

PLATO Pilot Evaluation

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EXECUTIVE SUMMARY

Why does government get involved?

Management capability is known to play a vital role in boosting firms' productivity and performance through creating an environment where innovation and skill development can flourish (Green and Agarwal, Management Matters, 2011). This has been supported by New Zealand based research that found that good management practises provide an additional effect on future innovation outcomes; over and above any effect on other inputs to innovations (Fabling, 2007). Furthermore a survey of businesses found that Operational Management rated third equal in terms of importance for drivers of business, behind the product or service and financial management (Behind the Walls & Inside the Minds of Kiwi Companies, PwC, 2007).

The level and quality of management in New Zealand, and therefore, the identification of a problem for which government intervention may be necessary was considered in the report Management Matters. The research showed that New Zealand firms lag behind their international counterparts in terms of management capabilities and that within New Zealand large firms significantly outperform small firms in terms of best practice management. Of particular relevance is the conclusion that:

Public policy may also have a role in promoting the transformation of workplace performance and lifting the quality of New Zealand management through training and education and through programs which generate and diffuse globally competitive management practices.

In New Zealand there are a multitude of vehicles through which management capability can be developed and these are provided by both the private sector and government. Government provision or subsidisation of programmes to improve management capability has been based on information asymmetries in that firms may not comprehend the full extent of the benefits of training and there is a concern that firms are simply unaware of the potential options available. This market failure and the work of the Business Capability Network which identified that learning networks are under valued in New Zealand resulted in the trialling of the PLATO learning network model.

PLATO was developed in Belgium and has been adopted in countries such as the United Kingdom, Ireland, France and Germany. PLATO develops the management capability in SMEs through their participation in a learning network in the form of monthly group meetings over two years. The key modes of learning come through peer discussion, drawing on the experience of facilitators – experienced managers from large companies – and through short presentations and discussions of topics with expert guest speakers.

Was PLATO successfully implemented and operated?

The programme attempted, and to a large degree, succeeded in implementing the international PLATO model in New Zealand. Groups were successfully established with facilitators and run for two years with each group meeting 20 times. In addition expert guest speakers were brought into the group meetings and seminars were held.

Specific exceptions or variations are outlined below:

- Recruitment of suitable SMEs was difficult and group numbers fell more than originally envisaged. Although some members thought the smaller groups worked better, these numbers were low compared to PLATO groups internationally and reduced the programme's networking potential;
- Difficulty was encountered in recruiting facilitators from large companies or multinationals. In the end, two facilitators were found for each group. However this decreased to one each and by the end of the programme one group had to rely on a group member to take on the role of facilitator. Vodafone was the only multinational parent company;
- The steering committee appeared to have become less and less involved during the programme and did not have as much influence as it should or could have;
- Allowing competitors into the same group created problems and resulted in one member transferring to the other group. Having two competitors in the same group restricted networking and reduced the degree of openness among group members, thereby negatively impacting on the group as a whole and diminishing the benefit.

It is difficult to disentangle the causes for the implementation problems noted above and it is likely to be a result of multiple factors. Most notable would be the uniqueness of the programme and inability to promote it widely due to limited capacity. The lack of promotion would have contributed to the number of SMEs applying to be involved and the limited public profile of the programme would have decreased the value to participating to large companies. The tough economic condition at the time the pilot was established was seen to reduce the altruistic behaviour of companies, negatively impacting on the recruitment of parent companies and facilitators.

The promotion of PLATO that did occur could have been better focused – the group members had wide ranging expectations that distracted from the core value proposition of the programme. Some of the firms that stopped attending the PLATO sessions stated that the programme did not live up to their expectations, with expectations around the level of company development and a focus on exporting not being met.

There was dissatisfaction with aspects of the operation of the programme from group members, with much of the feedback centred on a lack of programme structure. Although the PLATO programme involves empowering participants to determine the direction of the programme, it seems it was difficult for many to embrace this model and a more formalised approach, particularly in first few meetings, is desirable. This also raises questions about the quality of facilitation and the degree to which better facilitation could have shaped the meetings to result in better outcomes for all of those involved.

The cost of the pilot to government was \$340,000. This effectively facilitated an aggregated 2,280 hours of networking and training time overall for the core participants (19). Programme management through WHK and AucklandPlus accounted for 42% of the costs. The pilot was not seen as cost effective; however, feedback from AucklandPlus, WHK and the Chairman of the Steering group all indicated that the programme could be implemented with less funding in the future.

There was a unanimous view from those spoken to, that the PLATO programme could and should be sustained in Auckland. This was premised on if changes were made to the way

the programme was implemented and operated. The number of PLATO groups that should be supported in Auckland is less clear. Future promotion of the programme will need to have the goals clearly and value proposition tightly defined to assist in targeting appropriate SMEs and parent companies.

Outside Auckland there was less agreement. Both facilitators and the steering group member interviewed felt that it could work in the other main centres. One felt it could succeed as “other larger cities have close knit communities and would be more helpful in setting up something like this”. While AucklandPlus and WHK Gosling Chapman (WHK) were more hesitant given the difficulties experienced in recruiting facilitators even in Auckland which has greatest number of corporations from which the facilitators would be drawn. Another issue would be the ability to find expert guest speakers. For PLATO to work elsewhere it was felt that further changes to the operation and structure of the programme would need to be made.

Did PLATO achieve the desired outcomes?

From this assessment it is hard to conclude whether there has been a marked improvement in the management capabilities and business performance of the group members. Being able to attribute performance improvements conclusively to PLATO (and indeed ultimate outcomes) is perhaps unrealistic. The research used to support piloting PLATO stated that it is difficult to attribute an increase in hard business performance, rather learning networks create a positive sharing of information and knowledge which ultimately ought to result in improved business confidence, and thereby, performance. “Soft” business performance benefits, like increased confidence and better knowledge, flow through relatively quickly.

These soft business benefits are what have been highlighted through the evaluation and in this respect the pilot has achieved what it realistically could have been expected to achieve in terms of impact on businesses. The value of the learning network to group members and the ‘soft’ benefits that resulted have been highlighted by the members and are best evidenced by the groups’ desire to continue to meet post the conclusion of the programme.

The group members indicated that the value of PLATO was that it enabled a group of like minded individuals to be brought together, who wanted to share and learn off each other. This coordination of people does not always occur in other business networking environments. The value of the network to the group members came through:

- lessening the isolation many of the members felt;
- having an ‘advisory/sounding board’ to get feedback on business issues and ideas;
- sharing success, aspiring others and be inspired in turn;
- an ‘enforced’ time away from the business to reflect and think more strategically; and
- learning from others and from the speakers.

Other outcomes given by the group members, including advice received/given outside the formal sessions, included:

- advice on the recruitment and firing of employees;
- more in-depth understanding of HR tools i.e. the value of psychometric testing;
- assistance with budgeting and cash flow planning;
- website development;
- advice on entering into a partnership; and
- company branding.

One of the key modes of learning through PLATO is from the knowledge and experience of the facilitators and the resources of their parent companies. There is limited evidence that this learning took place during the pilot and the reduction to one facilitator for each group would not have assisted this. The lack of interest from the parent companies was also disappointing as research in New Zealand shows that larger companies exhibit better management practises.

Recommendations and Next steps

The evaluation has highlighted a number of issues with the current PLATO model and its applicability to New Zealand, which need further consideration. We recommend that:

- PLATO is not continued in its current form (operation and funding);
- the guidance material is amended to take into account the problems highlighted in this report and the report of AucklandPlus on their implementation of the programme;
- prior to further implementation, research should be undertaken to inform the:
 - i. number of groups that should and could be supported in Auckland;
 - ii. viability of PLATO in regions outside Auckland;
- consideration is given to how best engage with large New Zealand companies or multinationals;
- the priority of PLATO or similar programme is considered within wider context of SME management assistance Government provides; and
- if PLATO is not supported at a national level the revised guidance is be made available to regional EDAs to take up if they wish.

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1. INTRODUCTION

The Ministry of Economic Development (MED) piloted PLATO in Auckland from 2008 to 2010. The pilot involved 15 to 20 companies split into two PLATO groups. The programme was managed and delivered by AucklandPlus¹ and WHK Gosling Chapman (WHK).

An evaluation of the pilot was carried out to assess its impact on the participating SME owners and the viability of continuing the programme in Auckland as well as extending it to other regions. This evaluation was signalled to Ministers at the outset when funding was sought to establish the programme.

1.1 Report structure

The report is in 8 sections. Sections 2 and 3 set the scene for the evaluation, covering the evaluation scope and objectives, the introduction of PLATO to New Zealand and the need for the programme. Sections 4 to 8 cover the evaluation findings in relation to the implementation of the programme, the achievement of the outcomes sought and the conclusions reached.

1.2 Evaluation Objectives and Scope

1.2.1 Objectives

The objectives of the evaluation are to:

- assess the implementation of PLATO in Auckland;
- assess the benefits of PLATO in relation to the problems it was intended to address; and
- ascertain the sustainability of PLATO (learning networks) in NZ.

1.2.2 Scope

The evaluation describes and determines the extent to which the PLATO programme has been:

- delivered effectively and efficiently (that is, was it implemented in line with expectations and in a cost effective manner) (process evaluation); and
- effective in achieving its policy objectives (outcome evaluation);

Given the programme concluded at the end of 2010 having run for two years, it is not expected in this short time to have made significant and measurable impact on the ultimate outcomes such as growth in firm size, turnover and export (or other international)

¹ AucklandPlus was amalgamated into Auckland Tourism, Events and Economic Development (ATEED), in this report they will continue to be referred to as AucklandPlus.

revenue. Thus evaluation will focus on immediate and intermediate outcomes, such as improvements in management skills and capability.

Also restricting further statistical analysis in order to determine impact is the limited number of participating companies and the ability to identify an appropriate control group for comparison.

1.3 Evaluation Questions

The following evaluation questions form the backbone of the evaluation. The questions are split in two parts to assess the implementation of the pilot (process evaluation) and how the pilot delivered on the outcomes established for the programme (outcome evaluation).

1.3.1 PLATO implementation

1. Was the programme implemented (operation, oversight, use of steering group) in line with expectations?
2. How was the international model and expertise incorporated into the programme delivery?
3. How has the method of delivery contributed to effectiveness? Lessons learnt will inform future design.
4. Was the cost structure appropriate?
5. Can the PLATO concept can be sustained in Auckland?

1.3.2 PLATO outcomes

Has the PLATO Programme met its immediate and intermediate objectives? That is, the extent to which involvement in the programme has resulted in the improved:

6. perception of the value of learning networks;
7. management capabilities of the SMEs; and
8. mentoring and training capabilities of facilitators/parent firms.

1.4 Evaluation Method

The evaluation was broken into 2 parts: a desk top review of existing documents, and face to face discussions with those directly involved in the programme.

The following documentation was reviewed.

- Reports to the Minister(s);
- Contracts;

- Implementation documentation;
- Plato manual;
- Programme reporting and evaluation;
- Steering group minutes; and
- Literature review.

Face to face discussions were held with the following groups:

- AucklandPlus (programme manager);
- WHK (project manager);
- The chairperson of the PLATO steering group;
- A facilitator from each of the PLATO groups; and
- The two PLATO groups (a focus group was held with each group, three from group one and nine from group two).

2. THE PLATO PILOT POLICY CONTEXT

The purpose of this section is to provide a contextual basis for the evaluation findings that are discussed in subsequent sections. First, the framework for the programme is discussed, noting the history, rationale and objectives of the policy. Thereafter a short literature review is provided on the merits of government assistance for management training and developing soft learning networks.

2.1 PLATO and its introduction to New Zealand

PLATO began in Belgium in 1988 and has been implemented in a number of countries, including the UK, Ireland, France and Germany. It is a network model to help owners and managers of SMEs improve their management skills and capabilities. Plato is run through regional working groups which bring together executives from large firms or multinational enterprises (MNE) and SME owners and managers. There are two ways in which learning takes place: executives share their knowledge and skills with SME managers, who can also discuss and explore issues their businesses face with their peers.

PLATO differs from traditional management development courses through having the participating SMEs determine what will be covered, rather than having the curriculum preset from the outset. Thus the programme should be attuned to their needs. Participants continuously review and redirect the process as their skills develop and needs change and regular evaluation is undertaken to improve content and delivery.

In New Zealand, research conducted by the Business Capability Partnership² concluded that there is a lack of awareness of learning networks and their benefits and this is a problem that should be addressed. This research and the problem it identified were used in 2007 to secure funding for piloting PLATO.

The PLATO pilot was to draw on volunteer executives from different parent companies who would work with the SMEs in groups of 10-15 owners/managers, meeting monthly to address a wide range of issues. The parent companies were to also facilitate access to management expertise beyond the lead volunteers. Guest speakers were to be drawn on to provide information and training throughout the two year programme.

The delivery of PLATO was contracted by MED to AucklandPlus in 2007, the Auckland Regional Council's economic development agency. AucklandPlus sub-contracted WHK to develop the content for the course, recruit participant companies and provide the facilitators for each meeting. MED's Business Assistance Team coordinated with the Auckland Policy Office to maintain oversight of the pilot.

The initial contract provided funding of \$300,000. These funds came from the GIF contingency funds held in Vote: Ministry of Foreign Affairs and Trade, reflecting the Export Year focus on improving export skills. In 2008 Vote: Economic Development provided further funding of \$110,000 plus GST (if any) for the final phase of the project. A further

² The Business Capability Partnership was a public/private sector initiative aimed at improving the market for management and business capability development services.

\$35,000 was budgeted in 2009/10 and the project extended into 2011. MED also funded the PLATO licence fees.

2.2 Policy aims and objectives

The PLATO pilot was established to:

- help owner/managers of SMEs in Auckland develop a broad range of management skills, business contacts and strategic vision to stimulate SME growth and entrench a culture of skill development in their firms; and
- test viability for further roll out.

The aims and objectives of the PLATO pilot, as set out in the implementation plan, are given below.

PLATO pilot aims

- improve the understanding of the role that learning and peer support networks can play in building management capability;
- ascertain the sustainability of learning networks;
- implement a proven learning network methodology;
- measure the benefits of implementing that methodology, and
- provide an alternative to the ('soft') networks available in New Zealand.

PLATO pilot Delivery Objectives

- Operation of two PLATO groups comprised of 10 to 12 SME owner/managers of SMEs each from the wider Auckland region;
- Ongoing facilitation of the steering consultation group (made up of government, business and mentor organisations);
- Oversight of the project management organisation chosen to administer the PLATO Pilot; and
- Inclusion of input to project plans and feedback on progress by experts from the PLATO International Network.

PLATO pilot outcomes

The following describes the continuum of desired results which would indicate programme and policy success. The anticipated outcomes were drawn from internal documents and discussion with MED's policy teams, AucklandPlus and WHK.

There are three broad groups of outcomes:

Immediate outcomes are those that occur in the short-term as a result of the programme, such as changes in awareness, attitudes, behaviour intentions and norms, which precede knowledge or behaviour change.

The immediate outcome sought by the programme is:

- Participant owner/managers have improved networking skills e.g., working with others, maintaining business contacts, taking on the advice of others, etc.

Intermediate outcomes comprise both the direct and immediate effects of the programme, such as changes in knowledge and behaviours of programme participants where attribution of programme performance is reasonably clear.

The intermediate outcome is:

- Participant owner/managers have improved management capability.

Ultimate outcomes comprise the indirect and subsequent effects of the achievement of intermediate outcomes. Typically, indicators of ultimate outcomes are influenced by multiple factors beyond the programme.

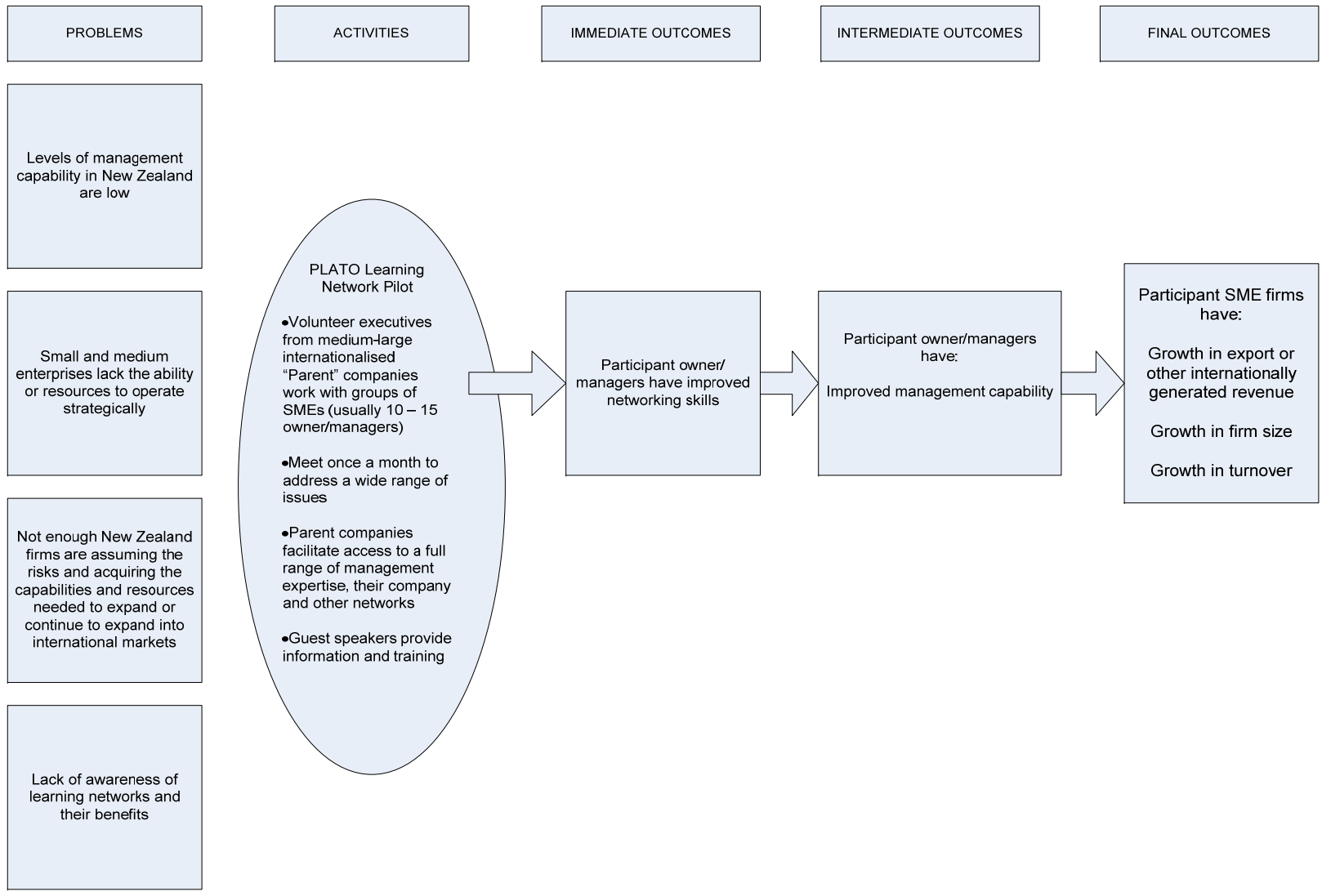
Ultimately, the PLATO Programme is expected to lead to:

- growth in export or internationally generated revenue, firm size and turnover of participant SME firms.

PLATO Intervention logic

The intervention logic for the PLATO programme (what problems/opportunities it addresses and how) is shown on the next page and has been discussed and agreed by MED, AucklandPlus, and WHK as representing the agencies' joint understanding of what the programme is intended to achieve and how.

PLATO Intervention Logic



2.3 Do learning networks/SME management programmes assist economic development: a literature review

The following considers learning networks (such as PLATO) as a form of management capability training (although not in the traditional teacher-pupil manner) in that managers learn and develop skills and capabilities from participating in such networks.

The rationale for government intervention rests primarily on market failure in terms of information asymmetries. Firstly, firms may not comprehend the full extent of the benefits of learning networks and management capability training and secondly, there is a concern that firms are simply unaware of the potential options available. This implies that firms will demand less training than is optimal. An alternative view is that firms are aware of the options but make rational decisions not to participate (Storey, 2004).

Informational asymmetries also exist on the supply side. If providers do not recognise opportunities, nor understand the needs of the business community or perceive (rightly or wrongly) that there is a lack of demand for their services then there will be suboptimal provision (See Coetzer, A., Battisti, M., Jurado, T. & Massey, C. (2009)). Some information services have public good characteristics, in that once they have been provided it is difficult to stop other people using the information without paying. This means that providers are unwilling to produce these services and again results in a lack of supply.

If positive spillovers exist, these are unlikely to be taken into account by those paying for the training, meaning that the level of training undertaken is less than optimal from a societal point of view as the marginal social benefit is greater than the marginal cost..

A number of other issues have been raised that, although not necessarily market failures, reduce the amount of management capability training that is engaged in and thereby ultimately have an effect on overall productivity. Intervention is justified if the benefits of addressing these hurdles outweigh the costs.

Transaction costs in terms of either money or time could have a role to play here in making it expensive for firms to determine the potential benefits from management training and the options available to them. The training itself could also be too expensive for small firms to afford. What's more, small firms face the very real problem that if they invest in management training, those managers who have been trained become more attractive and may leave the firm to pursue opportunities elsewhere, in which case the investment is lost. In this case, deciding not to engage in management capability training may be a perfectly rational decision on the part of the firm. This is particularly a problem for small firms who may not be able to offer the salaries, security or career development prospects of larger firms.

Subsidisation of information services reduces the transaction costs of obtaining information, thereby addressing the problem of a lack of information on both the demand and supply sides. As demand increases, this would hopefully trigger an increase in supply, allowing the Government to reduce the extent of its support.

Where information has public good characteristics it may be desirable for the Government to provide ongoing assistance. Subsidisation of training programmes or the facilitation of

networks would reduce the cost to SMEs of attending, making them more likely to take the opportunities available to them (although this raises the issue of whether managers value something that is cheap or free). The success of networks depends on relationship building (NZIER, 2006) and this requires commitment and regular attendance.

New Zealand firms lag behind their international counterparts in terms of management capabilities but large New Zealand firms still significantly outperform small firms in this regard (Management Matters, 2010). The PLATO model seeks to close this gap through bringing SME managers face to face with managers of larger firms. The three findings directly relevant to PLATO are:

- firm size is an important determinant of management performance; larger New Zealand firms significantly outperform smaller firms;
- multinational corporations adopt and spread better management practices as compared to domestic firms; and
- public policy may also have a role in promoting the transformation of workplace performance and lifting the quality of New Zealand management through training and education and through programmes which generate and diffuse globally competitive management practices.

The report Learning Networks in NZ (NZIER, 2006) was pertinent in the establishment of the PLATO pilot, key extracts are provided in Box 1.

Box 1: Key findings from the report *Learning Networks in NZ* (NZIER, 2006)

What is their role in the development of management and business capability development?

Collectively, the case studies highlighted the following about the role of Learning Networks:

- Trusted networks build capability and confidence of business leaders.
- They can assist with sharing burdens caused through economic realities e.g. the high NZ Dollar, manufacturing taken offshore to China, redundancies.
- They enable shared learning at CEO level through sharing of experiences of rapid growth or entry into new international market places, thus avoiding making similar mistakes for first-time exporters.
- They can alleviate the 'loneliness' of the CEO where issues can be debated within a trusted peer environment (although this would take time – particularly with sensitive commercial stakes).
- They can provide a strong industry voice to local councils and economic development agencies on decisions affecting their employees and business futures.

What, if anything, do they contribute to business performance?

It is difficult to attribute an increase in 'hard' business performance directly related to Learning Networks. However, the evidence suggests that the networks have created a positive sharing of information and knowledge which ultimately ought to result in improved business confidence, and thereby, performance. "Soft" business performance benefits, like increased confidence and better knowledge, flow through relatively quickly. "Hard" business benefits, such as increased productivity and profitability, naturally take longer to manifest themselves.

If CEO confidence is ultimately linked to actual business performance through a trickle-down effect, then this could indeed be an outcome of the learning network as it evolves and becomes integrated into the business to create a 'learning organisation'.

Further investigation into the relationship of leadership to organisational shared learning could be of interest after a distinct period of time in a learning network. This could also lead to a feedback loop of learning to the CEO level through employee and middle management (i.e. the involvement of staff at different levels in the organisation - as in the case of the Aichi network - rather than simply CEOs and other top managers)."

What, if anything, do they contribute to business performance?

The evidence collected as part of this study indicates that, based on the perceptions of the facilitators and network members, Learning Networks also deliver business performance benefits. These business performance benefits extend to include bottom-line benefits. Evidence from overseas has attempted to quantify the magnitude of these benefits. We believe that there are performance benefits, but we also suspect that some of the overseas research may overstate them."

A formal justification for action to support Learning Network development is that firms are inhibited from participating, at least in part because the benefits of doing so are uncertain at the outset. Because participation is sub-optimal, business capability and performance benefits that are likely to spread beyond the immediate membership are being lost. Action would, therefore, ensure that the wider benefits are captured.

2.4 Other SME management training

In addition to learning networks a number of other avenues are available to SME managers to improve their capability, some of which are provided with government assistance while others are not.

A 2008 New Zealand Trade and Enterprise (NZTE) survey of Enterprise Training Programme (ETP) users asked if they had undertaken any further business training, or sought further professional business advice (e.g., employed a business coach or mentor, training through industry associations, Chambers of Commerce, polytechnics.). Of the 1920 respondents, 625 indicated that they had further training. The types of training and the associated number of respondents are provided in the Table 1.

Table 1: SME training programmes used by NZTE ETP users

Other Training source	Overall response	Overall percent
Business coaches or mentors	339	54
Professional business advisory services e.g. accountant, business consultants	296	47
Membership organisations, e.g. industry or employer associations, chambers of commerce	220	35
Academic institutions e.g. polytechnics, universities	118	19
Other government training programme, e.g. local council, central government	115	18
Other	81	13
Independent company director or other board members	57	9

3. POLICY IMPLEMENTATION: FINDINGS AND CONCLUSIONS

This section presents the evaluation findings and conclusions from the process evaluation of the programme. The section is broken down into the establishment and operation of the pilot.

To answer the evaluation questions related to the establishment and operation of the programme we draw on the existing documentation, the evaluation of the implementation of PLATO carried out by AucklandPlus, and the interviews and focus groups.

3.1 Establishment of the PLATO pilot in Auckland

The appointment of a Programme Manager, the recruitment of SME owners and group facilitators (including their training) are considered below. This part of the evaluation seeks to answer the questions of whether the programme was established as expected, how it relates to the international model and how the method of delivery affected effectiveness and the subsequent lessons learnt?

Overall the project manager successfully established two PLATO groups of SME owner managers, recruited facilitators to the programme (two for each group) and provided facilitator training. Obstacles overcome during the establishment of the programme will inform the future delivery of the programme.

3.1.1 Programme Management

AucklandPlus won the tender to manage the PLATO Pilot and subsequently contracted WHK to establish and management the programme on their behalf.

Having the two layers of programme management, in addition to a steering group, does not appear to be optimal as it created another layer of administration and associated cost. Feedback from companies and facilitators indicated that they were unsure who was in charge and responsible for the operation of the programme – ‘who the buck stopped with’.

The use of a private provider of business services to manage what was essentially a low cost programme reliant on the good will of other businesses does not align with the PLATO concept and WHK were seen (rightly or wrongly) as trying to promote their own services.

The appointment of WHK did however bring some advantages. The number of SMEs with which they had contact with through their other services greatly assisted in the recruitment of SME owners to the programme. Also valuable was internal WHK expertise to speak at the group sessions.

3.1.2 Group Facilitators/Leaders

The following criteria were established for the group facilitators:

- two to three facilitators for each PLATO group;
- facilitators to be executives or senior managers from large companies; and
- facilitators able to provide mentoring/counselling.

The PLATO model indicates that there should be two to three facilitators per group and this was the target set during the establishment of the pilot, however, difficulty was encountered in recruiting group facilitators. One of the key reasons for this was the two year commitment required. Other factors that played a part were the difficult economic climate and the lack of value perceived and interest shown by the parent organisations approached. WHK reported that the companies approached had their own leadership and management training programmes and didn't see PLATO as a useful addition or replacement, so they had to appeal to their corporate citizenship and the interest of individuals to be facilitators.

Because of the difficult economic climate and changing personal circumstances of the facilitators a number of recruited facilitators did not continue with the programme to its conclusion. These departures and the difficulty in originally recruiting facilitators resulted in both groups ending up with only one facilitator. This meant that on occasions, WHK or a group member had to step into the breach. This created some unexpected disorganisation when facilitators gave little notice of being unable to attend.

Group one began with two facilitators, one from Hudson Gavin Martin (an intellectual property advisory firm) and one from Vodafone NZ who subsequently relocated to Vodafone UK. The group continued with only one facilitator. Group Two initially had one facilitator from Allen Realty (specialist property management) and Paul Gordon (chairman of the steering committee and previously involved in Plato overseas). Another Vodafone NZ facilitator came on board as the main facilitator and facilitated for most of the two years of the pilot programme, but pulled out near the end due to other commitments. At this point group members took over the facilitation of the sessions themselves, with positive feedback.

Although there was some discussion on the need for two facilitators, the logic was that they would be able provide each other with support, decrease the planning and administration burden and ease the disruption if one was not able attend a meeting. These ended up being issues raised by the facilitators and group members.

As mentioned, the lack of engagement from the larger businesses in New Zealand may have impacted negatively on the effectiveness of the programme, as part of the PLATO model was to expose the SME managers to those in larger organisations and for the facilitators from these organisations to bring their experience and the resources and experience of the parent company as a whole.

Both the facilitators and the group members felt that the role of facilitator was not clearly explained at the outset of the programme and in effect they were left to their own devices.

The interviews with the facilitators indicated that developing facilitation skills was not a primary driving force for them to participate, but rather other business orientated motivations. This highlights further issues around creating a solid value proposition to encourage parent companies to support PALTO.

Training of facilitators

The training materials provided by PLATO International did not meet expectations of AucklandPlus and WHK resulting in this material having to be developed in New Zealand. Once this was done, the facilitators for both groups were trained.

Feed back through the training process and subsequent interviews found that the training provided was of a high quality and valuable. Evaluation forms filled out at the completion of the training had an average rating between 4 and on a 5 point rating scale with 5 being excellent and 1 poor.

Interviews suggest that more could be done to match facilitators and to provide additional training in co-facilitation.

3.1.3 PLATO Group members

The following criteria were established for the two PLATO groups:

- 10-12 SME owner/managers;
- Similar stage of managerial development;
- From firms who would not normally interact;
- May be in same sector, but not direct competitors;
- Currently exporting or planning on it in near future;
- Motivated to develop business and management capabilities;
- Able to meet regularly.
- ICT group: from one sector, but not competing (group one); and
- Non-sector group: from a range of sectors, and not competing (group two).

Establishment of the groups

Originally intended to be free³, a fee of \$2,000 was set by the steering group to attempt to limit participant attrition over the two years. A number of SMEs that were interested in the programme indicated that the cost was prohibitive for them. However some participants

³ From the *Implementation of the PLATO Learning Network as a Pilot Programme in Auckland* report: "There will be no charge to firms participating as members of PLATO groups."

were in favour of the fee as it provided another hurdle to ensure that those that entered the programme were committed.

The AucklandPlus review of the recruitment process noted that the commitment required, potential of being grouped with competitors in the sector specific group; and range of companies involved in terms of size were deterrents to participation.

The SMEs involved were not necessarily all at the same stage of managerial development and feedback from some participants indicated that this created a few issues in the running of the sessions, especially as some topics pertinent to some members were not so relevant to others. From the feedback forms, the SMEs that said they got the most out of the programme tended to be smaller and less developed. These SMEs were able to draw on the knowledge and experience of other members. Most of the more established SMEs still said that they benefitted from the programme, but these benefits tended to arise from the time taken out of the daily running of the business to think about strategy, rather than operational issues.

It is also clear that different participants have different preferences, for example, in relation to ideal group size and make-up. Many felt greater relevance and value could be achieved by ensuring participating businesses were more alike either in terms of offering (product vs. service) or size/stage of business. The value of mixed sector groups was questioned by several participants with a 'disconnect' between those in the IT sector and other members mentioned on more than one occasion. However, others supported the diversity offered by mixed groups and differing perspectives that it brought to the group. The difficulties encountered in trying to establish a sector specific group would likely reappear in any future attempt; therefore, going down that path again would need careful investigation first.

Group two highlighted the importance of matched aspirations for the businesses, those involved needed to be highly motivated and have high expectations for their business – participants need to want more than the 'bach, boat and BMW'.

Promoting PLATO as an all encompassing programme (e.g., mentoring and growing exports) distracted from the core value proposition and created wide ranging expectations of what the programme was going to achieve. Box 2 illustrates the miscommunication issue.

Box 2: Unrealised programme expectations of selected group members.

I attended a couple of sessions, after wasting a lot of time filling out the applications for PLATO. It did not meet expectations – I was given the impression that the programme was for export-focused firms but when I found out who was in it this didn't match with my expectations. Expected the programme to be much more focused on internationalisation as this was something I wanted to focus on.

Programme was below the level expected; most people there had much smaller businesses in not such technical areas. Our business is quite sophisticated, specialist consulting engineers – we have 30 staff, are well established, plan well, and produce good profits.

Attended a few meetings and decided to withdraw as we felt that it was of limited value to

our business. This does not reflect on the value of the programme as I believe that it is of real value to businesses that were in the position that ours was a few years ago. Our business has developed now where our requirements are different to where most of the other attending businesses were at.

Group one (17 SMEs selected August 2008)

Group one was intended to be a sector specific group drawn from the ICT industry. This was subsequently changed to a mixture of ICT and generic firms due to problems in finding enough firms from the ICT industry. This was partly to do with issues arising from competition between firms making them unwilling to participate.

Group one began with a list of 16 members, some of whom never attended and some of whom dropped out over the course of the two year pilot programme. By the end of year one, a core group of approximately eight members remained, further reducing to seven over that year, of which roughly 5 or 6 would attend each session. Initial attrition rates were comparable to PLATO programmes internationally (by the fourth session the group was down to 11, (i.e. 30% attrition rate) reasons given for leaving were: group fit, individual expectations of programme and timing (i.e., the companies didn't fit in with criteria such as having a similar stage of managerial development and an ability to meet regularly). It seems therefore that the reduction in group members created a better functioning, more similarly aligned group, albeit smaller than was originally planned.

A number of the members indicated that they preferred, and obtained better results from, smaller groups, since they allowed for more focused and in-depth discussion.

Two group members were competitors and although they worked together for a while, one eventually transferred to Group two in order to avoid conflict with regard to the sharing of commercially sensitive information.

Group two (15 SMEs selected February 2009)

Group two took longer to get under way than Group one and was a 'generic' group, drawn from a range of industries. It began with 14 members and rapidly dropped to a group of around 11, of which about 8 or 9 would attend each session.

3.2 Operation of the PLATO pilot in Auckland

This section considers the operation of PLATO groups and the relationships between the SME managers, facilitators, the programme manager and the steering group. It attempts to answer questions of whether the programme operated as expected, how it relates to the international model and how the operation affected effectiveness and the subsequent lessons learnt?

3.2.1 Operation of the PLATO groups

Both groups completed the programme with monthly meetings occurring over a period of two years (20 meetings each in total). The first monthly session for Group one was held on 1 September 2008 with the last of 20 sessions taking place on 2 August 2010. The first

monthly session for Group two was held on 2 March 2009 with the last of 20 sessions taking place on 6 December 2010.

Sessions were originally structured around an external speaker and group discussion, with a 'sounding board' period in each session. Group one moved to a more open format with more focus on discussion and problem solving and where external speakers were only brought in at the invitation of the group. For a period of time, Group one was quite unstructured, with no agenda and simply discussion of whatever arose on the night. This was later balanced with presentations by group members. Group two moved to a format where group members delivered prepared presentations on previously agreed topics, thereby initiating relevant discussions. This format worked well and received very positive feedback.

A variety of issues arose throughout the course of the pilot with respect to the running of group sessions. These issues were summarised by AucklandPlus and are reported below:

- early on in the pilot delivery it became clear that participant expectations with respect to programme structure were not aligned with the PLATO™ model. Many participants struggled with the concept of unstructured sessions which they were to mould to meet their desired outcomes. Instead many expected more formal lecture/workshop style teaching from experts as opposed to a peer support forum;
- in addition some participants preferred a more structured approach to agendas and time keeping.
- while it was clear participants wanted to use the forum as an opportunity to obtain answers to issues with which they were struggling, there was some difficulty and frustration amongst participants in articulating specific issues;
- there was a sense of impatience among participants for answers and access to experts immediately on commencement of the programme. Some were clearly looking for a 'silver bullet';
- the degree to which facilitators were well-received by group members varied considerably;
- facilitator contributions varied from acting merely as time-keeper through to facilitating the objectives of the group or participating as another SME group member;
- the degree to which participants valued other group members' contributions also varied greatly;
- a "grass is greener" mentality became apparent in the last 6 months of the programme with participants from both groups indicating that they felt the other group was operating more effectively;
- ensuring each participant was able to derive value from monthly group sessions and guest speaker presentations with respect to their own businesses was a challenge faced by facilitators throughout the course of the pilot;

- session documentation such as feedback forms, attendance registers and group meeting reports were often not completed or completed with very little depth or detail making it difficult to evaluate session progress; and
- attrition of both facilitators and participants throughout the course of the pilot was cause for concern. However, the groups adapted well on both counts.

From the focus groups the three major areas where improvements can be made, are around the upfront information to ensure expectations are correct, more structure or guidance in the early meetings and ensuring the availability of good facilitators. These improvements would go a long way to addressing the issues identified above.

As highlighted in the AucklandPlus report, expectations of participants were wide ranging and resulted in some frustration with the programme as it failed to meet these. For Group two who started six months after Group one, the expectations were not as wide, however they were expecting a more 'polished' product as it was promoted as a high quality programme based on an overseas model.

The groups accepted that there is a tension between the free form and self governing themes central to PLATO but felt that this style, particularly in the first few meetings, was not appropriate and resulted in wasted time and effort. A more structured approach is required to cover topics of interest and allow group members to get to know each other and their companies. Participants in both focus groups made it quite clear that it wasn't until some level of trust was built up in the group that members opened up and discussion improved. The sessions require both a more formal learning part through guest speakers and informal discussion.

Facilitators were seen as crucial, particularly in the beginning, they need the correct skills and their role clearly defined to them and the group. They should have a clear understanding of the programme and be able to provide direction during the meetings and know when a more structured approach is needed.

Group facilitators

Facilitators were committed to their roles and their input in terms of bringing their own knowledge and experience to sessions was valued to a certain extent. The participants thought that the facilitators could have had more input in driving discussion, honing it to the individual members of the group and providing structure to sessions. Similarly the facilitators were seen as very important, particularly in keeping the group moving, however, not all the facilitators had the right skills.

A point that was noted a number of times was the time constraints of facilitators and the fact that the time commitment required of them was more than they expected. This meant that they did not have the time to complete the administrative requirements of their role and this affected both the running of the sessions in regards to the organisation of agendas and so on, and the quality and quantity of information received from them to be used in the evaluation process. This would not have been helped by both groups reducing to one facilitator each.

WHK observed the early sessions and felt the facilitators were not pushing the companies, were too passive, didn't manage situations particularly well when discussions got

dominated and did not put their training to good use. They believed that the facilitators saw their role as observers, participants and timekeepers. This also highlights an issue of poor communication, through not providing feedback on the operation of sessions, and the project managers drive to ensure that they monitor and improve the group meeting process.

One on one mentoring did not occur.

Guest Speakers

Guest speakers were to be experts, provide information, insights into group discussion topics and explore different points of view.

There was mixed feedback with regard to guest speakers. Some were seen as too generic to be of use while others were considered valuable. Individuals differed with respect to their views on each speaker, with the same speaker sometimes rated well by some individuals and poorly by others. Selecting speakers that appeal to a diverse range of companies' needs and individuals' preferences is difficult.

Speakers may need to be drawn from successful SMEs that have overcome problems similar to those faced by group members as opposed to from large organisations. A question and answer session with external experts may work better than a formal presentation as this would ensure relevance to specific issues.

Seminars:

It was intended that over the course of the programme that there would be three seminars each year for both groups to attend. Part of goal of seminars is to build connections between companies of different groups. The following seminars/workshops were delivered to the groups over the course of the pilot.

Group I only

- Business Productivity and Innovation - Mike Hutcheson – Director of ICE Interactive
- Business Planning and Strategy – David Irving – The Icehouse

Groups I and II

- Global Crises, Global Opportunities? - Rod Oram
- Understanding your Financial Information - Catriona Knapp – WHK
- Leadership Styles – John Laurent – WHK

Group II

- International Strategic Direction – Chip Dawson – International Business Management Ltd
- Tom Mullholland – The Attitude Doctor
- Mike Carden – Sonar6
- Business Planning and Strategy – David Irving – The Icehouse

3.2.2 Steering group

The steering group was formed to provide strategic support for the establishment and operation of the programme. The steering group was to:

- guide the pilot and endorse it to potential participants and group leaders;
- review the pilot programme on a six monthly basis, ensuring it is on track and providing guidance on issues faced by the programme manager and or group leaders; and
- provide feedback on expert speakers, specialists and group leaders.

Members of the Steering Group were also to be drawn upon to generate support for the PLATO pilot within the wider business community and to assess the suitability of PLATO as a model for developing management and business capability. It was intended that the project Steering Group was to provide going support over the life of the programme, including strategic engagement with key stakeholder organisations.

From examination of existing documentation (steering committee minutes and progress reports) the steering committee was actively involved in providing direction and advice to the project managers during the establishment of the Plato groups. The Steering group provided guidance on:

- recruitment of companies;
- recruitment of Facilitators;
- meeting structure; and
- use of guest speakers.

Although the steering group did endorse the programme, feedback through the interviews revealed that there was a greater expectation that the steering group would be able to provide harder contacts in terms of companies and facilitators than what actually occurred.

Once both groups were underway the use of the steering group went into decline and it appears that there was no opportunity for the steering group to provide ongoing feedback and guidance on the programme to the programme managers, the facilitators or on guest speakers.

The steering group met four of the five criteria set out at the beginning of the process. Although it was likely that the steering group would have been able to provide ongoing guidance to the facilitators (given their collective experience) it is not clear if this occurred or even if the facilitators and steering group were aware that this was intended to occur. The project managers felt that the steering group could have been more committed to helping establish the groups, particularly with promotion through their networks.

Feedback through the interviews suggests that the make up of the steering group could in the future have more corporate representation and include a SME representative. This

would help communication among the different parts of the network and the wider business community, as well as improve guidance.

3.2.3 Programme Management

Overall the programme manager allowed for the programme to run its course, and provided the facilities and administrative support for this to occur.

There were particular areas where the relationship with steering group faded over time and it appears that ongoing reporting and dialogue ceased.

From discussions with the facilitators one aspect that could be improved is the feedback to the facilitators on how their group was running. WHK observed the early meetings and evaluation sheets were filled out but there was no feedback to the facilitators. The isolation of the facilitators would not have been helped by not having two facilitators to discuss the operation of the group together.

Towards the end of the programme the remaining seminar and workshop budget was handed over to the groups to manage, allowing participants to collectively agree on how the funds were spent and access speakers of interest to all. This level of control was appreciated by the groups; however, Group two questioned why they were not made aware of this budget earlier and given more say in targeting presenters earlier in the programme where it would have been more useful.

Many facilitators and group members felt there was insufficient structure and guidance from the Plato 'governing body' including WHK, AucklandPlus, MED and the Plato Steering Group.

3.3 Conclusions: implementation and operation of PLATO

In general the PLATO pilot achieved its delivery objectives. A steering group was set up, followed by two PLATO groups containing roughly 10 SME owner/managers. Group facilitators were recruited from larger companies and training materials were developed and used to train these facilitators. Each group held 20 sessions, sometimes including expert guest speakers. Occasional seminars were also held.

Difficulty was encountered in recruiting facilitators. This resulted in fewer facilitators than desirable and also meant that the timeframe of the project had to be pushed out. The lack of facilitators is likely to have impacted on the time commitment required from each facilitator (i.e. they had to put in more time than they otherwise might have) and this may have been one of the reasons behind the lack of structure to sessions (e.g. administrative tasks were poorly performed such as agendas being developed and distributed and record keeping). Having one facilitator per group may also have constrained the ability of facilitators to shape discussions to suit the needs of the group and keep things on target. Group numbers fell more than originally planned: Group one ended up with a core of about 8 and Group two with a core of about 11. While some members thought the smaller groups worked better, these numbers are low compared to PLATO groups internationally and reduce the programme's networking potential.

The condition that group members should not be in competition affected the initial recruitment process as not enough ICT firms could be found to create a sector-specific

group due to perceived or real conflicts. When this rule was relaxed, allowing two competitors into the same group it created problems and resulted in one transferring to the other group. Having two competitors in the same group restricted networking and reduced the degree of openness between group members, thereby negatively impacting on the group as a whole and diminishing the benefit that each member can get out of it.

It is difficult to disentangle the causes for the implementation problems identified and it is likely to be a result of multiple factors. The newness and inability to widely promote the programme because of it being a pilot with limited capacity is likely to have contributed to number of SMEs applying to be involved. Similarly with limited public profile and value to larger companies would have limited the recruitment of facilitators. Another issue raised is the size of the New Zealand market meaning that there is a relatively small pool of appropriate SME owner/managers and potential facilitators; however, this is more likely to be an issue for the recruitment of parent companies and facilitators.

Future promotion of the programme will need to have the goals and value proposition clearly defined to assist in targeting appropriate SMEs and parent companies.

The steering committee appear to have become less and less involved during the programme and did not have an ongoing influence over the running of the sessions and the quality of facilitation.

Fewer seminars were held than were originally intended, although during the pilot the groups took these into their own hands and organised seminars that were relevant to them. Behaviour like this is consistent with the PLATO model and doesn't necessarily reflect a failure to implement the programme correctly.

The ability to find speakers of relevance to all will always be an issue given individual preferences and firm differences, however, a few things are worth noting: participants preferred informal presentations to formal ones, question and answer sessions with an expert are seen as particularly valuable and speakers who have a successful background in an SME tend to deliver the most applicable messages.

Dissatisfaction with aspects of the operation of the programme came through at both focus groups and from the evaluation forms group members completed. Much of the feedback centres on a lack of programme structure. Although the Plato concept of empowering participants to determine the direction of the programme was communicated up front, it seems it has been difficult for many to embrace this model and a more formalised approach is desired. This also raises questions about the quality of facilitation and the degree to which better facilitation could have managed personalities and different business stages/sizes in the group for the greater good. The value of the facilitators was questioned by many who felt they could have more impact and need to take more responsibility for managing the direction of the groups and organising agendas/discussion points in advance.

Focus groups fully supported the concept but felt changes need to be made to the model to ensure optimum benefit in the future, such as:

- clarity on the purpose of the programme;
- greater structure for the early meetings;

- balancing the meetings between having a structured programme versus a free-flow approach;
- matching the relative size/growth/aspirations of participants;
- recruiting skilled facilitators; and
- improving the communication and leadership of the programme.

4. ACHIEVEMENT OF PROGRAMME OUTCOMES

Section 5 looks to assess the achievement of immediate and intermediate outcomes sought by the programme. These are:

- perception of the value of learning networks;
- management capabilities of the SMEs; and
- mentoring and training capabilities of facilitators/parent firms.

4.1 Has the group members' perception of the value of learning networks improved?

Yes. Both focus groups reiterated the value of interacting with a group of like minded SME owners. This supports feedback provided through the course of the programme. The strongest indicator that the networks made through the programme are valuable is that both groups intend to continue on despite the programme ending.

The value of the network comes through:

- lessening the isolation many of the members felt;
- an advisory board to get feedback on business issues and ideas;
- sharing success, aspiring others and be inspired in turn;
- an 'enforced' time away from the business to reflect and think more strategically; and
- learning from others and from the speakers.

The learning and support gained through PLATO was seen to be different to that provided through traditional programmes. Furthermore this networking was seen to far exceed the experiences of members that have participated in other networking where they were often referral services or social gatherings. The qualifying process and learning focus of the network removed the coordination problems that probably prohibit other networks from achieving similar outcomes for these companies.

One viewpoint from a group member comparing PLATO to other types of funded business assistance is offered below:

Although this may be purely psychological, the perception is that peer advice is of higher value and greater relevance than government funded business assistance where a corporate entity or government is giving advice to SMEs. The perception is that other types of funded assistance offer 'textbook stuff' whereas Plato type models allow businesses to build on the foundations offered by textbook principles and generate more 'real-life' and innovative solutions to take their business to the next level.

Many participants have also benefited from the networking opportunities and have formed key relationships with other group members. Networking outside of the monthly group sessions allowed those that do so to get input when they need it from others who they feel can add value to their business and provide access to wider networks.

4.2 Have the group members' management capabilities improved?

There is limited data available on this outcome. It was planned that the group members would complete an assessment through the capability assessment tool⁴ at the beginning and end of the programme; however, this proved difficult to enforce. Across both groups 13 of the companies completed the initial assessment and only three completed the final assessment.

The improvements by the group members over the two years were seen to be incremental by the members themselves, covering a wide range of areas. They also felt the programme was not a replacement for other forms of training and receiving advice on specific issues. Attributing improvements in any one particular aspect of management capability is difficult and the members themselves were hesitant to do so. The broad approach to multiple areas of business and the length of time involved meant attributing business and management improvements to Plato alone was virtually impossible.

The real benefit was seen by the group members to be: being exposed to new ways of thinking and approaches that may affect how they approach matters in the future, being able to take time off from the daily running of the business to reflect and think more strategically, and getting advice on current business issues. In particular, the use of the group as a 'sounding board' for members to receive advice on problems, strategies, business's decision making and problem solving processes was seen to be very valuable as it acted as a substitute board of directors or advisory board.

Gaining an understanding of how other businesses operate allowed them to not only generate new ideas that they can apply to their businesses but also gave them a better understanding of the marketplace as a whole and an opportunity to benchmark their business against others. Other benefits include removing owner-operator isolation, building confidence and motivating participants to 'think bigger' and 'do better'.

Some specific outcomes that came through both in the focus groups and the reporting processes during the two years are presented below.

Box 3: Reported group member outcomes

Firm A (Group One): received good advice from the group re entering into a partnership and subsequently entered into a successful partnership agreement, received advice from the group re making a staff member redundant, has met with group members outside of monthly sessions twice and sought assistance from the group via email when necessary.

Firm B (Group One): developed new strategic ideas, new ideas around IP and HR.

⁴ Self reported assessment tool

Firm C (Group One): struggled with accepting that he has a brand and was considering re-branding however, the group helped him realise his issue was with expressing and communicating his existing brand. Firm C was able to offer accounting systems advice (their perceived strength) to others in the group.

Firm D (Group Two): received recruitment information and assistance with budgeting and cash flow planning from another member who provided advice outside the formal sessions.

Firm E (Group Two): another participant operating in the IT sector was able to advise Firm E to alter their strategy in pursuing a new project and convinced them that they would be unable to deliver the services on his own and that they ought to engage the services of a partner in order to deliver the work.

Firm F (Group Two): received help on website design and analysing costs e.g. how much are others paying for accounting services, couriers etc – how much is too much? Greater understanding recruitment i.e., the value of psychometric testing and not just relying on the interview (insight gained outside of sessions).

Firm G (Group Two): business has benefited both in terms of small changes e.g. IT ideas, handling difficult situations with contractors, effective credit collection etc, and bigger picture growth strategy.

4.3 Improved mentoring and training capabilities of the Facilitators

Although PLATO is predominantly implemented to assist SMEs, it is important that facilitators benefited from participating as their time is given freely and it adds to the value proposition for other parent companies to support the programme.

The two facilitators interviewed felt the training was excellent, supporting the evaluation forms completed by all the facilitators post training. The regular group meeting provided an opportunity to put in practice the training they had received on a regular basis. The training and development of skills through facilitating the meetings have in part, been put in place in their work environment.

The facilitators also achieved their other goals unrelated to gaining facilitation experience, from being involved in PLATO. They gained a greater understanding of SME businesses and one inadvertently gained business.

It did not appear that the parent companies actively supported the facilitators or the programme, but rather accepted their involvement as long as it didn't interfere with their work.

4.4 Conclusions: achievement of programme outcomes

From this assessment it is hard to conclude whether there has been a marked improvement in the management capabilities of the group members and perhaps being able to attribute conclusively performance improvements to PLATO (and indeed ultimate outcomes) is unrealistic. If we consider the research that called for the promotion of learning networks in New Zealand it is not be surprising that this is the case. The research had previously stated:

It is difficult to attribute an increase in 'hard' business performance directly related to Learning Networks. However, the evidence suggests that the networks have created a positive sharing of information and knowledge which ultimately ought to result in improved business confidence, and thereby, performance. "Soft" business performance benefits, like increased confidence and better knowledge, flow through relatively quickly. "Hard" business benefits, such as increased productivity and profitability, naturally take longer to manifest themselves.

These soft business benefits are what have been highlighted through our evaluation and in this respect the pilot has achieved what it realistically could have been expected to achieve in terms of impact. The value of the learning network to group members and the 'soft' benefits that resulted have been highlighted by the members and are best evidenced by the groups' desire to continue to meet post the conclusion of the programme.

One of the key modes of learning that is a strength of PLATO overseas is from the knowledge and experience of the facilitators and the resources of their parent companies. There is limited evidence that this learning took place and the reduction to one facilitator for each group would not have assisted this. The lack of interest from the parent companies was also disappointing as research in New Zealand shows that larger companies exhibit better management processes.

5. VALUE FOR MONEY

Evaluation question four related to value for money: was the cost structure appropriate? In considering this we looked at the associated operating costs and level of services the participants received.

The PLATO pilot received a budget of \$340,000 for the life of the programme; this consisted of \$205,000 from the Ministry of Foreign Affairs and Trade GIF contingency fund for export year and \$135,000 from the Ministry of Economic Development's Management Development Fund. An additional \$37,333 was available from fees collected from the group participants.

The costs associated with the programme (as reported by Auckland Plus) are outlined in Table 2 below. In addition to these costs MED paid for the PLATO licence which was approximately \$35,000⁵.

Table 2: Programme administration costs

Project Management (WHK)	\$89,147
Programme Management (AucklandPlus)	\$70,732
Training facilitators	\$68,020
Monthly sessions (venue, materials, catering, administration)	\$60,100
Workshops/Training	\$16,833
Seminar costs	\$9,500
Launch functions (2)	\$9,000
Website development	\$7,000
Pilot wrap dinner	\$2,500
Website maintenance	\$2,000
Total Costs	\$334,832

Considering the cost effectiveness of the programme is difficult and a number of factors need to be considered to qualify the assessment. Given the programme was a pilot, there are number of costs that would be eliminated or reduced if it was to be continued such as facilitator training (training material needed to be produced), website development and

⁵ The PLATPO license agreement (September 2007) required the PLATO fee of 15,000 EURO + VAT or GST (if any is payable) shall be paid against invoice. The extension to the Licence in September 2008 had an associated cost of 4,000 EURO + VAT or GST.

programme management. As discussed in section 4 on policy implementation, the management of the project was not ideal with two levels of project management, equating to \$160,000 of the cost of the programme.

The overall cost of the pilot to Government was \$340,000 and this effectively facilitated an aggregated 2,280 hours of networking and training time overall of the core participants (19), equating to approximately \$149 per hour for each participant or \$17,895 per core group member.

If we reduced the cost of the programme to \$223,090⁶ we would get a cost equating to approximately \$97.85 per hour for each participant or \$11,741 per core group member.

The annual cost to government of selected NZTE programmes is provided in Table 3 below. Although these costs are not comparable given the differing objectives and level of support, they do allow us to place the cost of the two year PLATO pilot within the context of other government expenditure on business assistance.

Table 3: NZTE programmes and associated annual budget

Programme	Cost (\$m)
Enterprise Training Programme	8.5
Biz Services	1.3
Financial Support for Mentoring Services	1.0
Export Training	0.7
Incubator support	3.1

As it stands the Pilot was not cost effective and could have been implemented on a smaller budget. This finding is supported by feedback from AucklandPlus WHK and the chairman of the steering group who all indicated that the programme could be implemented with less funding in the future.

⁶ Removing the costs associated with the website development, AucklandPlus programme management, PLATO licence fee, and halved the cost of the facilitator training.

6. CONTINUATION AND EXTENSION OF THE PROGRAMME

There are three issues that were raised in this area, they are: the sustainability of the programme in Auckland, the extension of the programme to other regions, and if it is to continue, in what form?

There was a unanimous view from those spoken to that the PLATO programme could and should be sustained in Auckland. How many PLATO groups should be supported in Auckland is less clear. This was premised on if changes were made to the way the programme was implemented and operated, as highlighted earlier in the report. There were suggestions that some groups could be more sector specific, however, given the issues encountered trying to establish an ICT group this approach would need to be researched for viability.

Outside of Auckland there was less agreement. Both facilitators and the steering group member interviewed felt that it could work in the other main centres. One felt it could succeed as “other larger cities have close knit communities and would be more helpful in setting up something like this”. While AucklandPlus and WHK were more hesitant given the difficulties experienced in recruiting facilitators even in Auckland which has greatest number of corporations from which the facilitators could be drawn. Another issue would be the ability to find guest speakers. For PLATO to work elsewhere it was felt that further changes would need to be made.

Further detailed work would be required prior to any decision to continue with PLATO or any similar programme. In particular the guidance material will need to be reworked to address the issues identified and research undertaken to inform the viability in regions outside of Auckland.

7. CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusions

The table below summarises the conclusions reached from the evaluation of the PLATO pilot.

Has the pilot improved the understanding of the role that learning and peer support networks can play in building management capability?

<p>A marked improvement in the management capabilities of the group members is unable to be confirmed. If we consider the research that called for the promotion of learning networks in New Zealand it is not be surprising that this is the case. The research had stated:</p>
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<p><i>It is difficult to attribute an increase in 'hard' business performance directly related to Learning Networks. However, the evidence suggests that the networks have created a positive sharing of information and knowledge which ultimately ought to result in improved business confidence, and thereby, performance. "Soft" business performance benefits, like increased confidence and better knowledge, flow through relatively quickly. "Hard" business benefits, such as increased productivity and profitability, naturally take longer to manifest themselves.</i></p>

<p>These soft business benefits have been highlighted through our evaluation and in this respect the pilot has achieved what it realistically could have been expected to achieve in terms of building management capability. The value of the learning network to the participants is best evidenced by the groups' desire to continue to meet post the conclusion of the programme.</p>

<p>The programme was not seen by group members as a replacement for other training and seeking specific advice on issues.</p>

What were the benefits of implementing that methodology?

<p>The value of the network comes through:</p>
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- | |
|--|
| <ul style="list-style-type: none">• lessening the isolation many of the members felt;• an 'advisory/sounding board' to get feedback on business issues and ideas;• sharing success, inspiring others and be inspired in turn;• an 'enforced' time away from the business to reflect and think more strategically;• learning from others and from the speakers; and |
|--|

<p>These benefits were able to be reached as the programme brought together like minded individuals who wanted to share and learn off each other. This coordination of people does not always occur in other business networking environments.</p>
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<p>Was the PLATO learning network successfully implemented?</p>
<p>On balance the PLATO pilot achieved the delivery objectives and was delivered along the lines of what occurs overseas. A steering group was set up, followed by two PLATO groups containing roughly 10 SME owner/managers. Group facilitators were recruited from larger companies and training materials were developed and used to train these facilitators. Each group held 20 sessions, sometimes including expert guest speakers. Occasional seminars were also held.</p> <p>Specific exceptions or variations are outlined below:</p> <ul style="list-style-type: none"> • Group numbers fell more than originally planned: Group one ended up with a core of about 8 (with on average 6 attending per meeting) and Group Two with a core of about 11 (with 8 or 9 attending per meeting). While some members thought the smaller groups worked better, these numbers are low compared to PLATO groups internationally and reduce the programme’s networking potential; • Difficulty was encountered in recruiting facilitators. The groups originally had two, this decreased to one each and in the end one group ended with one of the members taking on the role of facilitator. This limited one of the primary modes of learning promoted as a strength of PLATO overseas – drawing on the knowledge, expertise, and resources of the facilitator and their company; • The condition that group members should not be in competition affected the initial recruitment process as not enough ICT firms could be found to create a sector-specific group due to perceived or real conflicts. When this rule was relaxed, allowing two competitors into the same group it created problems and resulted in one transferring to the other group. Having two competitors in the same group restricted networking and reduced the degree of openness between group members, thereby negatively impacting on the group as a whole and diminishing the benefit to each member; • The steering committee appear to have become less and less involved during the programme and did not have the influence it could or should have had over the running of the sessions and the quality of facilitation; and • Fewer seminars were held than were originally intended, although during the pilot the groups took these into their own hands and organised seminars that were relevant to them. Behaviour like this is consistent with the PLATO model and doesn’t necessarily reflect a failure to implement the programme correctly.
<p>Can PLATO or similar learning networks be sustainable in New Zealand?</p>
<p>Without government (central and/or local) assistance the opportunity to participate in a learning network of this type would be limited. Once the coordination issues have been overcome and the value experienced by those involved, the groups have shown a willingness and ability to continue to operate. However it is too early to say how long</p>

<p>these networks will last post the completion of the programme.</p> <p>All of those spoken to during the evaluation believe that the programme or something similar can and should continue in Auckland. The ability of other regions to adopt this model was less clear, particularly around availability of facilitators from large companies.</p>
<p>Did PLATO provide an alternative to the ('soft') networks available in New Zealand?</p>
<p>Feed back indicated that this created a new and more valuable network in terms of the learning and support, than other networks available in New Zealand.</p>
<p>Was the cost structure appropriate?</p>
<p>No, the cost of the pilot was excessive. In total \$340,000 was spent on the programme or \$17,895 per core group member (19), with programme management through WHK and AucklandPlus accounting for 42% of the costs. However, AucklandPlus and WHK believed that the programme could be implemented for less in the future.</p>

7.2 Recommendations and Next steps (preliminary draft)

Recommendations and Next steps

The evaluation has highlighted a number of issues with the current PLATO model and its applicability to New Zealand, which need further consideration. We recommend that:

- PLATO is not continued in its current form (operation and funding);
- the guidance material is amended to take into account the problems highlighted in this report and the report of AucklandPlus on their implementation of the programme;
- prior to further implementation, research should be undertaken to inform the:
 - iii. number of groups that should and could be supported in Auckland;
 - iv. viability of PLATO in regions outside of Auckland;
- consideration is given to how best to engage with large New Zealand companies or multinationals;
- the place of this work is considered within wider context of SME management assistance Government provides and existing priorities; and
- if PLATO is not supported at a national level the revised guidance is be made available to regional EDAs to take up if they wish.

8. References

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