. We have not verified these outcomes directly with e.g. customers and suppliers.

4.30 Almost a third of surveyed mentees (30%) thought that their customer base had already indirectly benefited from the outcomes achieved through MfG. A further 22% of mentees

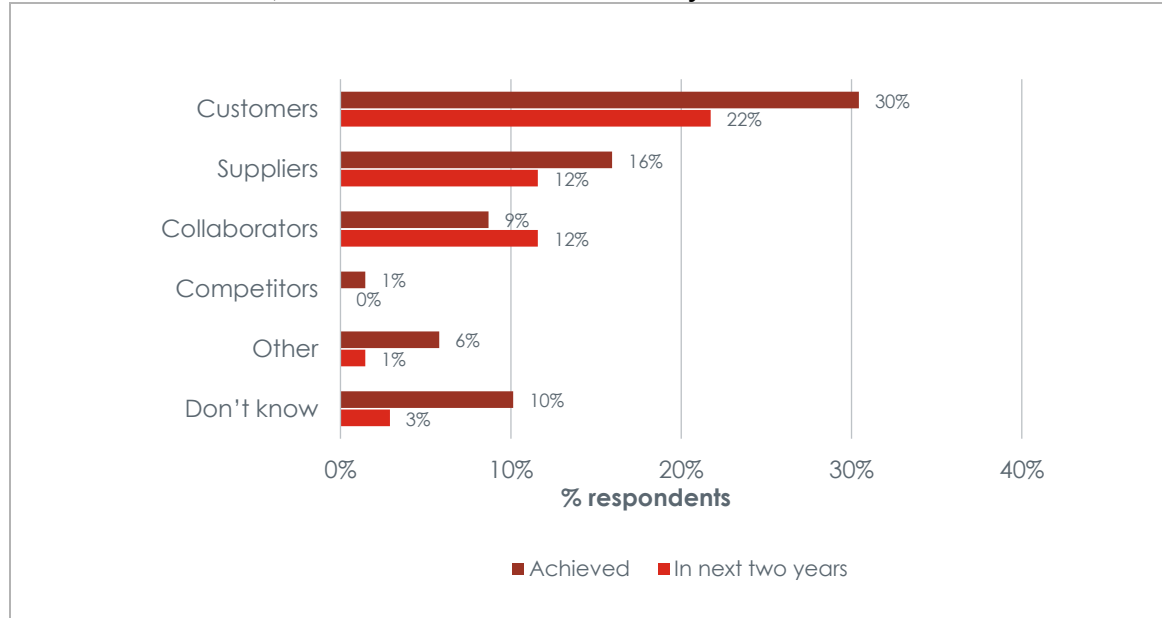
expected their customer base to benefit within the next two years. Examples of benefits which had been achieved are provided below.

- **Improved customer service** – more efficient order processes, improved communications, tailored support due to Covid-19 restrictions
- **Better and/or broader product/service offer** – improved quality of products/services, increased quantity and range of products/services available and improved accessibility of products/services through the introduction of online delivery
- **Greater customer awareness** – greater insight into operations and customer needs (mentor businesses).

“We are able to service more customer requests and address challenges over issues of quality that were raised” [Mentee]

4.31 Businesses within the supply chains were also reported to have benefited from the outcomes mentees had achieved through their mentoring experience. Eleven mentees (16%) confirmed that their supply chains had experienced indirect benefits already, while eight (12%) expected this to occur within the next two years. Similarly, a small minority reported benefits for mentees’ collaborators to date and in the future.

Figure 4-6: Have any of the following also benefited indirectly as a result of your involvement in MfG, or will benefit in the next two years?



Source: Mentee survey, n=69

5. Additionality and contribution

Key findings

- We conclude that MfG programme additionality is fairly good considering the varied and often intangible nature of mentoring driven by the personal dynamic of the mentee-mentor relationship.
- For nearly 60% of mentee respondents, benefits have occurred more quickly than otherwise would have been the case – for most up two years faster. Programme ‘deadweight’ (i.e. benefits would have occurred anyway) is low, supporting the positive view of additionality.
- Overall, mentee feedback identified high-quality mentors and the quality of the matching as important to ensuring additionality.
- Other factors (i.e. outside of MfG) also contributed to reported benefits, including: pre-existing or new business plan/strategy; new senior management team/business leadership; market demand and external economic conditions; and other funders, organisations, programmes.

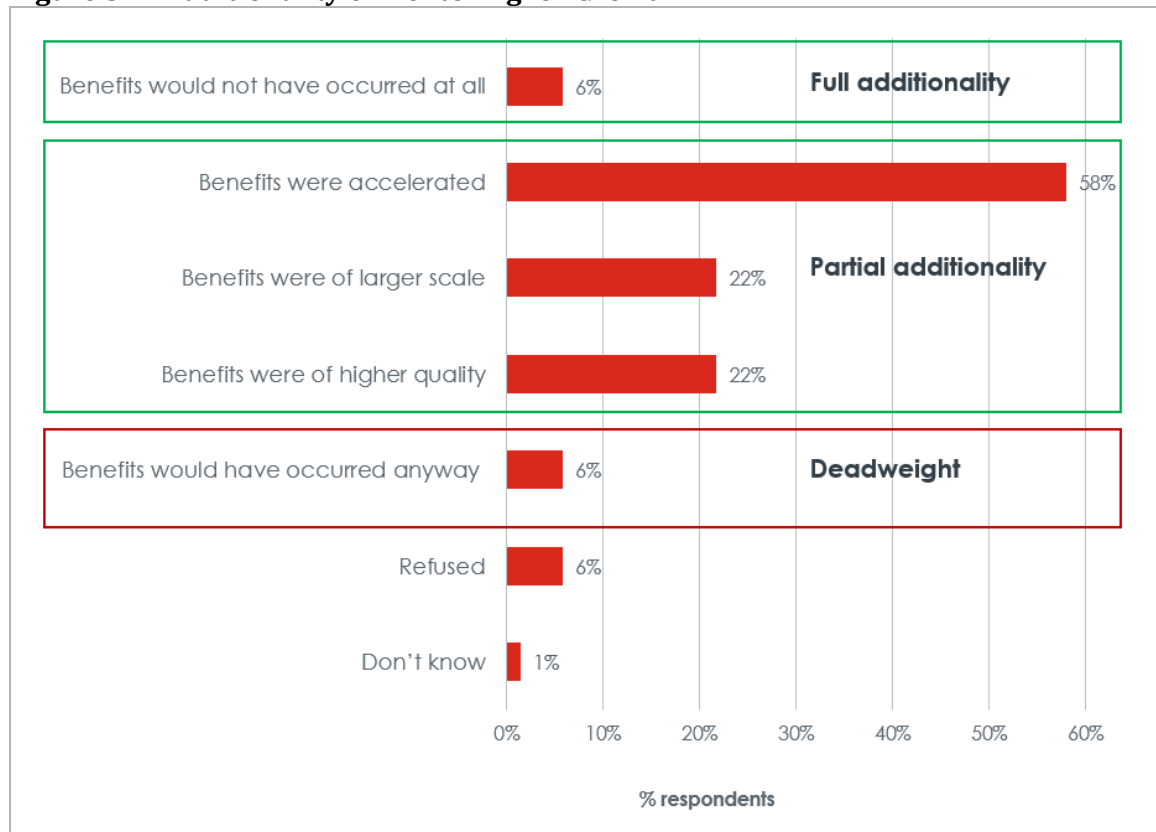
5.1 Section 4 presented the self-reported mentee benefits as result of the engagement with MfG. A key question for any impact evaluation is to establish the extent to which these benefits are additional by examining the counterfactual scenario i.e. what would have happened to outcomes in the absence of the programme. This is especially the case where there are a multitude of other factors influencing the progress of firms, and the often subtle and nuanced ways in which mentoring works to generate benefits (compared to e.g. a direct funding for firms). This section sets out the additionality associated with the benefits identified in the self-reported survey of mentee and the relative contribution of MfG in achieving these benefits, compared to other factors affecting mentee’s businesses.

Additionality of mentee benefits

5.2 Figure 5-1 presents the results for additionality based on 69 mentee responses i.e. what would have happened to the benefits reported had businesses not received mentoring through MfG. **We conclude that the additionality of MfG is fairly good, bearing in mind the nature of the programme i.e. the several and (often) ‘softer’ ways in which mentoring translates into harder benefits over time.** For example, the personal dynamic between mentee and mentor (e.g. the role of trust, communication, openness, empathy) play a vital role in influencing benefits. In this context, the results are very encouraging with benefits without MfG expected to occur at slower rate, lower scale or to a lesser quality. For

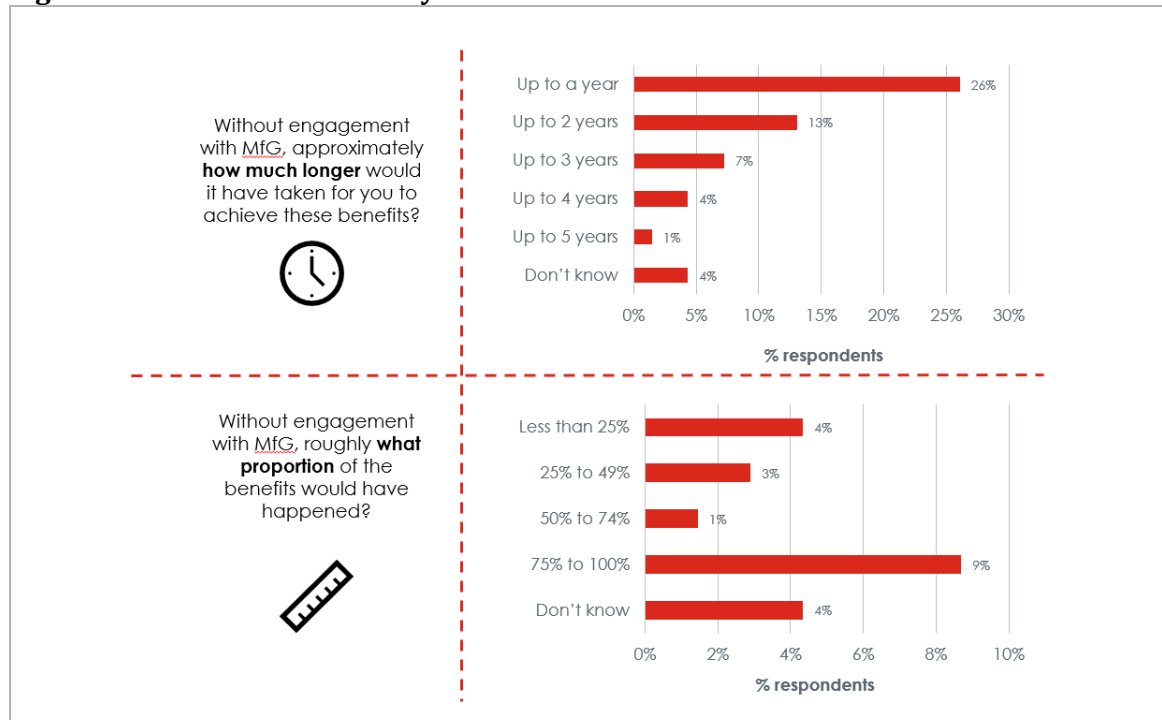
the majority of respondents engaging with MfG resulted in benefits being realised up to three years more quickly (Figure 5-2). A minority of respondents indicated full additionality i.e. none of the benefits would have occurred without MfG.

Figure 5-1: Additionality of Mentoring for Growth



Source: Mentee survey; multiple responses (n=69)

Figure 5-2: Partial additionality results



Source: Mentee survey, single response (n=69)

- 5.3** Where additionality was reported, qualitative responses from the mentees provided more detail as to how. An important factor was the high-quality mentors engaged with the programme. The “*wealth of experience*” that these mentors could bring to the relationship was something that the mentees were unlikely to access without the programme. Mentors used this experience to advise on business processes (as they are in larger organisations), provide a valuable sounding board, critically evaluate, and ask challenging questions. This ties into the wider theme that the match was often considered to be critical to achieving the benefits (26% of surveyed mentees mentioned this). Another factor, mentioned as a contributor to timing additionality, was that the mentoring relationship brought a sense of accountability to some mentees with regards to business improvements:

“The structure of having regular meetings scheduled in the diary was important. I felt like these held me to account and ensured I stayed on track.” [Mentee]

- 5.4** It is worth recognising that not all of the mentees had regular scheduled meetings, rather the overall flexibility of the programme was highlighted as critical to achieving benefits by several mentees. As one mentee noted:

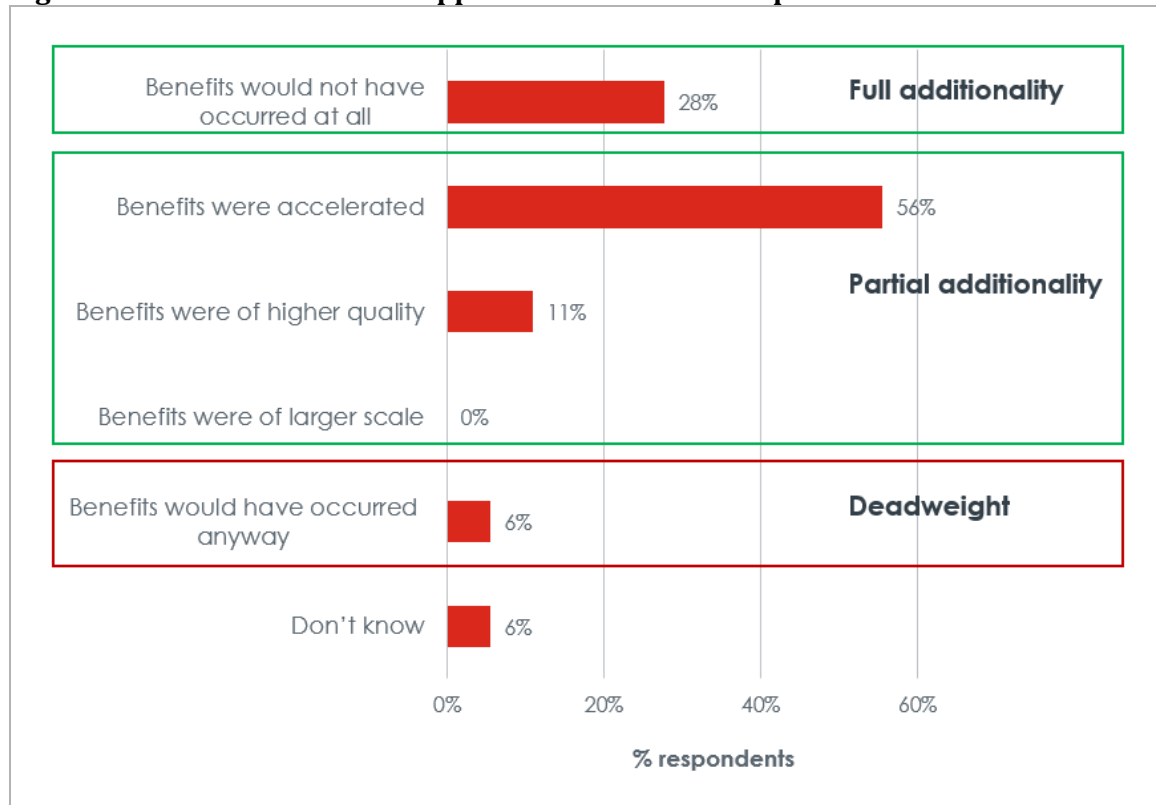
“The structure is what you make of it.” [Mentee]

- 5.5** Mentors were also asked to reflect on the additionality of the programme for mentees. Similar to the mentee’s assessment of additionality, mentor’s most commonly reported a timing effect of the programme for mentees (44%).

Additionality of mentor benefits

- 5.6** There is also evidence of additionality when it comes to the realisation of benefits for mentors. Most mentors believed that they would have taken longer to achieve the same outcomes if they had not taken part in the programme; and full additionality was reported by over one-quarter of interviewed mentors (Figure 5-3).

Figure 5-3: What would have happened to the benefits reported above without MfG?



Source: Mentor survey, n=18

Contribution

- 5.7** In addition, we examined the *contribution* of MfG relative to other factors that may have influenced the outcomes reported by business beneficiaries. This follows the contribution analysis approach set out in section 1.
- 5.8** Table 5-1 identifies other factors contributing to benefits reported, notably: pre-existing or new business plan/strategy which has been implemented; new senior management team/business leadership in place; market demand and external sector and economic conditions; and other funders or organisations. We also know from the survey responses that half of respondents had accessed other support aimed at improving productivity. In most cases that was not mentoring. Overall, our interpretation of the mentee feedback is that other internal and external factors have also played an important role in generating the benefits alongside MfG.

Table 5-1: What other factors outside of MfG may have contributed to the outcomes you and your organisation have achieved?

	Contributing factor	Number of respondents	Percentage respondents (%)
Internal	Pre-existing or new business plan/strategy implemented	19	28%
	New senior management team/business leadership in place	7	10%
	Existing internal training programmes	4	6%
	New equipment purchased	3	4%
	Existing customer relationships	2	3%
	Other R&D activities in the business	1	1%
External	Market demand and external sector and economic conditions	15	22%
	Other funders or organisations	6	9%
	Technology changes and developments	2	3%
	Regulatory or policy changes	2	3%
	Other (please specify)	21	30%
	Don't know	10	14%
	Refused	2	3%
	None	4	6%

Source: Mentee survey; multiple response (n=69)

5.9 In summary, the evaluation evidence found that the MfG programme activities have made a positive contribution to actual and expected outcomes for mentees at an individual and organisational level. There is wide variation in the nature and scale of the effect, reflecting the diverse nature of the mentoring relationships and associated activities. The econometric analysis suggests statistically significant impacts have been realised for employment and turnover to date, but not for turnover per employee at this stage. Taking into consideration the business survey evidence and the longer timescale needed for productivity effects to come through, we would expect statistically significant productivity impacts to be observed in the future (see section 5). Also, MfG is one of a number of factors influencing the achievement (or expected) of outcomes and impacts. In our view, the underlying theory of change as set out in section 3 is occurring as intended, especially in the challenging economic environment arising from the Covid-19 pandemic (and considering many of the mentoring relationship were still 'live' at the time of the mentee business survey).

6. Econometric analysis of impacts

Key findings

- Econometric analysis was used to estimate net impacts of MfG on business performance and productivity of beneficiaries, as proxied with growth in employment, turnover and turnover per employee.
- The evidence suggests that **MfG has had statistically significant impacts on employment and turnover growth of beneficiaries.**
- **The additional employment growth in the first year after support was estimated to be up to 10%, while the additional growth in turnover over the same period was estimated to be 11%.** At this stage we could not confirm a statistically significant effect of MfG on turnover per employee.
- Modest sample sizes and limited availability of post-treatment data reduce the precision of estimates of impact on productivity proxies, which at this stage should be seen as indicative. As more data becomes available the quality of the estimates should substantially improve.

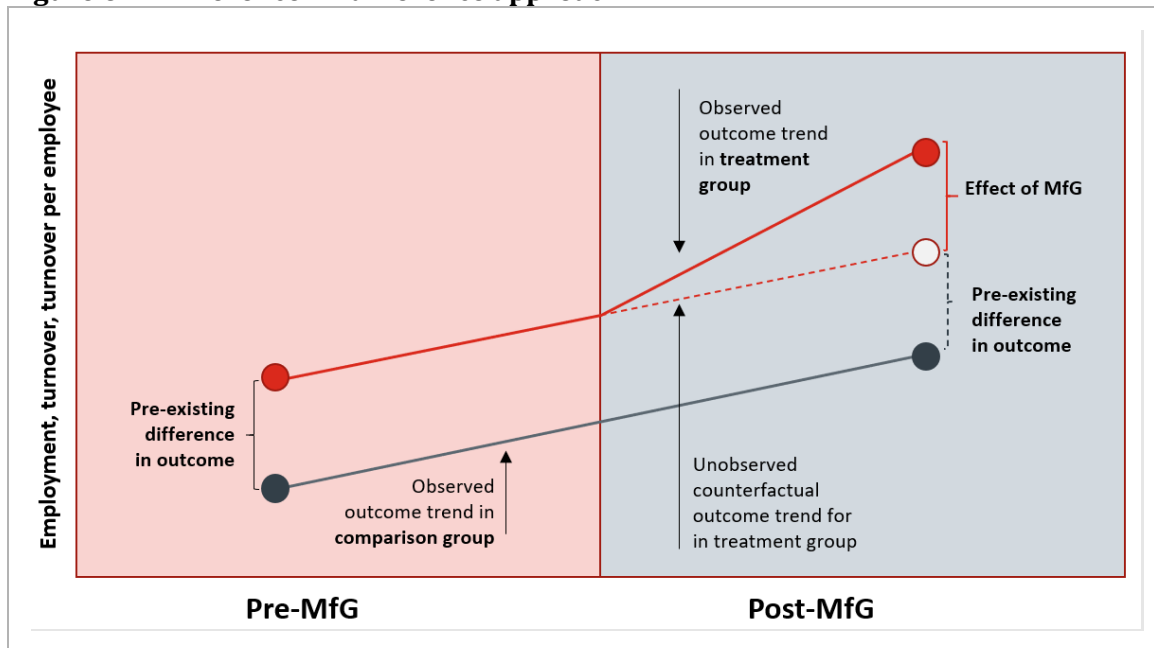
6.1 This section presents the results of econometric analysis of key programme outcomes. The analysis considers the counterfactual position, i.e. what would have happened in absence of MfG by comparing the outcomes for beneficiaries to those observed among unsupported companies. The counterfactual analysis focused on effects of MfG on standard proxies for productivity – **employment, turnover and turnover per employee**. Further details on the approach to constructing comparison groups and statistical methods used are available in Annex B.

Approach to counterfactual analysis

6.2 To estimate the effect of MfG support on productivity of supported businesses we followed a **difference-in-difference (DiD) approach**. This method estimates the **net effect** of support by comparing changes in outcome measures observed across supported (the treatment group) and unsupported (the comparison group) over time. Only the growth that is observed in the treatment group *beyond* what is demonstrated by comparator businesses is attributed

to the programme. Figure 6-1 illustrates the principle. DiD analysis reaches level three on The Maryland Scientific Methods Scale (SMS)⁴⁵ providing robust evidence of impacts of MfG.

Figure 6-1: Difference-in-difference approach



Source: SQW

- 6.3** The DiD analysis assumes that in absence of treatment supported companies would have followed the same trajectory as business in the comparison group. This '**parallel trends assumption**' can often be violated as supported businesses are likely to systematically differ from the wider business population, both on observable and unobservable characteristics. This issue is known as **selection bias**. If this assumption is violated, the analysis may under- or over-estimate the effect of support by wrongly attributing effects of pre-existing group differences to the programme (for example, if before support the treated businesses grew substantially quicker than the rest of the economy, a comparison against the whole business population may overestimate the effect of support).
- 6.4** To overcome this issue and limit the influence of selection bias we used **Propensity Score Matching (PSM)** – a statistical matching technique that allows us to identify comparison groups of companies with similar observable characteristics to the treated group. PSM achieves this by: a) first generating a score for each supported and unsupported business which reflects the likelihood of that business being exposed to treatment based on its observable characteristics, and b) then identifying unsupported businesses with the closest scores to those of MfG beneficiaries creating a comparison group consisting of businesses which were as likely to be supported by MfG as the beneficiaries. This imitates a 'random'

⁴⁵ This scale was first introduced in Sherman, L.W., Gottfredson, D., MacKenzie, D., Eck, J., Reuter, P. and Bushway, S., 2000. Preventing crime: What works, what doesn't, what's promising. Perspectives On Crime Reduction, 17.

allocation that could have been achieved during a randomised control trial, improving the chances that the parallel-trends assumption is satisfied.

- 6.5** It is important to note that in our analysis PSM was not used to directly assess the impact of MfG by comparing outcomes in pairs of companies with the most similar propensity scores. Instead, it was used to identify groups of unsupported companies that were similar to the beneficiaries, which were then used as a counterfactual in the DiD analysis.
- 6.6** We highlight two characteristics of MfG that influenced our approach to implementing PSM (and DiD) in this evaluation:
- Analysed businesses were supported at different points in time
 - Mentoring takes place over a prolonged period of time (up to a year) and is not an ‘instant’ support (unlike, for example, a one-off grant payment).

Constructing comparison groups

- 6.7** The primary source of data for counterfactual analysis of the programme’s impacts on business performance and productivity was **the ONS Business Structures Database (BSD)**.⁴⁶ BSD draws a snapshot each year from the ONS business register. The register contains information on all businesses registered for VAT and/or PAYE income tax. BSD is updated annually providing consistent high-quality data across businesses and over time, particularly around business age, turnover, employment, sector and survival. For this reason, BSD was chosen as our primary source of data on business performance for both MfG beneficiaries and comparators from the wider UK businesses population which were identified using PSM.
- 6.8** Identification of MfG beneficiaries in BSD involved a data-linking process. The list of MfG beneficiaries was transferred to the ONS Secure Research Service (SRS), where the Companies House numbers were matched to the ONS identifiers used in the BSD by the SRS team. In total, **190 out of 242 (79%)** beneficiaries were successfully identified in the BSD.
- 6.9** One of the challenges of DiD analysis of MfG impacts is **determining the most appropriate ‘before’ and ‘after’ periods for beneficiaries**. Each release of BSD covers a financial year, reflecting turnover generated by businesses from April to March and providing an estimate for employment in the middle of financial year (i.e. September). Mentoring relationships have been forming over the course of multiple years with no predetermined start date, meaning that support was often received in two financial years.
- 6.10** To ensure a ‘clean’ **baseline** for supported businesses, in our analysis we defined the ‘before’ period, or period ‘*t*’, for each business as **the last full financial year before starting on the programme**. The following year was then defined as the first post-treatment year (period

⁴⁶ Data on prior government innovation support from Innovate UK and ‘high-growth’ indicators from the Beauhurst database were also used to improve the quality of comparison group obtained using PSM. A more detailed discussion for variables used in the matching process is available in Annex B:

' $t+1$ ') as mentoring would be happening over the course of that year (at least partially) and immediate and mid-term benefits could materialise.

6.11 We used PSM to match beneficiaries to comparator businesses in their baseline year. In other words, if the last full pre-support year for a beneficiary was the 2017/18 FY, a comparator business for this beneficiary was drawn from the wider business population represented in the BSD release covering the 2017/18 FY. If another beneficiary was treated later, a later BSD was used to find the best comparator match for that business. Table 6-1 demonstrates the number of beneficiaries for which we have one and two post-treatment observations and shows the data sources for respective pre- and post-treatment observations.

Table 6-1: The number of beneficiaries with one and two post-treatment observations

Cohort	Period t : Fully before support	Period $t+1$: Support is occurring	Period $t+2$
Number of beneficiaries	190	190	79
Treated in 2018/19	BSD 2018, i.e. FY 2017/18	BSD 2019, i.e. FY 2018/19	BSD 2020, i.e. FY 2019/20
Treated in 2019/20	BSD 2019, i.e. FY 2018/19	BSD 2020, i.e. FY 2019/20	

Source: Belmana

6.12 We emphasise that **PSM identifies the closest comparators for beneficiaries based on observable characteristics**. Differences in important unobservable characteristics (for example in propensity to seek support, management style and openness to change) may remain. For this reason, it is important to consider multiple complementary comparison groups.

6.13 **Before undertaking the counterfactual analysis** of outcomes, we constructed several alternative comparison groups, evaluated their quality using formal statistical tests as well as descriptive and graphical analyses, and **selected two most credible groups to base our inference on – the preferred and alternative comparison groups**.

6.14 Both groups performed well during our assessment of their quality. The key difference between them is the set of characteristics which was considered to identify the closest comparators. The 'preferred control' is one that integrates size, an indicator of any previous Innovate UK funding and industry indicators. The alternative group also considered pre-treatment employment growth.

6.15 This approach ensures similar growth trajectories between the beneficiaries and comparators in the year prior to treatment. However, including past growth into the set of matching variables increases the chances of capturing businesses that happen to grow either above or below their potential during that period. If this is the case, and those businesses revert to their natural trajectory, DiD analysis may over- or under-estimate the effect of the programme. Because of this uncertain effect on validity of the parallel trends assumption, we

selected this comparison group to be an alternative to our ‘main case’ comparison. Further detail on selection of comparison groups and result of the analysis using this alternative group can be found in Annex B:

6.16 Table 6-2 presents the summary statistics of pre-treatment characteristics of MfG beneficiaries compared to the wider BSD (excluding those businesses with more than 5,000 employees and £1 billion in annual turnover), and the preferred comparison group selected for counterfactual analysis. For the wider population in the BSD the data for 2018/19 FY is shown as this is the pre-treatment period for 111 out of 190 analysed beneficiaries.

Table 6-2: Summary statistics pre-treatment, mean values.

Characteristic	MfG n=190	Wider BSD, 2018/19* n=3,469,552	Preferred Comparison n=190
Employees	41	7	53
Real Turnover (£k, 2019 prices ⁴⁷)	3,838	881	7,264
Age	19	11	19
UK Only	98%	99%	96%
High-Growth (tracked by Beahurst) ⁴⁸	12%	0.4%	12%
Supported by Innovate UK before 2019	3%	0.3%	3%
Number of local units	2.3	2.1	2.3
Herfindahl Index ⁴⁹	12%	9%	11%
Industry Classifications			
Low Pay ⁵⁰	22%	27%	32%
High Tech ⁵¹	23%	14%	12%
Manufacturing	31%	5%	13%

*Excluding large i.e. over 5000 employees and £bn turnover. Source: Belmana

6.17 Compared to the wider BSD, the supported businesses, tend to be larger in terms of size, both for employment and real turnover. On average, MfG beneficiaries have over 40 employees and turnovers of nearly £4m; the wider business population is less than a quarter of this size.

⁴⁷ Turnover figures were deflated using Standard Industrial Classification (SIC) 2-digit GDP deflator, 2019 was the base year.

⁴⁸ Beahurst is a commercial database which tracks high-growth companies in the UK

⁴⁹ Herfindahl Index is a market concentration index which measures the size of a business relative to the size of their industry.

⁵⁰ As defined as defined in the Government evidence to the Low Pay Commission on the economic effects of the National Minimum Wage, 2011.

⁵¹ Following Hecker, D. (1999) “High-technology employment: A broader view.” Monthly Labor Review 122(6): 18.

Supported businesses are also on average eight years older than the wider business population and more concentrated in manufacturing and the high-technology sectors. PSM allowed us to select companies which are substantially more similar to MfG beneficiaries than the wider business population. Though some differences in levels of characteristics remain, the preferred comparison group closely follows the pre-treatment trend observed for beneficiaries satisfying the key assumption behind the difference-in-differences approach.

Results

- 6.18** To maximise the sample sizes available for the analysis, the **data was recast in terms of the years from the support (t , $t+1$, $t+2$)**, rather than in terms of the actual years. Then, the cohorts treated in different FYs were pooled and **considered in terms of what happened one and two years following the baseline period**.
- 6.19** **The growth in employment and real turnover** of beneficiaries and comparison businesses was analysed in percentages and **indexed so that, in the year prior to support, the value was 100**. This was done to focus the analysis on *growth* in firm performance, make the results easier to interpret (given businesses vary in size) and to improve statistical properties of estimates.⁵²

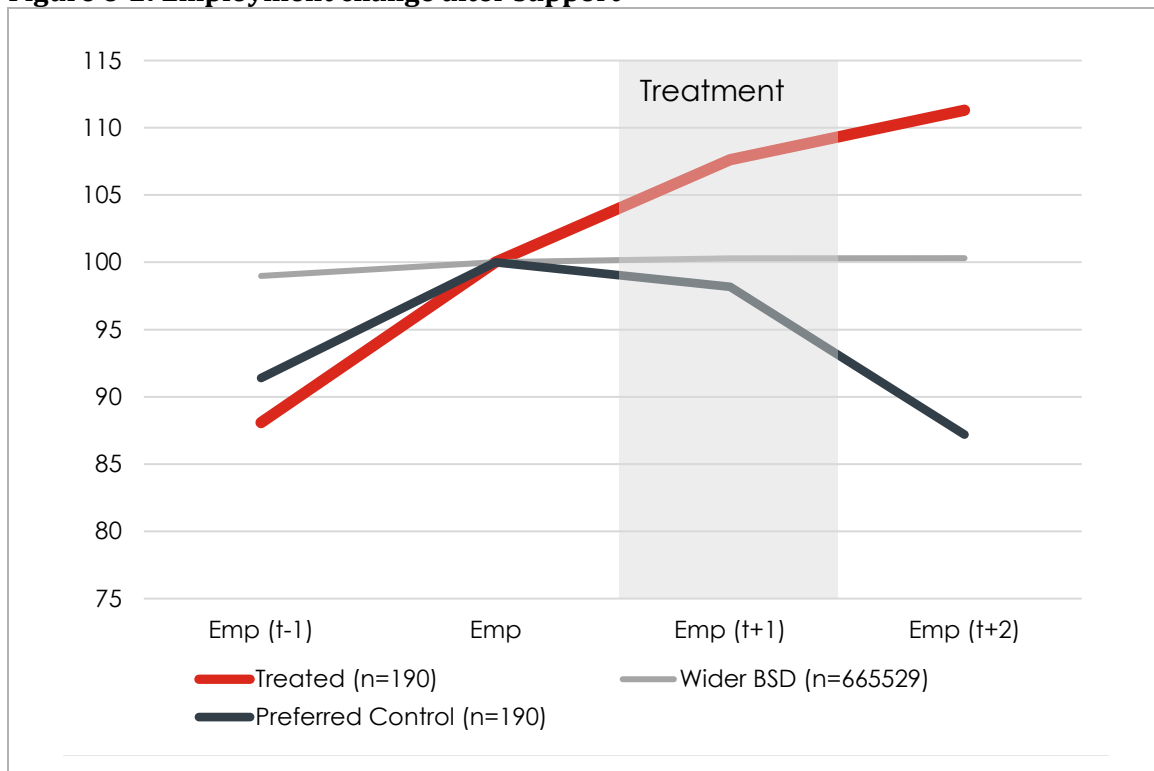
Impact of MfG on employment

- 6.20** Figure 6-2 shows the average change in employment for the supported and unsupported businesses.⁵³ For mentee businesses that were supported through the MfG programme, employment growth was 8% after a year and 11% two years after treatment (these figures represent ‘raw’ growth, not relative a counterfactual). This is higher than both the matched counterfactuals and the wider BSD.⁵⁴

⁵² A logarithmic transformation of employment and turnover was analysed instead of absolute values. This allowed to interpret the changes in values as percentage growth and reduced the sensitivity of estimates to any potential outliers.

⁵³ The effect of including past employment growth into the set of matching characteristics for the alternative comparison group can be seen in the figure – the pre-support growth does align which is often viewed as a condition for a counterfactual to be robust. However, as discussed above forcing the trends to be parallel may bias the result and hence this group was selected as an alternative to the main control group prior to the analysis of the effects of support.

⁵⁴ While for the observations up to the year $t+1$ there the treatment and comparison groups include 190 businesses each, the number included in the final year of the figure is based on fewer observations – 79 per group.

Figure 6-2: Employment change after support

Source: Belmana

6.21 Table 6-3 presents the difference-in-difference estimates of the effect of MfG on employment in the first two years – during and after support. This measure provides an estimate of the growth seen in supported businesses that is not seen in comparable unsupported companies and is a measure of additional employment growth (net impact of the programme).

Table 6-3: Estimates of net impacts on employment (difference-in-differences)

	MfG Beneficiaries	Preferred comparison
	Growth	DiD estimate
Employment growth, 1 year post support	8%	10% (2.33**)
Employment growth, 2 years post support	11%	28% (2.57**)

Source: Belmana; Note: Significance levels are 1% (***) , 5% (**) and 10% (*)⁵⁵; T-statistics in parenthesis using robust standard errors. The growth over two years is cumulative.

6.22 The 10% difference-in-difference estimate of average employment growth in the MfG supported businesses one year after support is positive and statistically significant. Note that

⁵⁵ The level of statistical significance reflects the probability of being wrong when concluding that the effect is present. Often the 5% level is taken as the threshold for statistical significance. However, given the nature of MfG support, large variation in possible routes from mentoring to impact, and the timing of evaluation, we consider results statistically significant at the 10% level to be of policy significance.

the DiD estimate *exceeds* the raw growth observed in MfG businesses because the preferred matched comparison group saw a decline in employment.⁵⁶

Impact of MfG on turnover and turnover per employee

6.23 The changes in real turnover for beneficiaries and unsupported businesses are indicated in Figure 6-3. These are constructed in a similar manner to the employment figures. They show that the **supported businesses are on a strong growth trajectory: the growth in their real turnover exceeds that in the wider business population and is comparable to their growth in employment.**

6.24 Table 6-4 presents the DiD estimates of the net effect of MfG on turnover. Similar to the estimates for employment, a comparison against the preferred counterfactual group suggests a positive and statistically significant effect. We note that the estimates obtained using the alternative comparison (presented in Annex B:) are not statistically significant. The difference between estimates obtained using the two different comparison groups is larger than in the case of employment estimates, reflecting a greater level of volatility in turnover data. In our experience, this is common in analysis of SMEs and the precision of the estimates can greatly improve with an increase in the sample size both in terms of the number of supported businesses and the number of post-treatment observations.⁵⁷

Table 6-4: Estimates of net impacts on turnover (difference-in-differences)

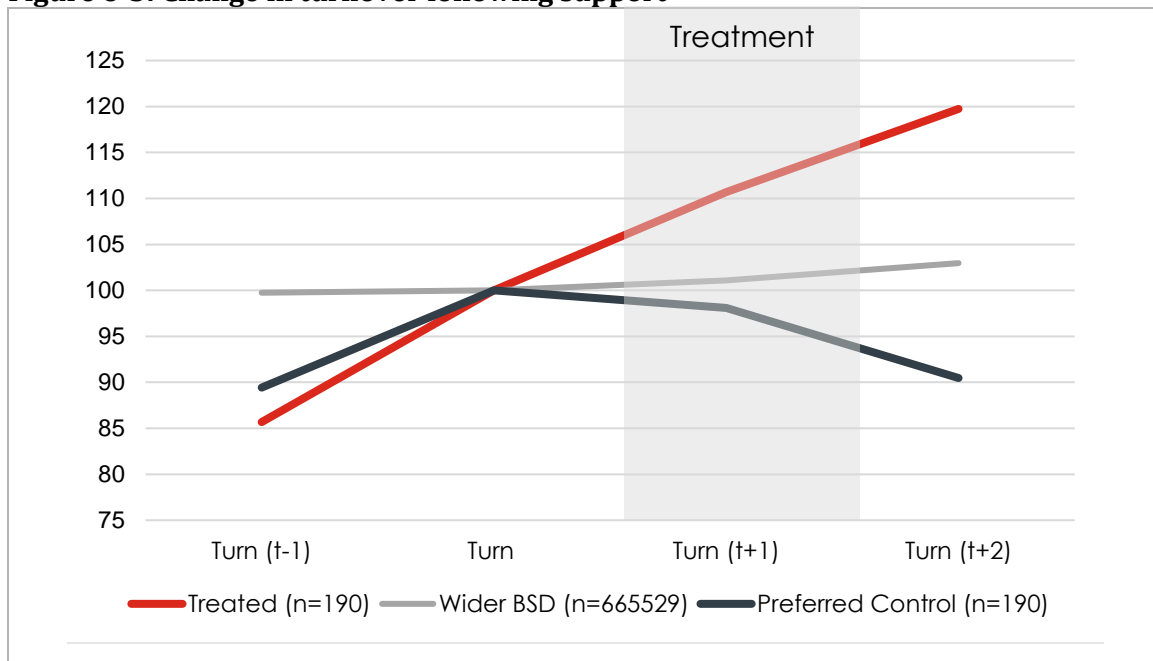
	MfG Beneficiaries	Preferred comparison
	Growth	DiD estimate
Turnover growth, 1 year after support	11%	13% (1.65*)
Turnover growth, 2 years after support	20%	32% (2.58**)

*Source: Belmana; Note: Significance levels are 1% (***) , 5% (**) and 10% (*); t-statistics in parenthesis using robust standard errors. The growth over two years is cumulative.*

⁵⁶Based on the results obtained from the preferred model, we estimate that MfG generated up to 950 jobs for beneficiaries over the first year after support. This estimate is obtained by multiplying the DiD estimate of the effect by the mean pre-treatment employment of beneficiaries presented in Table 6-2 by the number of beneficiary businesses that either completed the programme or were in receipt of support at the point of this evaluation (242). The estimate does not include the estimated impact two years after support as those are based on a smaller sample and the variance in estimated impacts is too large for a robust inference.

⁵⁷ The estimates of the effect on turnover obtained using the preferred comparison group suggest that MfG beneficiaries generated up to £119m of additional turnover in the first post-treatment year. This estimate is obtained by multiplying the DiD estimate of the effect by the mean pre-treatment employment of beneficiaries presented in Table 6-2 by the number of beneficiary businesses that either completed the programme or were in receipt of support at the point of this evaluation (242).

Figure 6-3: Change in turnover following support



Source: Belmana

6.25 Table 6-5 presents the DiD estimates for the effect of MfG on productivity growth as proxied with turnover per employee, while Figure 6-4 illustrate the growth in this measure following support. Growth in productivity for the supported businesses is positive however not statistically different from the growth observed in the matched comparison group.

Table 6-5: Estimated impact on turnover per employee

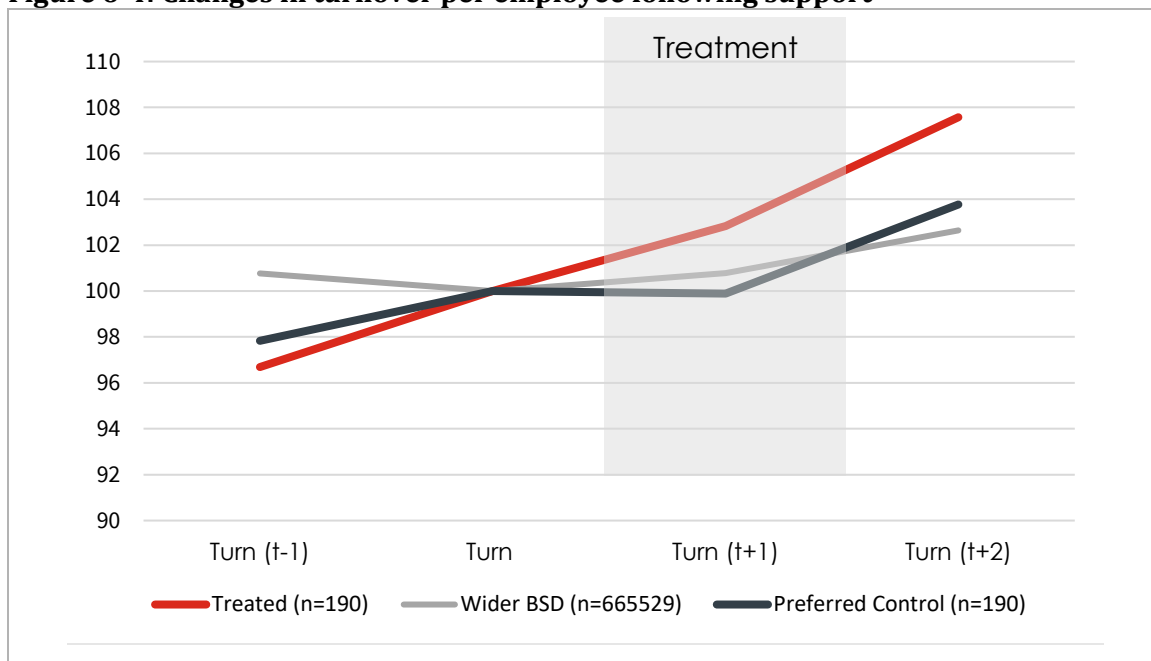
	MfG Beneficiaries	Preferred comparison
	Growth	DiD estimate
Productivity growth, 1 year after support	2.80%	2.9% (0.38)
Productivity growth, 2 years after support	7.60%	3.7% (0.33)

Source: Belmana; Note: Significance levels are 1% (***) , 5% (**) and 10% (*); t-statistics in parenthesis using robust standard errors. The growth over two years is cumulative.

6.26 However, in our view at this stage (considering the relatively modest sample size in terms of the number of supported businesses and limited number of post-treatment observations) **any analysis of turnover per employee as a proxy for productivity of MfG beneficiaries should be seen as exploratory and indicative.** As discussed in section 2 neither turnover not employment are perfect measures of productivity with both being ‘noisy’ and volatile, especially when the analysis concerns innovative and fast-growing SMEs. The ratio of the two measures is characterised by even higher variance than either of the two. Division

greatly increases the imprecision with which measures track changes and the sample size being small compounds this.⁵⁸

Figure 6-4: Changes in turnover per employee following support



Source: Belmana

6.27 As an element of additional analysis we investigated potential effects of repeated MfG support on outcomes observed among beneficiaries, as repeated support may enable greater benefits. On average the 28 business in our sample which participated in more than one cohort of MfG⁵⁹ experienced an 8% higher turnover growth than they would have experienced without reengaging with MfG, however at this stage we could not confirm this effect to be statistically significant. This result may be partially due to the small size of this group of businesses and the volatility in outcomes, as discussed above. This analysis could be replicated in the future when more data becomes available (a description of statistical approach to testing the effects of repeated support can be found in Annex B:).

6.28 In summary, our counterfactual analysis suggests that MfG support has had a statistically significant positive impact on business performance of its beneficiaries proxied with turnover and employment, with the supported businesses growing at the upper end of the growth rates of comparable businesses. As the effects on both turnover and employment are statistically significant when compared to the preferred control group, they can be seen as early signs of

⁵⁸ Even though turnover per employee is not a perfect measure of productivity, especially for SMEs, it is arguably the best measure researchers can currently analyse without overburdening beneficiaries and comparator businesses with surveys, as alternative measures are not routinely collected at large scale.

⁵⁹ Our definition of repeated support identified businesses participating in multiple cohorts potentially enabling cumulative effects. A larger number of businesses (42) had multiple people engage in a mentoring relationship including simultaneous support. We did not use the latter definition because the survey fieldwork indicated that in several cases of 'simultaneous support' only one of the mentees actively engaged and sustained their mentoring relationship.

impacts that have the potential to generate further productivity improvements which could be later captured with such standard measures as turnover per employee. However, at this point the exact estimates of additional employment and turnover growth should be seen as indicative as they are sensitive to the choice of the comparison group, as demonstrated in Annex B.

7. Key lessons

- 7.1** This section sets out the key lessons from the programme delivery to date, informed by mentor and mentee interviews.

What worked well?

- 7.2** Overall, mentees reflected positively on the support they received through MfG: 71% of mentees are now more likely to seek further mentoring support as a result of participating in MfG. This is largely due to the following critical factors, which allowed benefits to be achieved:

- **The quality of the match in enabling benefits to be achieved.** Over a quarter of the survey respondents highlighted the match, or the ensuing quality of the relationship as a result of this match, as the most important element of the programme. Matches between mentors and mentees were made based on a variety of factors, including: sector, expertise, profile of individuals, location and specific business focus. In most cases, the match was viewed in high regard: mentees were asked to rate the quality of the match with their mentor on a scale of 1 to 5 on various characteristics, the average score was no lower than 4 out of 5 for any of these. Mentees tended to be most well matched with their mentor in terms of their personalities, with an average score of 4.6 out of 5.
 - **Mentees connecting with their mentor on a personal level.** To a significant minority of mentees, it was this “*personal connection*” that allowed an open, honest and ultimately fruitful relationship to form. The ability to build this relationship often depended on the mentor’s “*style*” of mentoring. For example, one mentee pointed to their mentor’s “*genuine desire*” to help, and the way that this came across, as being important. This, alongside other aspects of the mentors’ approach and technique – such as the ability to “*ask challenging questions*” and approach situations in a “*non-confrontational manner*” – helped to stimulate useful conversations and engage mentees.
 - **Ensuring a suitable match in terms of expertise was also important.** For example, some mentees valued having a mentor who had a wealth of experience in the same sector as their own businesses. Others felt that the sector-specific experience was less relevant, but it was crucial that the mentor “*had been through similar experiences and learned from their mistakes*” – in that they had experience of working within SMEs and being in a leadership role. The evidence suggests that, in situations where mentees requested specific expertise from their mentor during the matching process, these requests were met.
- **The overarching flexibility of the programme was well-suited to some mentees.** Some mentees mentioned that the flexibility in terms of the number, frequency and content of meetings allowed them to maximise the benefits. With regards to timings, mentees could therefore prioritise urgent business matters when required – this was seen

as a priority given the ongoing strain businesses were under during the Covid-19 pandemic. The flexibility also enabled mentees to draw on mentor support more intensively when required. In terms of content, the lack of specific set topics to cover allowed pairs to “*talk openly and allow ideas to occur naturally*”. It also meant that mentees could “*drive the conversation and feel in control of the situation*” i.e., discuss whatever issues were most important at the time. This flexibility was largely driven by the one-to-one nature of the support, highlighted specifically by mentees as being critical to the success of their relationships and by others as being “unique or different” compared to other support they have received. This format allowed support to be specifically tailored to the needs of individual mentees and their businesses. Allowing them to delve into “*very specific subjects*”.

- **A degree of structure within mentoring relationship.** Several mentees suggested that having regular, scheduled meetings was critical to the success of their relationship. This structure meant that mentees were “*held to account*” and remained “*on-track and motivated*”. For some mentees, having these meetings face-to-face was important. Indeed, 48% of mentees reported that their experience would have been worse if all of the meetings had been online while only 14% indicated that their experience would have been the same or better.

Table 7-1: Mentee feedback on key strengths of the MfG programme

Key strengths/critical factors	Mentee responses
Match (personality)	<i>“The most important aspect of the programme is the relationship that was established between my mentor and I – specifically in terms of trust and confidentiality”</i>
Match (expertise)	<i>“The match was critical. [The mentor] was from a strong retailing background, and at the time was working for Amazon”</i> <i>“having someone who understands the industry is critical”</i>
	<i>“Having a blue chip mentor allowed me to see how blue chips work and the toolkits the use – the mentor could effectively cherry pick what would work for the SME giving our stage of development – combining blue chip thinking with the practicality of a small business”</i>
Match (mentor style)	<i>“[The mentor’s] style of mentoring was the most critical factor enabling benefits to be achieved. [The mentor] is not confrontational at all, and very knowledgeable in almost all areas of the business. Rather than whipping us into shape [the mentor] brought us along with him”.</i>
Flexibility (overall)	<i>“I found there were very few hoops to jump through. We were left to run the mentoring relationship as we pleased”</i> <i>“The lack of structure and being left to your own devices to get on with the process – this was important. If you have the right mentor the relationship will take off on its own without additional support”</i>

Key strengths/critical factors	Mentee responses
Flexibility (content)	<i>"There has been very little structure to the programme. For me, this has actually been very helpful as it has allowed us to talk openly and for ideas to occur naturally. It might not be the best structure for pairs who are not quite so well matched".</i>
Flexibility (one-to-one support)	<i>"MfG offered direct one-to-one support. This was really valuable and different to more 'classroom' type support I've had before"</i>
	<i>"Compared to other training it's much more personal and you can go into very specific subjects"</i>
Structure (internal to individual relationship)	<i>"Having regular meetings scheduled in the diary was important. This held me to account and made sure I stayed on track and motivated"</i>
Face-to-face interaction	<i>"The face-to-face stuff was really important – we met up in person before the pandemic"</i>

Source: Mentee survey

Areas for improvement

7.3 Mentees were asked to describe any factors that hindered their ability to get anticipated benefits from MfG. For the most part, issues raised related to external conditions, primarily the impact of Covid-19, or internal business factors, such as other daily business pressures. In a minority of cases, however, mentees pointed to particular aspects of the programme which could be improved. Similarly, mentors were asked to identify the "least valuable" aspects of the programme. Whilst there was no majority consensus on areas for improvement, we highlight the following suggestions based on the interview responses:⁶⁰

- Continue to improve communication with mentors/mentees throughout the mentoring relationship.** Whilst the overall flexibility of the programme was generally regarded as a strength, some mentees reported that their relationship *"failed to take off"* or *"petered out"* due to the lack of a rigid structure regarding timings. A greater level of post-match communication would allow the flexibility of the programme to be maintained, whilst helping more relationships to stay on track and develop. More communication would also be appreciated from the mentors' perspective: five mentors mentioned that they would have appreciated more frequent and/or tailored communications from the Growth Hub or Be the Business. Two of these mentors reflected that the communication had initially been good, but that it *"fell away quickly"* after the initial match. On a similar note, one mentor highlighted that the programme lacked a *"formal process whereby feedback can be collected from the mentee"* and *"passed back to the mentor"*. This, they argue, would help them to improve their mentoring skills and add more value to mentees' businesses. It is understood that more frequent and perhaps tailored communication with mentors is being considered.

⁶⁰ We recognise that, due to the spread of mentee interviewees from the initial pilot to Cohort 2, some of the issues raised below may already have been addressed.

- Continue to prioritise the quality of the match.** Whilst the majority of mentees were satisfied with the quality of the match, in a limited number of cases (9%), mentees suggested their mentors' lack of relevant experience somewhat hindered their ability to get anticipated benefits from the programme. For example, one mentee sought assistance with new product development, but given their mentor's expertise in operations, was unable to benefit from the programme in this respect. Three mentees reported that their benefits were limited by their mentors' lack of experience within an SME environment. They believed more benefits would have been achieved if the mentor *"had experience in a similar sort of environment"* and could draw from their learned experience. Conversely, several mentees valued the fact that their mentors came from large companies different to their own – it gave them access to knowledge and resources that otherwise would never have been accessible. Understanding the needs and priorities of individual mentees, and matching accordingly, therefore continues to be critical to the success of the programme.
- Prior to matching, ensure that mentors are well-informed regarding the level of time commitment required for the programme.** In total, six mentees highlighted that their mentors' lack of available time hindered their achievement of benefits. In one case, the mentee stated that they *"simply did not have enough time with the mentor"* because the mentor was *"very busy"*. In another case, the mentor lacked time to commit to the programme due to internal business strains resulting from Covid-19. In both of these cases, no significant benefits from the programme were reported. From the mentors' perspective, no concerns were raised on this issue. This may be down to the self-selecting nature of the mentor consultees; in that they are only likely to participate in an evaluation interview if they have fully engaged with the programme.

Table 7-2: Mentee and mentor feedback on elements of the programme which hindered benefits

Area for improvement/hindering factors	Mentee/mentor response
Mentor time commitment	<i>"I simply did not have enough time with my mentor... I felt guilty pushing my mentor for his time when I could see that he was very busy"</i> [Mentee]
	<i>"My expectations of the programme were not met" because "the mentor was too busy to be able to properly commit to support us"</i> [Mentee]
Communication (mentee)	<i>"The programme had very little structure and more guidance on what we are looking to achieve, from the outset, would be useful"</i> [Mentee]
Communication (mentor)	<i>"The staff from Be the Business used to contact me frequently but that fell away quite quickly – with that the interface with BtB disappeared. I carried on with my mentoring relationship because I get personal satisfaction from it, but it would have been easy for me to walk away, and nobody would notice"</i> [Mentor]

Area for improvement/hindering factors	Mentee/mentor response
Communication (feedback to mentor)	<i>"I don't think there is enough opportunity to provide feedback through the programme. Each client [mentee] should have a mentor plus an account manager who can gain feedback to pass back to the mentor. A formal process whereby feedback is collected from mentees to know what works and what doesn't, would be useful. It feels like you are doing what the client wants but you don't know." [Mentee]</i>
Match (business size)	<i>"The mentor's firm was just completely different to ours. Having someone with a similar background would have been useful. The scale of the firm was so much larger than mine meaning some things were hard to translate" [Mentee]</i>

Source: Mentee survey

8. Conclusions

- 8.1** The overall purpose of the impact evaluation was to assess the MfG programme against its objectives: to help SMEs overcome potential barriers to growth and become more productive. The work involved review of monitoring data, mentee and mentor business surveys,⁶¹ data-linking and econometric analysis, and case studies of ‘paired’ mentoring relationships. The evidence gathered was assessed against the programme logic model and theory of change.

Outcomes and impacts – business survey

- 8.2 We conclude that the MfG programme activities have translated into key individual-level outcomes:** improved knowledge and skills (80%), increased awareness of M&L practices (67%), and/or improved confidence in implementing M&L skills (75%). This has resulted in organisational-level benefits, notably the adoption and diffusion of new M&L practices within mentee businesses. These include (in order from highest first): specific approaches to leadership, target setting, operations management, performance monitoring, and talent management.
- 8.3** Mentees defined firm-level productivity in a variety of ways, mainly in terms of efficiency, growth, and to a lesser extent, cost. This is generally consistent with the wider business population and productivity literature. In this context, **over half of the mentee respondents indicated improvements in firm-level productivity as a result of the programme, and two-thirds expect this to occur over the next two years.** In addition, a minority of mentee businesses observed increases in employment, turnover, investment in R&D – and reduced business costs and overheads.
- 8.4** The above results on productivity are encouraging given the majority of business did not participate primarily to improve productivity. However, for a sizeable minority (41%) productivity was not affected to date and one quarter thought that there would not be any effect on productivity over the next two years. It may be the case that mentoring relationships are still ongoing for these groups, so the time for productivity effects to materialise is too soon. Nevertheless, there is scope to understand the reasons and further support this group.
- 8.5** Crucially, the role of soft skills and relatedly the personal dynamic (e.g. trust, openness, empathy, chemistry, communication) between the mentee and mentor were considered important enabling factors to achieving benefits. The dynamic helps to bring out a secure environment for the sharing of ideas, information, best practice, building confidence etc. The quality of the match between mentee and mentor (see below) has been important to achieving positive outcomes. In our view, how the mentoring relationships are *managed* by the mentee and mentor themselves (and to some extent Be the Business) is also likely to influence performance going forward.

⁶¹ The mentee business survey received responses from 69 beneficiaries (i.e. nearly 30% response).

8.6 The survey also found three further key results in support of the programme. First, three-quarter of mentee respondents had improved understanding of the benefits of mentoring as an approach to improving productivity within their organisation. This is important because it provides support to mentoring (between leading ‘top-tier’ firms and SMEs) as a route to productivity. Second, the majority of mentee beneficiaries would recommend the programme to other potential mentees: we calculate a Net Promoter Score (NPS) of 58 for the programme. Third, the feedback from mentors suggests that the programme has also contributed to mentor benefits, mainly:

- Improved understanding of SMEs – for example, better grasp of the challenges experienced by SMEs, the pace of change within SMEs, and attitude to risk.
- Improved communication skills – viewed as critical to the success of mentoring relationships, helping to get to the “root cause” of issues and find effective solutions.
- Increased self-confidence – a greater belief in capabilities and personal satisfaction.

Econometric analysis

8.7 The econometric analysis explored the net impacts on MfG programme beneficiaries compared to similar unsupported companies drawn from the ONS Business Structure Database using a statistical matching technique. The analysis focused on effects of the programme on standard proxies for productivity: employment, turnover and turnover per employee.

8.8 **We estimate that the programme has had statistically significant impacts on employment and turnover growth of mentee beneficiaries:** up to 10% additional employment growth in the first year after support, and up to 11% for additional turnover over the same period. In contrast, we did not find a statistically significant effect of MfG on turnover per employee at this stage. However, the positive and statistically significant results on employment and turnover can be seen as early signs of impact that may translate into productivity improvements in terms of turnover per employee.

8.9 The above results should be treated with caution because of the modest sample sizes and limited availability of post-treatment data. Our analysis of the quality of the preferred comparison group gives us confidence in the results in terms of the presence of impacts. However, some uncertainty remains relating to the precise estimates around the size of effects at this stage, considering the sensitivity of results to the choice of comparison group. As more data becomes available, the quality of the estimates should substantially improve.

Additionality and contribution

8.10 The evaluation evidence found partial additionality of the MfG programme: for nearly 60% of mentee respondents benefits have occurred faster than in the absence of the programme (for most benefits have been accelerated by up to two years). Programme ‘deadweight’ is low.

There were other factors contributing to benefits experienced by mentees, including pre-existing or new business plan/strategy, new senior management team/business leadership, market demand, and other funders, organisations, programmes. However, the overall findings on additionality suggest that the MfG programme enabled the outcomes and impacts.

8.11 Overall, we conclude that programme activities have positively contributed to actual and expected outcomes for mentees at an individual-level and for their business. There is wide variation in the nature and scale of the effect, reflecting the diverse nature and duration of the mentoring relationships. There is also an increasing pool of good quality, pro-bono mentors with the right skills and capabilities. The econometric analysis suggests statistically significant net impacts have been realised for employment and turnover to date, but not for productivity (turnover per employee) at this stage. The underlying theory of change as set out in section 3 is happening as originally intended, despite challenging economic conditions arising from Covid-19.

Key lessons

8.12 Overall, mentees have had a positive experience of participating in the programme. Within this context and informed by our other evaluation findings, we highlight the following key lessons. These relate to improving programme impacts going forward.

8.13 The quality of the match and the subsequent personal dynamic between mentee and mentor leads to successful outcomes. The match covers several aspects broadly relating to personality of mentee and mentor (including trust, empathy, communication, chemistry); seniority (i.e. being a key decision maker); the fit of the mentee's business issue/requirements to the mentor's expertise; and expectations of the relationship. The average score for how well mentees thought they were matched with their mentor in the above categories was 4 out of 5. The feedback suggests that the "personal connection", genuine expertise of mentors, and flexibility in terms of the format, level etc. of interaction allowed benefits to be maximised. How the personal dynamic between mentees and mentors is facilitated in future will be important.

8.14 To further increase firm-level productivity impacts a sharper focus on the concept and practice of productivity should be considered. The evaluation found: mentees' definitions of productivity in their business varied (e.g. efficiency, growth, costs, etc.); and the reasons for participating in the programme primarily related to business growth and personal development. Given both these findings, there is scope to develop and communicate a consistent/clear working definition of productivity for the purpose of the programme (e.g. in terms of the ratio between employment and turnover) and to ensure that improving productivity remains the priority in recruitment and subsequent mentoring support.

Annex A: Case studies

A.1 This annex contains seven paired mentee-mentor case studies as follows:

Mentee organisation	Mentor organisation
EFT Systems	Orca Partnership Limited
LG Davis	GSK
Handling Concepts	Accenture
The Forshaw Group	Luminate Ventures
Guildhawk	Corporate partner
David Luke LTD	GSK
Timber Frame Management	The FD Centre

Case Study 1

Profile & motivations

EFT Systems is a safety and security systems company based in Lancashire. The Chief Financial Officer at EFT Systems enrolled on the MfG programme for two reasons. First, the mentee was recently appointed to the business's Senior Leadership Team and wanted guidance in relation to their new role. Second, the mentee was responsible for overseeing the business at a time of growth and wanted a mentor to act as a sounding board through this process.

The mentee was matched with a Director at Orca Partnership Limited who had previous mentoring experience through the local Chamber of Commerce and is a business coach and leadership development consultant.

Activities

The mentoring relationship started in January 2020 and continued beyond the 12-month programme. One mentoring session was arranged each month - these sessions typically lasted between one and two hours. **The mentee stated that the mentor acted as a “completely objective sounding board”.**

According to the mentor, the mentee wanted to reflect on and work through a variety of different business pressures. *“They had a lot on their plate, so our initial meetings focused on helping them create clarity about where to focus.”*

The mentee was complementary about their mentor's ability to switch between coaching and mentoring and also stated that, by asking challenging questions, the mentor enabled them to critically evaluate their business. This led to adoption of several new M&L practices across the business.

“[The mentor] has been wonderful. They are able to effectively switch between mentoring and coaching and play devil's advocate to help critically evaluate the business.”

Outcomes & impacts

The mentee had achieved the following benefits as a result of participating in the MfG programme: increased awareness of M&L practices; improved awareness of different managerial and leadership styles; and increased confidence in implementing M&L skills. The mentee also

MENTEE

Role: Chief Financial Officer

Organisation: EFT Systems

Sector: Other service activities

Location: North West

Issue: Guidance through a new role

MENTOR

Role: Director

Organisation: Orca Partnership Limited

Sector: Business consultancy

Location: North West

Experience: Business coach and previous mentoring experience through the local Chamber of Commerce

reported that the programme led to adoption of new M&L practices in their organisation these included: new operation management plans; performance monitoring metrics; and new dashboards to enable better leadership. They also planned to implement new target setting and talent management practices.

Overall, the mentee believed that participating in the programme resulted in an increase in productivity. The mentee expected that the improvement in productivity will result in the business securing new customers, employing more staff and expanding to new geographical markets in the next two years (2020 to 2022). Furthermore, in the next two years, the mentee expected business turnover and investment in R&D/innovation to increase as a result of the support through the MfG programme. **The mentee also commented that handling the Covid-19 crisis would have been slightly harder had they not been involved with MfG.**

“The business has handled Covid-19 very well. The conversation we [the mentee and mentor] had on soft skills has helped us to be more agile throughout the pandemic.”

The mentee stated that the business’s customers, suppliers and collaborators have all indirectly benefitted from their participation in the MfG programme.

The mentor expected that the participation in the MfG programme would result in deepening their understanding of the SME sector and exposure to a variety of different business areas and issues. Overall, the mentor reported achieving all of these and further developing his business network. Furthermore, the mentoring relationship turned into a formal business relationship which was an unexpected benefit of the programme.

Additionality & contribution

Without the MfG programme, the benefits experienced would have occurred through other routes but would not have been of the same quality for both the mentee and mentor. There were some external factors that contributed to the benefits experienced by the mentee including market demand and external sector and economic conditions (e.g., growth of the business’s largest customer and ongoing internal product development). The mentee considered these external factors to be “*critical*” and more important relative to MfG in achieving the benefits described above.

Wider perspectives

Both the mentee and mentor were complementary about the MfG programme and would recommend the programme to other potential mentees and mentors. Furthermore, participation in the MfG programme has encouraged the mentee to adopt mentoring within their own organisation. The mentor stated that their BtB contacts were always helpful and responsive when they had queries and that the matching process worked well. The mentor has subsequently introduced another mentee to BtB and is continuing to mentor within the programme.

In terms of improvements, the mentor commented that engagement with BtB's platform to book meetings and add notes has been a challenge, but not impacted the value of the mentoring sessions.

In terms of the impact of Covid-19, both parties agreed that although the virtual mentoring sessions were both fruitful and productive *"you can't beat meeting in person"*. Both agreed that it is *"possible to pick up more in face-to-face meetings"*.

Benefits to mentee



Increased confidence



Adoption of new M&L practices



Increased productivity

Benefits to mentor



Deeper understanding of SMEs



A business relationship with mentee

● Achieved ● Expected

Case Study 2

Profile & motivations

LG Davis is a Birmingham based printing company. The firm's Managing Director (MD) joined the Mentoring for Growth programme as a mentee in 2018 with a clear objective: for the firm to make a profit that would enable it to budget for a pay increase for all its loyal employees. To achieve this, the mentee sought external advice on sales, marketing and operations, in order to improve profitability. The mentee was matched with the (then) Head of Supply & Demand of the Emerging Markets unit, at GSK. With nearly 30 years of experience at GSK, the mentor's expertise lay in strategy, supply chains, sales, operations planning and team leadership. The mentor felt that the programme would not only be an interesting and rewarding experience, but also an opportunity to increase their "awareness of the real-world challenges faced by SMEs".

Activities

The mentoring relationship initially took the form of monthly phone calls. This was followed by reciprocal site visits. In total, the pair were in contact for around 20 hours over the duration of the 12-month relationship. The mentor recognised that, in order to give everyone in the business a pay rise, the business would need to improve its efficiency and productivity thus increasing profitability. Together, the mentee and mentor identified two key areas where the business could gain efficiencies:

- **Processes** – Removing clutter from the warehouse to improve operational efficiency was identified as the priority. To be sustained, this required a mindset change within the company whereby the busy workforce could take the time to adhere to good practice. The mentor was clear that the change needed to be driven by the mentee rather than an outsider: "As the mentor, it was not my job to change the norm, that responsibility falls on the mentee". The mentor therefore invited the mentee to a site visit at GSK to understand more about process flows and efficiency. The mentee could then take what they had learned there regarding best practice back to their own business.
- **Leadership and management** – To embed the operational changes, the mentee learned to lead by example. For example, during a site visit to LG Davis, the mentor pointed out that by walking through a dangerously cluttered part of the warehouse, the MD was effectively

MENTEE

Role: Managing Director

Organisation: LG Davis

Sector: Manufacturing

Location: West Midlands

Issue: Operations, sales and marketing

MENTOR

Role: Former Head of Supply & Demand, Emerging Markets

Organisation: GSK

Sector: Pharmaceuticals

Location: Various emerging market locations

Experience: Strategy, team management, supply chains, sales

validating that level of disorganisation. Therefore, to fundamentally change the way that the business functioned, the mentee needed to lead by example in terms of what is acceptable practice. Under guidance from the mentor, the mentee also worked on improving her ability to delegate. Daily performance management meetings were introduced to add to the sense of heightened accountability that came with more delegation.

Outcomes & impacts

The mentee improved their management and leadership skills, most notably delegation and communication skills. This improved the overall business culture and adoption of processes: during their second visit to the LG Davis premises, the mentor noted marked improvements in the organisation of the warehouse. By increasing operational efficiencies, the businesses' productivity increased, and LG Davis had its most successful financial year to date. This meant that the business could take on an additional employee. Moreover, the mentee achieved their original aim of granting all employees a pay rise. More widely, LG Davis' customers benefited from more efficient operations which resulted in faster services. Suppliers also benefited from working with a "more stable" business, with higher demand and which could pay promptly.

The programme was also beneficial from the mentor's perspective: "*as a result of MfG I can relate to SMEs much more easily*". Furthermore, participating in MfG improved the mentor's ability to communicate clearly, without the "big company jargon" that had become customary. Overall, the programme reinforced the mentor's self-confidence and self-belief. The mentor therefore became a more confident leader with a wider set of experiences to draw on when managing a team: "*GSK has benefited from an improved version of myself*". An additional benefit of the programme, noted by both the mentee and mentor, was the networking opportunities it provided. The networking events for mentors were particularly useful in this respect.

Additionality & contribution

The mentee noted that outcomes occurred to a greater scale than they would have done without MfG. Similarly, the mentor felt that it would have taken longer to achieve their reported personal outcomes. Neither mentee nor mentor could point to any other factors (i.e. outside of MfG) which contributed to the achievement of benefit, suggesting that MfG was critical. During the mentoring programme, the mentee's company purchased another small business. While this undoubtedly had an impact on the financial performance of the business, it did not contribute to the achievement of benefits. In fact, input from the mentor resulted in smoother acquisition and integration.

Wider perspectives

Overall, the mentee felt that MfG was highly beneficial, largely due to the: "*personal experience which was tailored specifically to the needs of the business*". In fact, they would recommend it unreservedly to other potential mentees, a sentiment that was echoed by the mentor providing that a very successful matching process is maintained. Looking forward, the mentor is concerned

that the programme is growing unsustainably. MfG should “*behave more like an SME*” – limiting growth to maintain its flexibility and efficacy. If it continues to grow at pace it risks building in “*big company thinking and inefficiency*”.

Benefits to mentee



M&L practices



Business performance



Delegation & communication

Benefits to mentor



Confidence & communication



Organisational benefits

● Achieved ● Expected

Case Study 3

Profile & motivations

Handling Concepts is a lifting and handling equipment solutions manufacturer based in Bromsgrove which specialises in engineering design, production and maintenance of handling machinery for primarily UK customers. In 2018 the mentee was appointed as Chief Operating Director and was part of a management buyout. The buyout process had the unintended effect of stagnating business growth and investment under the previous owner and the mentee saw MfG as an opportunity to gain an external perspective on their business structure, operations, and strategy, a *'fresh pair of eyes'*. The mentee was paired with an Information Technology Officer at Accenture who leads a team of Technical Service Delivery Managers supporting operations for clients in Finance, HR and Marketing. The mentor was conscious of the benefits being mentored could provide for an individual and was motivated to see whether his skillset could be useful to an SME within a different sector.

Activities

Initially, the pair were matched in December 2019 and met several times at the Handling Concepts premises prior to Covid-19 restrictions in March 2020, at which point all engagement between the pair was via video call. Engagement was flexibly arranged, as and when initiated by either individual.

Given the relationship is ongoing, the mentee's objectives continue to evolve. However, initially the mentoring focused on three main areas: **leadership roles; product delivery processes; and the sales and service offer.**

First, the business lacked clarity in the **activities within their leadership roles**, and the mentee found it difficult to articulate the value of each role and where it fitted within the business. They tended to underestimate their skillset in relation to the technical (engineering skillsets) of the other partners and this was something that needed to be understood to make the management structure better aligned. With the mentor, they worked through mapping the organisation structure, to clarify the delineation of roles and highlight the value of what they brought to the business within their role and their subsequent responsibilities.

MENTEE

Role: Chief Operating Officer

Organisation: Handling Concepts

Sector: Manufacturing

Location: West Midlands

Issue: Business stagnation; structure review and growth strategy

MENTOR

Role: Information Technology Director

Organisation: Accenture

Sector: Professional Services

Location: Remote

Experience: Technology service design, management, and delivery

Better defined roles meant that the leadership team could challenge each other more sufficiently on operational issues (which they hadn't done before). This helped the mentee consider how to make **improvements in product delivery processes** as there were challenges in product development running over schedule and over budget. The mentor talked the mentee through establishing control mechanisms, KPIs and process ownership from the product design to the shop floor to prevent delays and overspend.

Also, the **sales margins on each area of the business** (bespoke machinery builds, widgets, services) needed adjustment to ensure greater value was made from the business expertise. The mentor worked with the mentee to review the margins on each area of the business as the bespoke handling products (which required a high level of expertise and had the lowest volume output) had the lowest profit margin, while the widgets (which required less expertise and were produced in high volumes at lower prices) had the greatest profit margin. Linked to this, the business did not have a **proactive service offer** for their bespoke models or new offers related to their machinery. The mentor shared examples to show how different service areas were given different margins and how this related to the whole business. More recently, this focus has evolved to consider each product and how it contributes to the business and their offer.

Outcomes & impacts

Both mentee and mentor thought productivity improvements will be realised over the next two years (Oct 2020 – 2022). The mentor felt the improvements in leadership clarity, product delivery processes, sales margins and service offer would be realised because the mentee was well positioned to influence change, open to challenge and accepted the mentor's suggested areas for improvement alongside their own objectives.

The business measures productivity by how fast and efficiently a task is done, reflecting their ability to meet projects within budget and on time. The mentee had taken over operations management and production oversight since the clarification of roles. Employment within the business increased from 19 FTE to 22 FTE roles as a result of the mentoring process as the mentee and partners identified that more staff were needed to increase design capability and project management functions.

Increased awareness of, and confidence in, implementing M&L skills was identified by the mentee. They felt they were leading by example and were more consistent with each part of the business in terms of setting actions and maintaining accountability. On a daily basis, employees were clearer about the leadership roles and responsibilities and working practices were more efficient due to these changes.

On an individual level, the mentee thought that their communication skills within their diverse workforce had improved. They recognised that different teams preferred different types and tones of communication and had adjusted their approach to reflect this, adopting personality

profiling to understand each person's learning and communication preferences. This approach would not have happened without mentoring.

The mentor also reported individual benefits from participating in the programme. They believed that their engagement at work improved because the mentoring experience provided a stimulating additional experience outside work and helped them realise their skillset was transferable to other sectors and different sized businesses.

Additionality & contribution

The mentee thought the benefits achieved through MfG would have occurred, but may have taken up to a year longer to emerge as MfG has helped them to take more, considered risks. This view was echoed by the mentor who agreed that MfG has helped them achieve their outcomes quicker without a negative impact on wellbeing for all partners which was an observed risk at the outset.

Handling Concepts also received grant funding and support from the Manufacturing Growth Programme (MGP) to improve their business strategy, marketing and quality, including establishing their ISO 9001:2015 Quality Management Standard accreditation. Both MGP and MfG, were critical in helping them achieve their business improvement outcomes.

Wider perspectives

The mentee recognised the value that a mentoring approach could bring to the business prior to joining MfG, however, this view is now more widely held within their team too. As a result of their MfG experience, they have adopted a mentoring programme within the business.

Business premises visits were considered to be extremely beneficial by the mentor. Visiting the business premises and 'shop floor' gave the mentor a chance to observe the physical working environment of the mentee, the business manufacturing processes, and the working culture of the team. Without this, the mentor believed it would have been more challenging to make appropriate contributions to the mentee's business objectives and they would have felt less confident in doing so.

Benefits to mentee



M&L practices



Business performance



Communication skills



Confidence in transferable skillset



Organisational benefits

● Achieved ● Expected

Case Study 4

Profile & motivations

The Forshaw Group is a property restoration company, based in Knowsley which specialises in renovating commercial and residential property damaged by fire or flood, working closely with insurance companies and loss adjusters. It has a history stretching back to the end of the first world war. In late 2019, the Forshaw Group was set to grow by 30-35% and required support to manage the growth, upscaling decisions and people management. The mentee was motivated to join Mentoring for Growth to gain advice from someone who had experience of a growth situation, who would be interested in helping to shape the business, with an understanding of the construction sector. The mentee was paired with the founder of Luminate Ventures, a business and management consultancy, who had experience in strategy, growth/scale-up, transformation and management. Having benefited from mentoring themselves, the mentor was aware of the benefits it could bring and wanted to contribute to the success of local businesses.

Activities

Both parties were committed to building a strong relationship and fully engaging in the programme. In addition to their 1-1 sessions, the pair also arranged a session with the mentee's Board of Directors and the mentor. The mentor felt that the mentee had committed more time applying the learning from their mentoring to their business than the mentor had observed from their other mentoring experiences.

The original mentoring objective was paused during the COVID-19 lockdown, while the mentee's business shifted to survival mode. The business was in a fortunate position in that it could restructure and rearrange its work and the mentoring was focused on advising this, and specifically managing finance and invoices. The mentor also spent time with the Financial Director during this period.

Once the business had stabilised, the mentoring focused on managing the workforce and customer and supplier management. For example, some employees were reluctant to return to the office and the mentor supported the mentee in responding to these concerns. On supply chain management, the pair discussed how to deal with new regulations and managing traders.

MENTEE

Role: Managing Director

Organisation: The Forshaw Group

Sector: Construction

Location: North West

Issue: Managing growth and people

MENTOR

Role: Founder

Organisation: Luminate Ventures

Sector: Professional, scientific and technical activities

Location: North West

Experience: Strategy, Scale-up, transformation, digital and consulting services

Recently, the pair have returned to focus on the original objective of the mentoring, managing the growth of the business. They have been developing a scheme together called 'Reimagine' which sets out how the business will look in the future. This includes how to improve people management, to bring all employees along on the growth journey.

Outcomes & impacts

Management and leadership benefits have been gained through the mentoring programme. The mentee has been able to restructure the business from a relatively flat model to a more hierarchical structure. This involved ensuring the model layers reflected the structure of the business, the development of key team members (including building their management skills) and improving the delegation skills of the mentee.

The mentoring has led to improved business performance and the mentee reported productivity has increased. Improvements included: employment has grown by ten FTE, and there has also been an increase in turnover from £7.2m to £8.5m. Investment in R&D and innovation has increased from c.£100k by 20%. Over the next two years (Sep 2020-2022), employment is expected to continue to increase by 15% and the business is targeting a further increase in turnover to £11m.

The mentee reported that their confidence had increased over the mentoring period as, through the conversations with their mentor, they have realised how the decisions they have been making fit into the context of the business. Similarly, the mentor reflected that they had learned to better contextualise the data and information that they present to clients to ensure the messages were clearly positioned for the relevant business. They learned how to soften their stance when engaging others early on and how to enable more strategic management, specifically within family-run businesses.

Additionality & contribution

Mentoring had the effect of increasing the momentum of work already underway in the Forshaw Group. The pair agreed that the benefits gained through the mentoring would have occurred without the programme but at a slower rate (estimated by the mentee as likely to have taken up to a year longer). The mentor thought that, without the impacts of COVID-19, the mentee could have achieved two thirds of the progress without mentoring help. A combination of new business leadership internally and new technology and equipment, also contributed to these outcomes.

The scope for personal development was greater for the mentor through this programme than in their regular consulting activities. The mentor felt they would have gained similar benefits eventually, but it would have taken longer as there is often not time to learn on fast-paced client jobs. The mentor reported they are utilising some of the learning they have gained from the mentoring experience with his clients.

Wider perspectives

Handling the crisis would have been much harder had the mentee not been involved with the mentoring programme. It has been very good for their mental state as the construction sector was hit particularly hard by the lockdown and the business they had built was at risk. Discussions with their mentor provided a space to share thoughts and feelings and helped the mentee realise that other people were going through the same experience. The mentor agreed with this.

COVID-19 also affected the mentoring experience. Usually mentoring would be driven by the mentee, however through the crisis the mentor took on more of a directional role, hearing what the mentee had to say and giving specific advice and strategies. The experience became more like a non-executive board member providing guidance. For SMEs in particular, the mentor thought this type of support is more desirable than a looser form of mentoring.

Benefits to mentee



M&L practices



Business performance



Individual benefits

Benefits to mentor



Individual benefits



Organisational benefits

● Achieved ● Expected

Case Study 5

Profile & motivations

Guldhawk is a technology-led language consultancy based in London which specialises in precision language translation and communication for a diverse range of sector needs. Their CEO sought out mentoring as a way to access advice and support to develop a partnership model for the company. The mentee was paired with the senior individual from one of BtB's corporate partners who had expertise in partner engagement and governance activities and processes.

Activities

Both the mentee and mentor invested a lot of time each month in their mentoring relationship over the official 12-month period. They spent between two and three hours each month plus preparation time on the mentee's goals, and often had unplanned calls.

Initially, the mentee's goals were focused on evolving the business into an employee owned, partnership model. This involved discussions with the mentor on what it meant to operate the partnership model, focusing on legal information and documentation but also on the wider view of how to create cultural change and how to lead and mobilise for change. As the relationship progressed, new goals developed through their conversations, primarily around rebranding the business, improving performance management and setting appropriate commercial targets.

Examples of resources the mentor was able to share to help inform the mentee included the change and transformation rebrand models used in the mentors own organisation and the mentor's own experience of being part of a rebrand. The mentee and mentor also spent time talking about leadership journeys and how the mentor's experience could help the mentee consider their journey.

Outcomes & impacts

Productivity has increased as a result of the mentoring experience according to the mentee. Mentoring resulted in higher business turnover as the process helped the mentee avoid costly mistakes during the business model change and rebrand by using the mentor as a critical friend, creating space to resolve potential issues and evaluate what was working well. A wider review of service margins showed these were not well aligned with the delivery process costs and addressing these also lowered overall business costs. Mentoring provided the mentee with a sounding board to check the business direction and investment options.

MENTEE

Role: CEO

Organisation: Guldhawk

Sector: Professional, technical and scientific activities

Location: London

Issue: Developing a partnership model

MENTOR

Role: Senior

Organisation: Corporate Partner

Sector: Retail

Location: East of England

Experience: Partner engagement, representation, and governance

The mentee used to be more focused on processes and opportunities for automation rather than people management. Mentoring discussions helped them align people management, how to lead and interact with people when automated processes are introduced, within the new business model, as the overall rebrand brought the firm's technology expertise to the fore, which was previously less visible.

Prior to the mentoring, the business invested little in research and development. However, now R&D is seen as a key part of the business requiring systematic investment and as such 5% of all revenue will be used to support R&D which is expected to increase in future.

The mentee reported that the business had adopted and sustained new M&L practices incrementally in all areas which made a greater difference when applied together in the new business model. While they felt these benefits would have occurred without mentoring, this would have taken longer as the mentee was ready to implement changes but didn't know 'how/where/what' to do.

Individual benefits were also identified by the mentee. They reported they had a more strategic perspective now, and were more in control of business operations and direction than before. Mentoring had helped the mentor feel even more confident in their decision making. This included being able to give people more autonomy in their job roles and knowing how best to exploit the firm's key expertise through R&D and ability to innovate.

Both the mentee and mentor thought that dealing with the effects of COVID-19 would have been harder for the mentee's business without the mentoring programme. Although the formal mentoring programme had finished prior to the COVID-19 restrictions in March 2020, the mentee believed that their increased confidence in decision making helped them lead with confidence, take difficult decisions and deal with challenging situations. The mentor viewed the mentee as far more self-assured and confident in leading a team virtually.

The mentor also reported benefiting from the mentoring programme. They reflected that their skills of enquiry and investigation improved as well as the ability to problem solve during meetings. The mentor thought the experience had improved their awareness of SMEs and how they operate.

Additionality & contribution

The business performance benefits reported would have occurred without the mentoring, but these benefits would have been on a smaller scale and lower quality. While the mentee had the readiness to change the business model, without the mentoring they would have made mistakes that would have been time consuming and costly. This view was echoed by the mentor who observed that the mentee had achieved their initial business goals quicker than if they had tried to implement these changes independently.

Wider perspectives

The mentee did not expect mentoring to be as beneficial for their business as it has been. By exploring the narrower partnership model concept, the mentor helped show how adjoining aspects of leadership and productivity could be improved to feed into this. This changed the mentee's perception of what was possible to achieve through mentoring and subsequently the mentoring relationship has evolved into an ongoing business consultancy relationship. The mentee also developed a mentoring programme internally for their business.

While the mentee benefited from the mentoring programme, the mentor thought that the relationship was more aligned with coaching rather than mentoring as their mentee already had a lot of the knowledge and skills needed to lead a business. It would be worthwhile for MfG to consider the different levels of support SMEs require on the mentoring/coaching spectrum and which approach is best placed to lead to productivity gains.



Case Study 6

Profile & motivations

David Luke LTD is a childrenswear company based in the North West. The Operations Director initially sought mentoring to work through company 'growing pains' and challenges associated with seasonal demand. However, the business challenges changed as a result of Covid-19. The school uniform market was severely disrupted by national lockdowns and, as a result, the mentee needed to work through new buying structures, changing financial forecasts, and navigating furlough.

Through the Growth Hub, the mentee was matched with a mentor who had recently retired from a director role at GSK. The mentor had previously mentored people within their organisation. They were interested in joining the MfG programme because it provided an opportunity to mentor someone external from a different sector.

Activities

The mentoring relationship began in February 2020. Mentoring meetings were arranged once a month and lasted between 1.5 to 2 hours. Both the mentee and mentor commented that this level of engagement worked well for both parties.

Initially, the mentee and mentor discussed making changes to business operations such as using warehousing space more efficiently. As the Covid-19 pandemic progressed the conversations moved on to discuss how the business model might need to change. **The mentee and mentor discussed adopting home working, changing how the business sold products, improving branding and advertising (e.g., launching a new website), and changing packing and distribution methods.**

"My [mentor] role was to act as a sounding board and challenge the mentee to think through possible impacts and how to measure success."

Outcomes & impacts

The mentee had achieved a greater understanding of how to use technology to provide insight and improve business performance as a result of participating in the MfG programme. **The mentee had also achieved an increased awareness of M&L practices and increased**

MENTEE

Role: Operations Director

Organisation: David Luke LTD

Sector: Retail and Wholesale

Location: North West

Issue: Covid-19 challenges

MENTOR

Role: Director (now retired)

Organisation: GSK

Sector: Pharmaceuticals

Location: North West

Experience: Internal mentoring

confidence in implementing M&L skills. For example, they successfully managed employees as they adjusted to working from home.

The mentee did not report any organisational benefits or improvement to productivity as a result of the MfG programme. However, the mentee stated that handling the Covid-19 crisis would have been slightly harder had they not been involved with MfG. Having a “*sounding board to discuss Covid-19 related business issues*” was considered to be particularly helpful in this context.

The mentee stated that customers benefited indirectly from the mentee’s participation in the MfG programme due to the new business website.

The mentor had joined the MfG programme prior to retirement to enable them to learn about other industries and to improve their soft skills. Through the MfG programme, the mentor learnt how decision making, prioritisation, attitudes to risk, and the pace of change was different in SMEs. They commented that **the MfG enabled them to see a new business perspective that they were unable to get within their own role at GSK.**

Additionality & contribution

For the mentee, the benefits reported above would have occurred but at a slower rate without the MfG programme. When asked approximately how much longer it would have taken for them to achieve the benefits, the mentee thought up to a year. **Other external factors outside of MfG such as, market demand and external economic conditions, were critical and more important than MfG in terms of achieving the benefits reported above.** For example, the Covid-19 pandemic meant that the business had to adapt and make changes.

Wider perspectives

The mentor and mentee both stated that they would recommend the MfG programme to other potential mentees.

The mentor stated that “the programme is sticking to its principles of helping small business grow – this is demonstrated by some businesses employing more people despite the pandemic”.

The mentor commented that the matching process had worked well. In terms of how to improve the programme, they suggested that **BtB could provide greater clarity around how BtB and the Growth Hub work together to deliver the programme.** They also thought it was important that future mentoring programmes remain free for SMEs to ensure strong engagement.

“MfG is a really great programme – mentors can get a lot from it. I personally get a lot from sharing my business experience and skills so I’m happy to continue mentoring.”



Case Study 7

Profile & motivations

Timber Frame Management designs, manufactures, and installs bespoke timber frames. In early 2020, the company was preparing to move premises. The Operations Manager therefore joined the Mentoring for Growth (MfG) programme seeking a mentor who could help with this transition. Alongside this, the mentee wanted guidance on growing and developing the business. Through the Anglia Growth Hub, the mentee was matched with a mentor from the FD Centre. The mentor hoped to build on existing informal mentoring experience to improve soft skills such as effective questioning.

Activities

The mentoring relationship was first established in April 2020. Initially, the mentor wanted to learn more about the mentee (background, skills, strengths & weaknesses) and Timber Frame Management (processes, product & business plan). From that point, they could move onto the main focus of the support. Moving premises presented a significant challenge to Timber Frame Management, and the process was blighted with setbacks from external factors. The mentor supported the mentee through these setbacks by providing a sounding board and suggesting ideas around how to take the plans forward. Outside of this project, the pair focused on introducing “*slicker and more efficient processes*” in the manufacturing side of the business. They also looked at ways to improve the team dynamic and sense of responsibility. For example, the mentor encouraged the mentee to increase the number of delegated tasks. This resulted in more equitably shared “*responsibility of thought*” and took some of the burden off the mentee. The mentor assisted in this process by “*asking the hard questions*” around what the mentees strengths are, and where support was in fact needed.

Outcomes & impacts

At the time of the interview, the mentee’s business had not yet moved premises. However, the mentee felt that the programme had been beneficial in a number of other ways. Firstly, the mentor had encouraged the mentee to think about all of the groundwork that needed to be in place for when they do come to move (expected within the next two years), to make it a smoother process. This will allow Timber Frame Management to offer more products and services, thus benefitting customers.

MENTEE

Role: Operations Manager

Organisation: Timber Frame Management

Sector: Manufacturing

Location: East of England

Issue: Business growth, business relocation

MENTOR

Role: Finance Director

Organisation: The FD Centre

Sector: Professional services

Location: East of England

Experience: Finance, management software, KPIs, team development

More generally, the mentee is better equipped for business growth. In particular, the mentee is more aware of the business processes that need to be in place to support this growth. Over the next two years the mentee expects the business to increase its productivity and grow in turnover and employment, partly as a result of the mentoring. This will have positive knock-on implications: *“Suppliers will benefit through our increased purchasing”*.

As intended, the mentor’s questioning skills have improved. As a finance director, understanding the needs and overarching objectives of business owners is crucial. The programme provided the opportunity for the mentor to practice and hone this highly valued and often intricate skill. The mentor improved other soft skills such as listening and empathy. On a personal level, both the mentee and mentor have gained confidence through the programme.

Additionality & contribution

In the absence of the programme, the mentee felt that the benefits they have achieved and expect to achieve would still occur, but up to 12 months later. The mentor thought the mentee would not have achieved benefits to the same scale. The mentee cited the pre-existing plan to move premises as the other key contributing factor in achieving outcomes, and considered this to be important alongside MfG. The mentor would also have achieved the same benefits as a result of other, less formal, mentoring commitments. However, it would have occurred at a slower rate (up to two years) and not to the same quality.

Wider perspectives

Overall, both mentee and mentor spoke highly of MfG. In particular, the mentor found the online *“get togethers”* with other mentors to be valuable. The sessions provided a platform to talk to other mentors about their experiences of the programme, as well a valuable networking opportunity. From the mentee’s perspective, the success of the programme lay with the quality of the mentor. Specifically, having compatible personality types was mentioned as a critical factor to achieving success.

The benefits of the programme were hindered somewhat by Covid-19. Having had only one face to face meeting, the pair would have preferred a more blended programme format. The mentor felt that visiting the SME’s site would give a better impression of the *“hourly grind”* SME business leaders face, as well as improving the mentors’ understanding of the team dynamic. The mentor also suggested the programme’s website and portal as further areas for improvement, although recognised that progress may already have been made on this front.

Benefits to mentee



M&L practices



Business performance



Increased confidence

Benefits to mentor



Individual benefits



Organisational benefits

● Achieved ● Expected

Annex B: Further detail on econometric analysis

- B.1** As part of an impact evaluation of Mentoring for Growth, we undertook a quasi-experimental analysis of the programme's impact. This fed into the overarching mixed-methods evaluation of MfG, for which contribution analysis was used as a framework.
- B.2** A difference-in-difference approach was used to estimate net impacts of MfG on business performance and productivity of its beneficiaries. This involved comparing the outcomes observed among beneficiaries to those observed among comparison groups drawn from the wider business population represented in the Business Structure Database using a statistical matching technique – Propensity Score Matching.
- B.3** This annex provides further detail on implementation of DiD and PSM and assessment of robustness and quality of comparison groups.

Selection models

- B.4** Table B-1 sets out in detail the steps which were carried out to conduct PSM and subsequent impact assessment using the DiD model, with further detail provided below.

Table B-1: Steps in implementing PSM and DiD analysis

Step	Description
Step 1	Beneficiaries were profiled against the wider business population
Step 2	Propensity scores were estimated
Step 3	Several alternative comparison groups were formed based on estimated propensity scores
Step 4	The quality of each comparison group was assessed
Step 5	Two most credible groups – the preferred and alternative – were selected for the analysis
Step 5	DiD analysis was undertaken

Source: SQW

- B.5** PSM reduces selection bias (the bias that may arise due to systematic differences between supported and unsupported companies) by matching beneficiaries to most similar businesses from the wider business population.
- B.6** Matching is achieved through estimating a statistical model of the selection process into support. The selection modelling for this analysis uses a Probit model – the dependent variable takes a value one for beneficiaries and zero for unsupported businesses who did not receive any support from MfG including from other treatment cohorts.
- B.7** The modelling relies on variables available about businesses before support. It is key the variables correlate with exposure to support, allowing to identify the characteristics

important for selection into treatment. Initial set of possible matching variables was identified through descriptive analysis and profiling against the wider business population

B.8 Variables available for analysis included: a) industry characteristics (highly knowledge-intensive and high-tech manufacturing), b) pre-growth employment or turnover trends, c) geographical proxies, d) age, e) employment and turnover size, f) whether tracked in Beauhurst and, g) prior receipt of Innovate UK grants. These variables were largely derived from the BSD. In addition, two datasets were linked to the ONS data:

- **List of businesses exposed to prior government innovation support.** Innovate UK reports all incidences of Innovate UK support since 2004, providing business details, grant amounts, start dates, end dates, product information and collaborators. This has been linked to the BSD. The fact that a business has received support in the past may reveal motivational characteristics, e.g. motivation to grow and actively seeking support to achieve this goal.
- **Beauhurst database.** This commercial dataset is focused on the UK's growing businesses. These are over-represented in the MfG beneficiaries and therefore adding information to the BSD on whether a non-beneficiary is tracked or not may improve the quality of comparison groups.

B.9 Table B-2 contains the estimation output for a selection of estimated models based on different sets of matching characteristics (the rows represent variables included into each of the models, empty cells indicate that the variable was not included into a particular model). Selection tended to target smaller businesses, with negative coefficients as size variables increase. Past performance also strongly correlated with support, with higher pre-support employment growth being associated with an increased chance of selection. The regional aspects – especially whether the business is in London or the south east – also prove to correlate with selection but negatively, reflecting the regional composition of the population of the programme and a relatively limited number of London-based MfG beneficiaries (all of which participated in the pilot) and a relatively higher number of London-based businesses in the wider business population.

Table B-2: Results of probit estimation of likelihood to be treated

	Preferred Model		Alternative Model		Further Model I		Further Model II	
Variables	Coef	SE	Coef	SE	Coef	SE	Coef	SE
Annuals								
2018	0.54***	0.09	0.52***	0.09	0.55***	0.09	0.54***	0.09
2019	0.6***	0.09	0.65***	0.09	0.68***	0.09	0.67***	0.09
Live Local Units	0	0	0	0	0	0	-0.01	0.01
Variables	Coef	SE	Coef	SE	Coef	SE	Coef	SE
Employment Categories								

	Preferred Model		Alternative Model		Further Model I		Further Model II	
10-19 Employees	0.70***	0.06			0.39***	0.08		
20-49 Employees	0.61***	0.06			0.20**	0.08		
50-249 Employees	0.27***	0.06			-0.16*	0.08		
250+ Employees	-0.14	0.19			-0.41*	0.21		
IUK Project Before	0.1	0.14	0.11	0.14	0.03	0.14	0.05	0.14
London South East	0.35***	0.06	-0.37***	0.06	-0.36***	0.06	-0.36***	0.06
Previous Above Average Growth in SIC Code	0.17***	0.04						
Employment Growth, 1 year prior			0.12***	0.04				
Beauhurst Tracked			0.34***	0.07	0.23***	0.07	0.32***	0.07
Scaleup					0.31**	0.13	0.36***	0.13
Turnover Categories								
£101,000-500,000					0.36***	0.1	0.39***	0.1
£501,000-1 million					0.47***	0.12	0.62***	0.11
£1-5 million					0.76***	0.11	0.85***	0.09
£5-10 million					0.85***	0.12	0.81***	0.1
£10-50 million					0.69***	0.13	0.59***	0.11
Sectors								
High Knowledge Intensive Services					0.07	0.08	0.09	0.08
High Manufacturing					-0.11	0.28	-0.11	0.28

*** significant at the 1% level; ** at 5%; * at 1%. Standard errors are robust. Source: Belmana.

B.10 After the selection models were estimated, comparison groups were constructed by matching beneficiaries with unsupported businesses with the closes probabilities to be exposed to MfG as predicted by the selection models. We used one-to-one algorithm without replacement.⁶²

⁶² We preferred this method for its tractability over alternative methods which can reweight individual comparator businesses in attempt to improve the quality of the match. In this particular case, considering the breadth of the pool of companies available for matching, potential benefits of

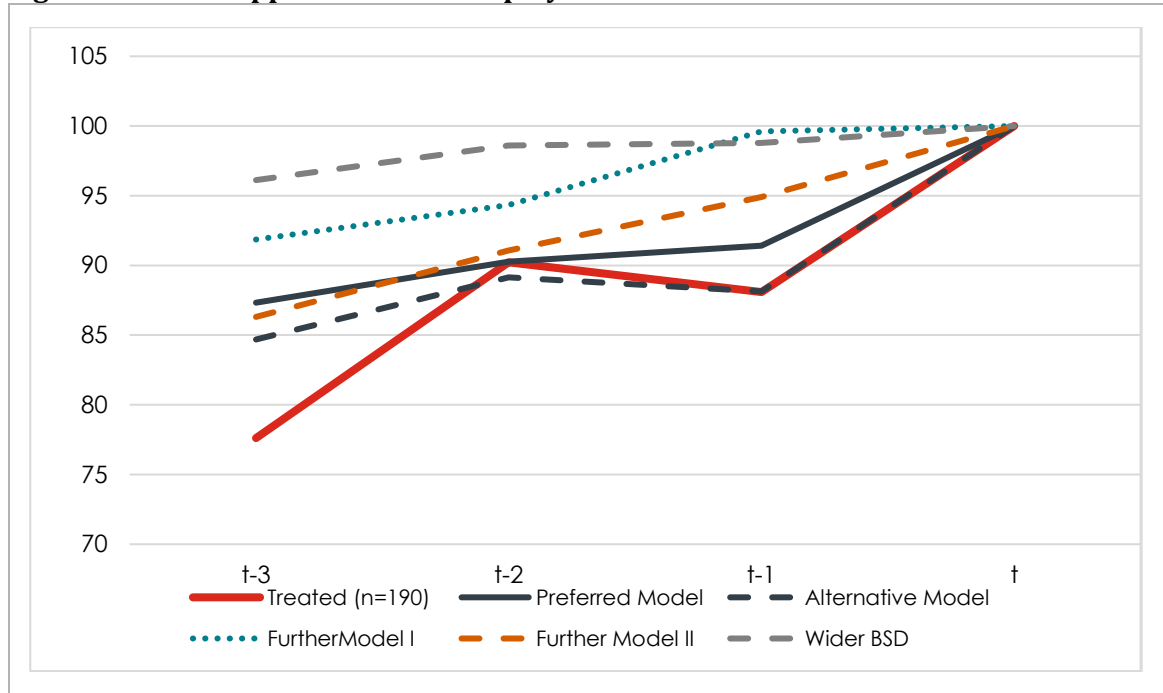
In other words, each beneficiary business was matched with one most similar unsupported business from each selection model. No unsupported business could be selected to be in a comparison groups based on the same model more than one once, though the same business could be included into more than one comparison groups based on different selection models.

- B.11** Once comparison groups were selected, we undertook a graphical analysis of pre-treatment trends in employment and turnover (Figure B-1 - Figure B-2) to assess which models generated comparison groups most robust to potential violations of the parallel trends assumption.
- B.12** This analysis indicated that in the years before support beneficiaries were growing faster than the wider business population highlighting the importance of selection modelling to arrive at accurate estimates of the effect of MfG using a difference-in-differences approach. It also revealed a large degree of volatility in pre-treatment turnover levels suggesting a potentially higher risk of a bias arising from explicitly using past growth trends as a matching characteristic.⁶³
- B.13** Graphical analysis indicates that the preferred comparison group broadly tracked the trends in both employment and turnover over the three years before support making it likely to satisfy the parallel trends assumption. The alternative model best tracked the immediate pre-support trend. However, considering employment growth was used as a matching characteristic to 'force' the trend to be parallel, this comparison group was selected for the purposes of triangulating the results rather than for drawing definitive conclusions.

the latter approach would not be substantial and would not offset the loss in ease of interpretation and transparency of results.

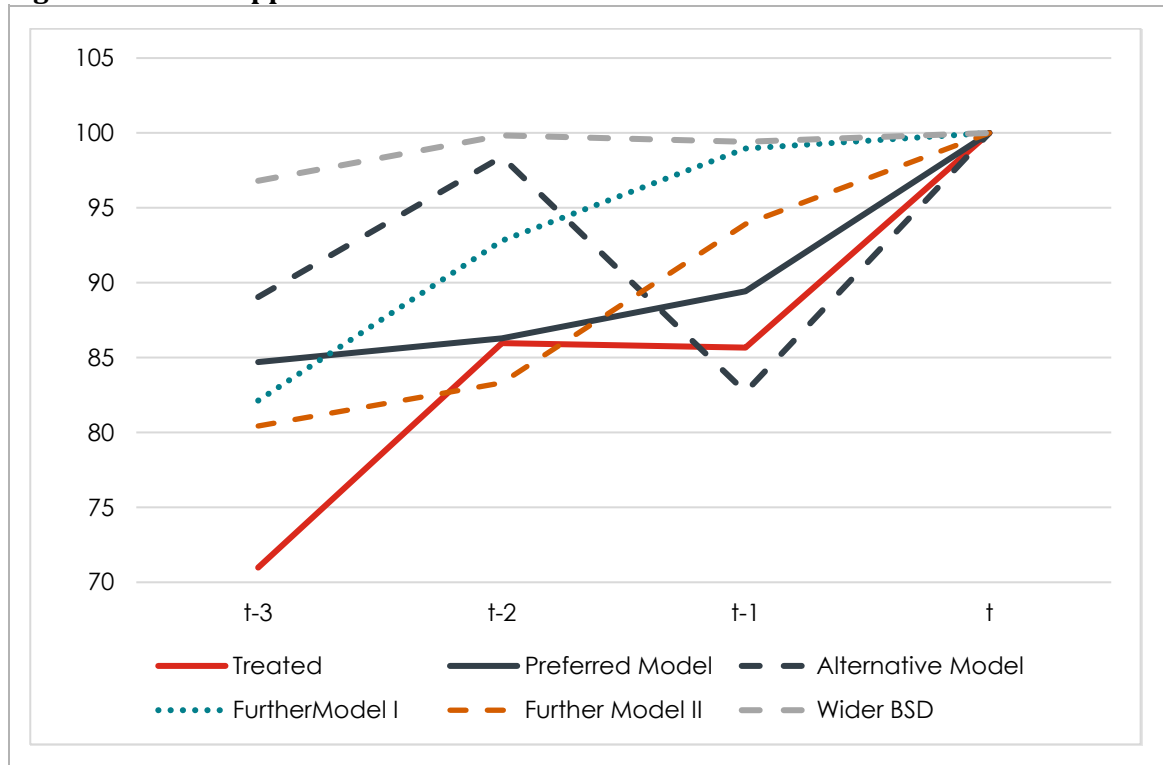
⁶³ Due to the degree of volatility in turnover, as evident in Figure B-2, models matching on pre-existing trends in turnover were not considered.

Figure B-1: Pre-support trends in employment



Source: Belmana

Figure B-2: Pre-support trends in turnover



Source: Belmana

B.14 The final step before undertaking the DiD analysis using the selected comparison groups was a set of formal statistical tests to assess the ‘balance’ between the treated and comparators (i.e. to check how similar the groups are on a set observable characteristics). Table B-3 presents the results of these tests. PSM successfully eliminated most of the differences

between the wider business population and MfG beneficiaries. The only remaining disbalance to do with the sector composition of the groups with manufacturing firms being somewhat underrepresented in the comparison groups. Considering MfG support is tailored to individual needs of mentees rather than focused on specific issues common in a given sector, it is unlikely that the remaining sectoral differences would affect the results of the analysis, especially considering the similarities in growth trends.

Table B-3: Propensity score balance tests

	MfG	Preferred comparison	Alternative comparison	Unmatched
Live Local Units	2.29	2.29	2.1	2.41
UK Only	98%	96%	95%	95%*
Low Pay	22%	32%**	33%**	29%**
High Tech	23%	12%***	14%**	14%***
Manufacturing	32%	13%***	9%***	8%***
Age	18.92	18.87	18.19	14.60***
Herfindahl Index	12%	11%	12%	9%**
High Man	1%	0%	1%	1%
High KI Services	8%	6%	8%	8%
High Med Manu	8%	3%**	4%*	2%***
Hi Med KI Services	13%	11%	12%	13%
Scaleup	3%	1%	3%	0.76%***
London/SE	12%	12%	12%	35%***
IUK Project Before	3%	3%	3%	1%*
Beauhurst Tracked	13%	12%	13%	4%***
Emp growth, 1 year before	0.13	0.09	0.13	0.01***
Emp growth, 2 years before	0.1	0.1	0.11	0.01**
Count of businesses	190	190	190	665529

*** significant at the 1% level; ** at 5%; * at 1%. Standard errors are robust. Source: Belmana

B.15 Overall, our assessment of the two selected comparison groups constructed using PSM suggest they are of 'high quality' and likely to satisfy the parallel trend assumption, increasing our confidence in the results obtained though difference-in-difference modelling.

Difference-in-difference analysis

- B.16** The difference in difference analysis was implemented by: a) first, calculating the differences in outcomes over time at the individual business level, b) by then implementing a t-test with robust standard errors to test whether the average changes in outcome measures observed among beneficiaries were statistically significantly different from average changes in outcome measures observed in comparison groups.
- B.17** Figure B-1 - Figure B-3 and Table B-4 - Table B-7 show post-treatment growth in outcome measures and present the DiD estimates of the effect for both the preferred and alternative comparison groups.

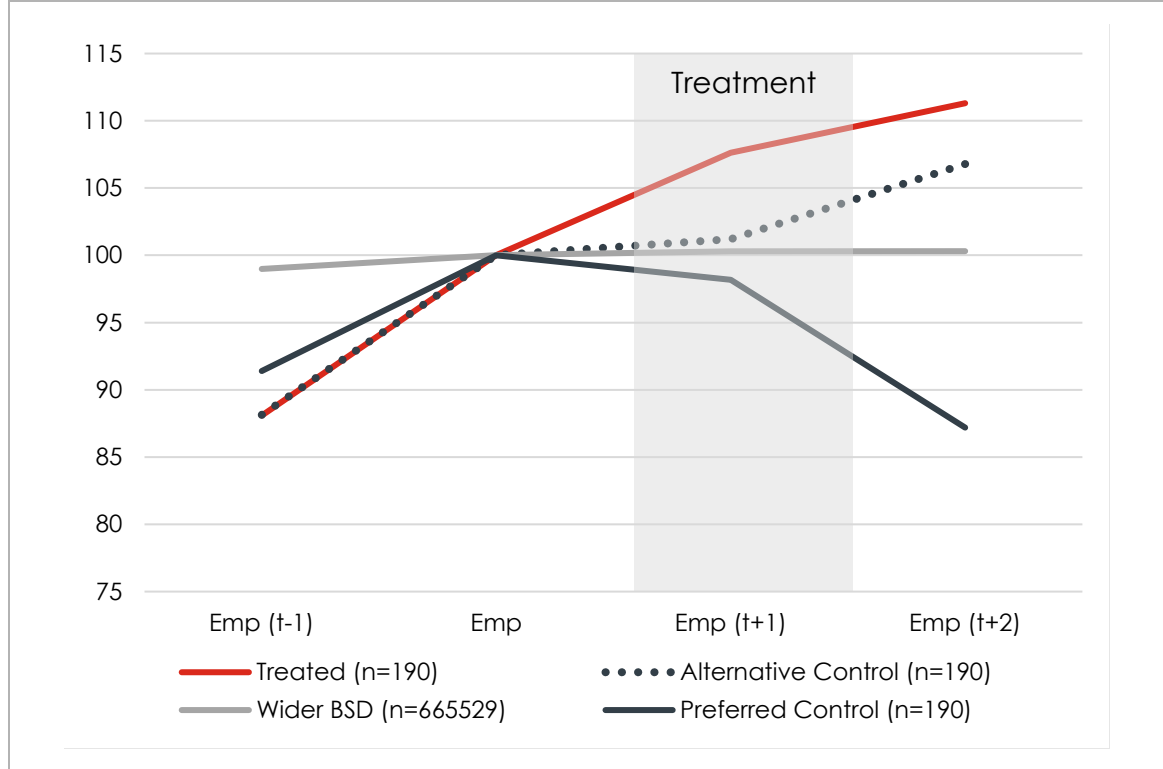
Table B-4: Estimates of net impacts on employment (difference-in-differences)

	MfG Beneficiaries	Preferred comparison	Alternative comparison
	Growth	DiD estimate	DiD estimate
Employment growth, 1 year post support	7.60%	9.6% (2.33**)	6.4% (1.58)
Employment growth, 2 years post support	11.30%	27.7% (2.57**)	4.2% (0.76)

Source: Belmana; Note: Significance levels are 1% (***) , 5% (**) and 10% (*)⁶⁴; t-statistics in parenthesis using robust standard errors. The growth over two years is cumulative.

⁶⁴ The level of statistical significance reflects the probability of being wrong when concluding that the effect is present. Often the 5% level is taken as the threshold for statistical significance. However, given the nature of MfG support, large variation in possible routes from mentoring to impact, and the timing of evaluation, we consider results statistically significant at the 10% level to be of policy significance.

Figure B-3: Changes in employment following support, alternative comparison group



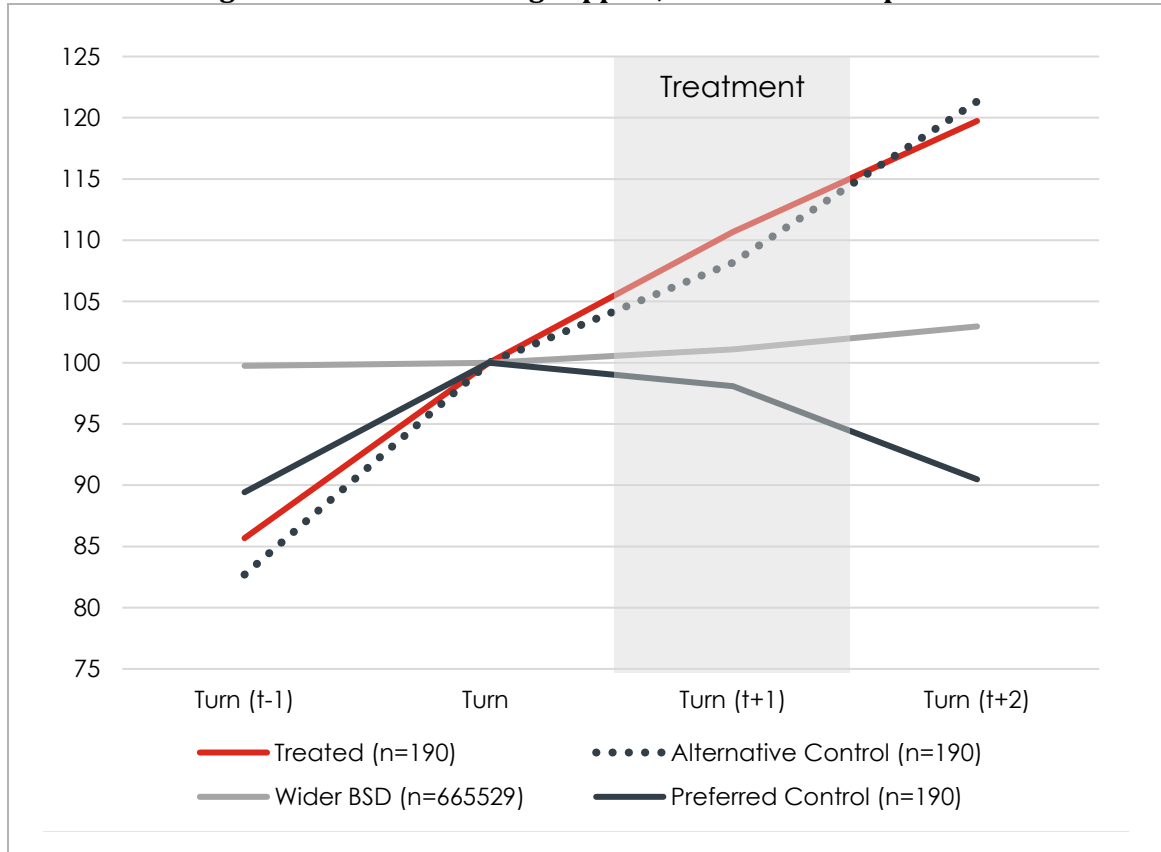
Source: Belmana

Table B-5: Estimates of net impacts on turnover (difference-in-differences)

	MfG Beneficiaries	Preferred comparison	Alternative comparison
	Growth	DiD estimate	DiD estimate
Turnover growth, 1 year after support	10.70%	12.8% (1.65*)	2.3% (0.35)
Turnover growth, 2 years after support	19.70%	32.3% (2.58**)	-1.3% (-0.12)

Source: Belmana; Note: Significance levels are 1% (***) , 5% (**) and 10% (*); t-statistics in parenthesis using robust standard errors. The growth over two years is cumulative.

Table B-6: Change in turnover following support, alternative comparison

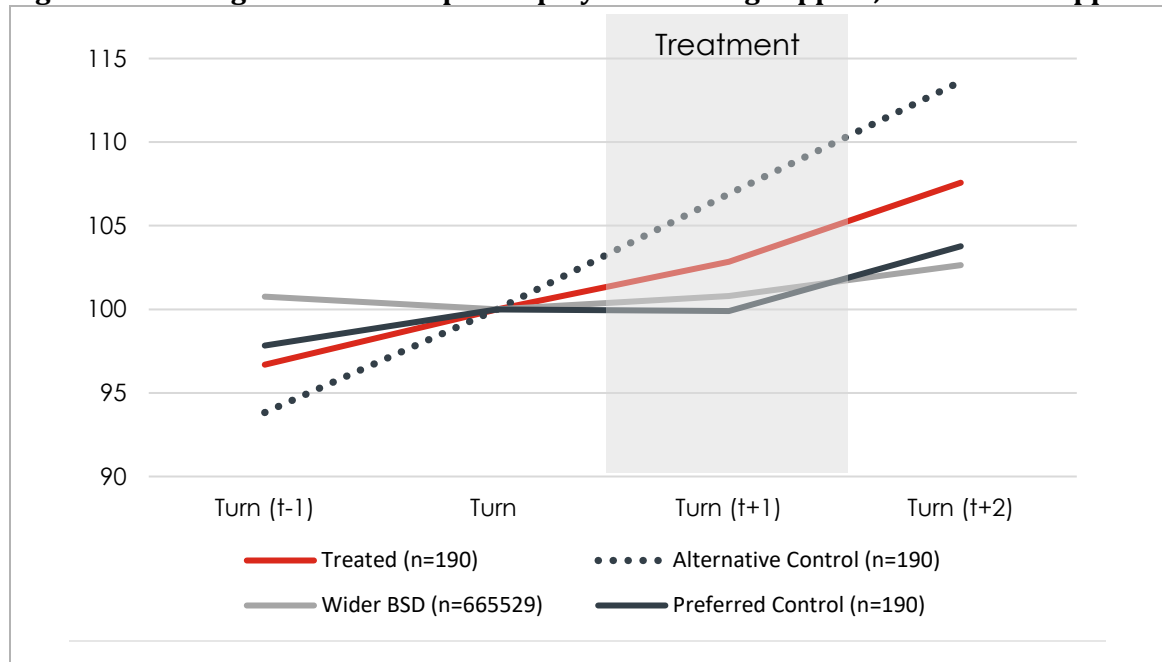


Source: Belmana

Table B-7: Estimated impact on turnover per employee

	MfG Beneficiaries	Preferred comparison	Alternative comparison
	Growth	DiD estimate	DiD estimate
Productivity growth, 1 year after support	2.80%	2.9% (0.38)	-3.8% (-0.57)
Productivity growth, 2 years after support	7.60%	3.7% (0.33)	-5.3% (-0.51)

Source: Belmana; Note: Significance levels are 1% (***) , 5% (**) and 10% (*); t-statistics in parenthesis using robust standard errors. The growth over two years is cumulative.

Figure 8-1: Changes in turnover per employee following support, alternative support

Source: Belmana

- B.18** The results of comparing MfG beneficiaries against the alternative group suggest that the employment growth in supported businesses is greater than that seen in comparator firms, but the difference is not statistically significant. The variation in results compared to the preferred comparison group is likely to be due to the level of volatility in the data relative to the sample sizes, especially two years after support where we could observe only 79 beneficiaries, and suggests a certain level of imprecision in the estimates at this point in time. **As any further years of data are added, the sample will increase, and the quality of the growth estimates and the difference-in-difference should improve.**
- B.19** Similar results using the alternative comparison are observed for turnover growth (where volatility in outcomes is even higher than in employment) and for growth in turnover per employee where the treatment group demonstrates somewhat slower growth than the alternative comparison group, though from the statistical point of view the growth rates are indistinguishable.
- B.20** The sensitivity of results to the choice of comparison group is not unexpected given the sample size and the nature of mentoring as a form of intervention. **Specification tests described above give us confidence in the results obtained using the preferred comparison group in terms of the presence of impacts. However, the precise estimates of the effects at this point remain indicative.** We expect that adding one or two years of additional data, which would boost the number of post treatment observations for current beneficiaries and increase the sample by including recent participants, would substantially improve the precision of estimates.

Estimating the effect of repeated support

B.21 To estimate the effect of repeated support on outcomes of 28 businesses that participated in more than one cohort of MfG we used a regression-based implementation of DiD with an indicator for repeated support added as a control variable. The specification of estimated model is presented below:

$$\Delta Y_i = \alpha + \beta_1 MfG_i + \beta_2 X_i + \beta_3 R_i + \varepsilon_i,$$

B.22 where

- ΔY_i – is a change in the outcome measure over time (before/after support) observed for business i
- MfG_i – is treatment indicator equal to one for all beneficiaries and zero for comparator companies
- X_i – is a set of matching characteristics used to identify the comparison group used for the analysis
- R_i – is an indicator for repeated support
- ε_i – is the error term reflecting the difference between the observed growth in the outcome measure and the growth predicted by the model for a particular business

B.23 The estimates for coefficient β_3 which represents the effect of repeated support (i.e. the additional contribution to the DiD estimate of support β_1) are presented below. The results suggest that at this point the positive effect of repeated support is statistically insignificant.

Table B-8: Estimates for the effect of repeated support

Description	Model	Change in DiD	T-stat
Effect of multiple treatment on DiD	Preferred	8.2%	0.8 (insig)
Effect of multiple treatment on DiD	Alternative model	4.0%	0.3 (insig)

Source: Belmana

Annex C: List of consultees

Table C-1: List of participants in scoping consultations

Name	Designation	Organisation
Louise Sunderland	Director of Programmes	Be the Business
Jane Howells	Mentoring for Growth Programme Director	Be the Business
Rupert Greenhalgh	Head of Business Intelligence	The Growth Company
Auryn Stevenson Hyde	Senior Policy Advisor	BEIS

Source: SQW

SQW

Contact

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About us

SQW Group

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SQW

SQW is a leading provider of research, analysis and advice on sustainable economic and social development for public, private and voluntary sector organisations across the UK and internationally. Core services include appraisal, economic impact assessment, and evaluation; demand assessment, feasibility and business planning; economic, social and environmental research and analysis; organisation and partnership development; policy development, strategy, and action planning. In 2019, BBP Regeneration became part of SQW, bringing to the business a RICS-accredited land and property team.

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Oxford Innovation

Oxford Innovation is a leading operator of business and innovation centres that provide office and laboratory space to companies throughout the UK. The company also provides innovation services to entrepreneurs, including business planning advice, coaching and mentoring. Oxford Innovation also manages investment networks that link investors with entrepreneurs seeking funding from £20,000 to £2m.

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