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# Evaluation of the Regional Business Partners Programme

## April 2015

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# 1 Executive summary

## 1.1 Background to the Regional Business Partners programme

The Regional Business Partners (RBP) programme was established in 2010. It is a network of 14 regionally based entities – delivery agents or regional partners – that offer support to firms to undertake management capability improvement and research and development (R&D). The programme supports small and medium-size enterprises (SMEs). The programme costs around \$12 million per annum for the RBP business advisors, New Zealand Trade and Enterprise (NZTE) Capability Development Vouchers and Callaghan Innovation's R&D grants.

## 1.2 The evaluation focuses on how the RBP network functions, its impact and how it might be improved

The Ministry of Business, Innovation and Employment (MBIE) has conducted this evaluation to provide information on the programme's operations, processes and impacts. The report will be used by MBIE's Enterprise Policy team, NZTE and Callaghan Innovation to inform their advice to the Minister for Economic Development on the future of the RBP and their own decisions about the programme.

The evaluation focuses on how the RBP network functions, its impact and how it might be improved. In the interests of brevity, only its impacts and how it might be improved are addressed in the executive summary.

The evaluation information sources are:

- NZTE administrative data on voucher usage, business registrations and training provider services
- documentation from the policy processes that created the programme
- a survey of all businesses that engaged with an RBP in the 2014 financial year (client survey)
- a survey of all RBP business advisors (advisor survey)
- interviews with selected individuals from client firms and training providers, with RBP business advisors and with NZTE and Callaghan Innovation staff.

The impact of R&D grants is out of scope due to the long lag times needed for research to have measurable impact. The evaluation does assess firms' experience of applying for R&D grants through the RBP programme and the extent the programme leads to increased interaction with Callaghan Innovation.

## 1.3 Overall, the evaluation found a moderate impact, which is a positive outcome given the light-touch nature of the programme

The RBP programme has a moderate reported<sup>1</sup> impact on clients overall, with **more impact when clients receive and use training vouchers**. This moderate impact is a positive result for a programme that is designed to be relatively light touch. There is an average of around 65 clients for each business advisor FTE.

The impact of subtle changes can be difficult to isolate in the midst of other firm activities and exogenous factors. With so many factors at play, it is a positive result that clients perceive a discernible impact from this programme.

The RBP programme is primarily intended to improve management capability and the training environment. However, there are additional beneficial impacts. These different types of impacts are explored in the following sections.

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<sup>1</sup> Reported impact by RBP clients via the client survey.

### **1.3.1 Appreciable but variable impact on management capability**

Clients perceive the RBP programme to have an impact on management capability.<sup>2</sup> Around half of businesses surveyed reported that their engagement with the RBP programme moderately or greatly increased their ability to manage their businesses, with around a fifth of businesses reporting a slight impact. In contrast, a fifth said the RBP had not at all increased this ability.

### **1.3.2 The training environment appears to be improving.**

#### **1.3.2.1 Administrative data suggests the range of training available has increased**

Administrative data suggests possible growth in the training environment, but most businesses have not registered this change.

The number of courses and training providers registered increased by 25% from 2012 to 2014, relating directly to RBP goals such as increasing provider competition and greater choice for clients. While most businesses surveyed were uncertain of any changes in the training market, of those that had an opinion, 60% said the range had increased, and 59% said quality had increased.

#### **1.3.2.2 Increasing popularity of higher-value training has led the mean voucher value to increase 27% from 2012 to 2014**

Analysis of voucher values shows no evidence of widespread training course price increases over the 2012 to 2014 period. A slight increase in the proportion of vouchers<sup>3</sup> priced at the maximum of \$5,000, and the reduction of the impact of those prices on clients that vouchers provide, may mean that administrative attention should continue.

### **1.3.3 There are additional short-term impacts beyond the primary programme aims but fewer longer-term impacts**

There are also wider positive impacts of the RBP programme beyond its primary programme aims. Respondents were positive around short-term outcomes and less certain of long-term outcomes from the programme. That the RBP has impacts on short-term outcomes as a light-touch programme is a positive result.

Specifically, two-thirds of respondents (63%) reported that advice from their RBP either moderately or greatly increased their ability to undertake key activities. Fewer were certain their RBP engagement led to those activities coming to fruition, including product development, expanding their business and exporting.

### **1.3.4 There is a weak relationship between voucher value and impact of training**

The perceived impact of training did not increase with its voucher value. Many businesses that received lower-value vouchers appreciated the programme, while some businesses that received higher-value or multiple vouchers perceived little impact on their firm.

## **1.4 Improving the programme**

This section outlines potential areas for improvement of the RBP programme. For a balanced overview of the how the programme is operating, please see sections 4–7.

The RBP intends to address high search costs and information failure for SMEs that may lack the resources, time and knowledge of their needs to address barriers to growth. The following outlines potential areas of improvement that affect these outcomes.

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<sup>2</sup> See section 3.1 for exact figures.

<sup>3</sup> 7% in 2012 to 10% in 2014.



#### **1.4.1 There is a tendency for Callaghan Innovation and NZTE elements to be segregated, although the two agencies are moving together in implementation**

Callaghan Innovation and NZTE have different purposes, which impacts on how they see the RBP programme. While NZTE advisors deliver a relatively light-touch programme to a large range of small businesses, Callaghan Innovation advisors tend to see fewer clients and offer more intensive support.

Due to the different nature of NZTE and Callaghan Innovation clients, businesses that receive vouchers largely have little to do with NZTE's more intensive suite of services. Businesses that contact a Callaghan Innovation advisor may access other Callaghan Innovation services via the advisor or are referred to a Callaghan Investment Manager or may be supported by the RBP to apply for a larger Project Grant.

More recently, NZTE and Callaghan Innovation have moved together in how they implement the programme by using a combined contract from both agencies, as well as moving together in the assessment process so that advisors should be able to assess any business, whether this is R&D related or general business training.

#### **NZTE elements for improvement**

#### **1.4.2 Often there is a high degree of confidence in advisors – however, advisor quality is uneven and could be improved**

Advisors are responsible for three key elements among many for the RBP programme's success: assessment; facilitation of an informed choice in training; and business advice tailored for their clients. Unsurprisingly, evidence indicates the quality of the advisor has a definite influence on businesses' perceived impact.

In many cases, there was a high degree of confidence in the advisors reported by businesses. However, the consistency of advisor quality appears to be uneven, as clients' experiences varied between regional partners. In suggesting improvements, clients voiced several themes:

##### **Clients would like more follow-up from advisors**

Some clients suggest there would be greater value if businesses spent more time with the advisor, either through follow-ups or regular catch-ups. One client stated "*[The programme] needs to be more aggressively followed up or driven to ensure what is agreed is prioritised and acted on, otherwise it's just good intentions.*"

Some feedback like this is inevitable for a light-touch programme. While more intensive support could either be more costly or result in fewer clients served, some improvements need be neither intensive nor expensive.

##### **Clients would like advisors to be better informed and tailor information**

Some clients say they would like the advisors to have more expertise and provide better information on the RBP programme. The ability of specific delivery agents and advisors to implement the RBP programme is uneven and could benefit from further attention. Clients would like more nuanced support that meets firm-specific needs: "*Identify the potential of the business and assist as required on a case-by-case basis rather than having a whole lot of rules.*"

#### **1.4.3 An improved feedback loop may facilitate better training choices**

There was a consistent theme among advisors and clients that the RBP network website for choosing a training provider was not user friendly. Clients commented that the sheer number of search results impeded choice. While a review function is in place, this is not often useful due to the volume of results.

As the RBP programme aims to reduce coordination and information failure, improvements to the online tool would contribute in addressing these issues for clients.

#### **1.4.4 There are potential conflicts of interest where the regional partner is also a registered training provider**

Given the importance of an informed training choice, the independence of the advisor as an intermediary is important. Where the delivery agent, or an organisation within the delivery agent, is itself delivering training, there can be the potential for a conflict of interest. This potential conflict of interest appears to be well managed as the RBP contract covers this and NZTE staff monitor for potential issues. If the dual role of provider and regional partner becomes more common, further attention is warranted.

#### **Callaghan Innovation elements for improvement**

#### **1.4.5 There is a need for clear and consistent messaging from Callaghan Innovation**

##### **Supporting clients**

A theme amongst clients as well as advisors was around the R&D application process, in particular, that the eligibility criteria could be better communicated and the application process simplified.

Advisors' concerns were mostly around larger grants, with some concerns over application processes that were bureaucratic and unclear to clients. Advisors generally considered the Getting Started grant process to be straightforward.

##### **Supporting advisors**

Advisors raised the need for more communication from Callaghan Innovation around non-grant R&D services and, in general, to be part of general Callaghan Innovation communications. This information would be particularly relevant for new staff. Investment Managers in the area have been particularly useful as a source of R&D expertise and of Callaghan Innovation information. Nevertheless, RBP advisors would like to see more information readily accessible.

## 2 Introduction

This evaluation provides the following:

- Information on how the RBP programme operates and evidence for potential operational improvements.
- Information on how the RBP programme has been used, including the number of clients, the number and value of vouchers and R&D grants.
- Evidence on the impact of the RBP programme on management capability, productivity-enhancing activities and the training environment.
- Evidence for reassessing policy objectives and policy and operational design.

### 2.1 Background to the Regional Business Partners programme

The RBP programme was established in 2010. It is a network of 14 regionally based entities (delivery agents) offering management capability and R&D support to small and medium-size enterprises (SMEs) – businesses with fewer than 50 full-time equivalent employees (FTEs). The programme’s regional structure allows the delivery agents to focus on the firms and industries particular to their respective regions. The intention is that delivery agents can tap into local knowledge in a way that central delivery agents cannot.<sup>4</sup>

The RBP has three elements:

- **Assessment and advice:** RBP-funded business advisors within each regional delivery agent assess clients’ development needs and provide direct advice, connections and support.
- **NZTE vouchers:** Capability Development Vouchers allocated to clients to fund up to 50% of the cost of specialist business support and training (up to \$5,000 per voucher).
- **Callaghan Innovation R&D support:** R&D Getting Started grants funded by Callaghan Innovation to pay for 40% of external R&D costs (up to a maximum of \$5,000) and support for making applications for larger R&D project grants (up to \$250,000).

The following lists terms used in the report for participating professionals and institutions:

- Delivery agents or regional partners are the RBP organisations.
- **Advisors** are the people at RBP organisations who meet with businesses and deliver the services.
- **(Training) Providers** are organisations registered with the RBP as training providers that can accept training vouchers.
- **Clients** are businesses to which the RBP delivers services.
- **Government agencies** refers to staff at NZTE and Callaghan Innovation who work with the RBP partners – comments from these sources may not reflect all-of-organisation views, a point we have tried to clarify throughout.

Throughout the report, financial reporting years ending in June are used. For example, 2014 refers to the year ending June 2014, not the calendar year.

The RBP seeks to address barriers to increasing productivity and growth. One of these barriers is a relatively low level of management capability in New Zealand relative to SMEs in other countries. The RBP aims to improve management practices by helping growth-oriented SMEs identify their capability development needs and co-funding capability development training and early-stage R&D.

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<sup>4</sup> See Appendix Two: RBP intervention logic, Intermediate Outcomes.

The RBP programme also seeks to promote competition in the training market by incentivising SMEs to purchase training and advisory services and, in turn, incentivise providers to increase the range and quality of their services.

The RBP programme replaced the earlier Enterprise Training Programme (established in 1999). That programme directly and fully funded a small pool of providers to supply capability development services to SMEs.

## **2.2 The evaluation approach was split into two phases**

### **2.2.1 Phase one interviewed key groups to learn how they experienced the programme<sup>5</sup>**

Most of the work for phase one of the evaluation focused on four regions: Auckland, Taranaki, Tasman and Otago. This allowed for depth over breadth and was mostly qualitative. For each region, approximately 12 interviews were conducted. The work in this phase consisted of:

- one-to-one interviews with firms and training providers
- one-to-one interviews with staff from the RBP delivery agents.

In addition to the regional interviews, there were additional interviews with Callaghan Innovation and NZTE staff.

### **2.2.2 Phase two quantified the programme and impact using surveys and administrative data<sup>6</sup>**

The second phase of the evaluation used a mix of qualitative and quantitative methods to examine how the programme is working across all 14 regions. The analysis is drawn from:

- a survey of all businesses that worked with the RBP programme in 2014
- a survey of all advisors in the RBP network
- NZTE administrative data of voucher usage, business registrations and training provider services.

### **2.2.3 Callaghan Innovation evidence is limited by a small numbers of advisors and grant recipients**

Evidence for Callaghan Innovation elements of this report was sourced from interviews with Getting Started grant recipients, R&D advisors in the RBP network and Callaghan Innovation staff as well as responses from the survey of all RBP advisors. Due to the relatively low numbers of Getting Started grant recipients and Callaghan Innovation advisors in the RBP network, the conclusions drawn from these sources may be seen as indicative.

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<sup>5</sup> A note on qualitative approaches: the comments recorded in this report were collected from interviewees or survey respondents as part of the evaluation. The comments may not necessarily represent the formal views of the organisation that they work for, had that organisation been asked for formal comment.

<sup>6</sup> The report uses financial years and not calendar years for analysis. For example, 2014 refers to the 2013/14 financial year ending June 2014.

### 3 What was the impact of the RBP programme?

Evidence for RBP programme impact has been sourced from a survey of 2014 RBP clients and qualitative interviews. For the survey, 2,192 clients were surveyed, and there were 626 responses.

In the evaluation plan, three outcomes for businesses are specified:

1. Impact on management capability.
2. Impact on the training environment.
3. Impact on productivity and growth.

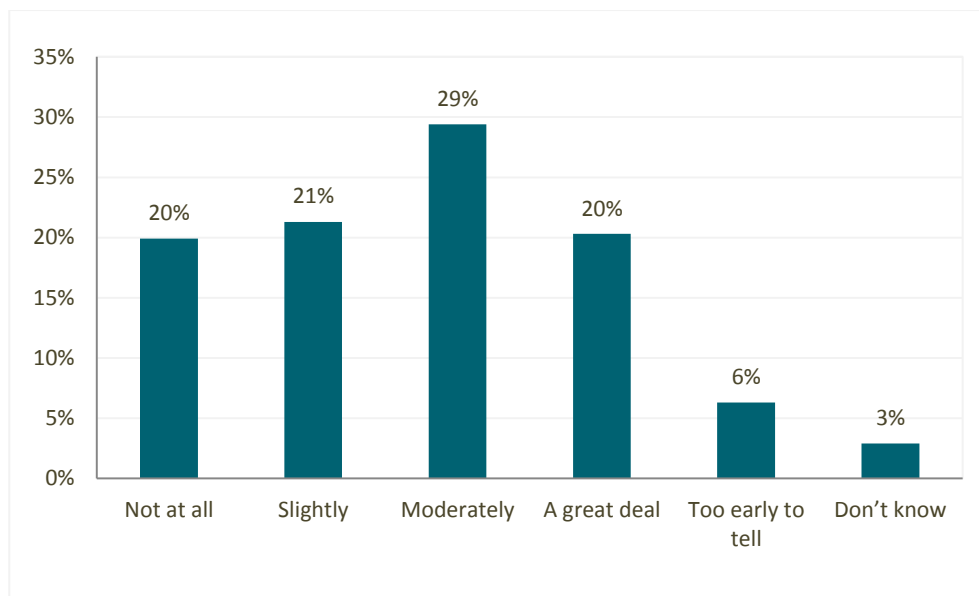
The first two outcomes relate directly to the intervention logic, while the third is a long-term outcome that belongs to wider government objectives. The following section explores the impact of the programme against these three outcomes.

#### 3.1 Impact on management capability is appreciable but variable

The question asked of clients was *“To what extent has your engagement with your Regional Business Partner increased your ability to manage your business overall?”*

Around half of respondents reported at least moderate increase in their ability to manage their business. For a light-touch programme, it is a positive result that clients discern an impact to their management capability. Furthermore, this evidence shows that perceptions of impact to management capability are variable. Factors that underpin a client’s perceived impact are explored in the following graphs.

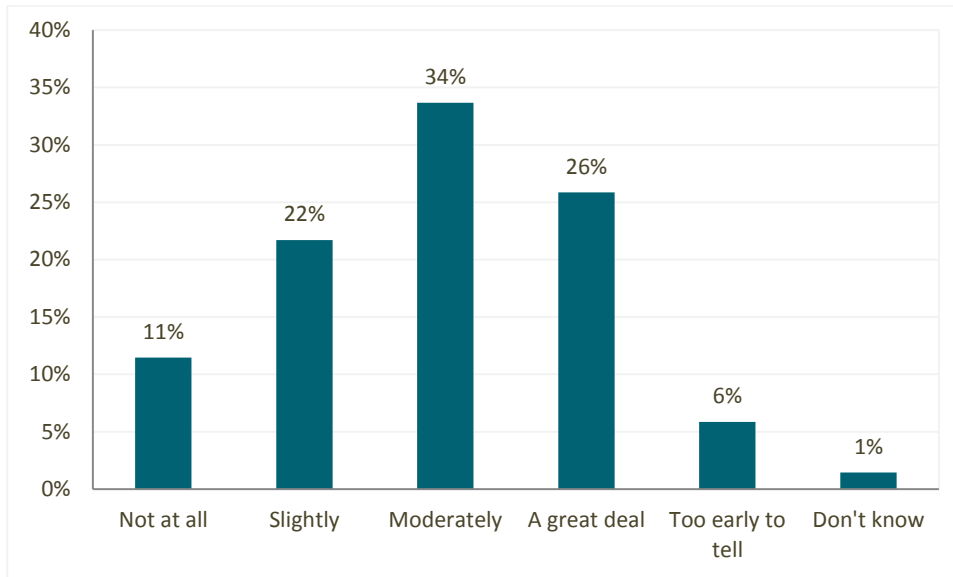
Figure 1 Impact of the RBP programme on ability to manage business



Source: Survey of RBP clients, n = 558, all that responded to this question

Voucher recipients perceive an overall higher impact to management capability. Responses filtered by voucher recipients are skewed towards positive responses.

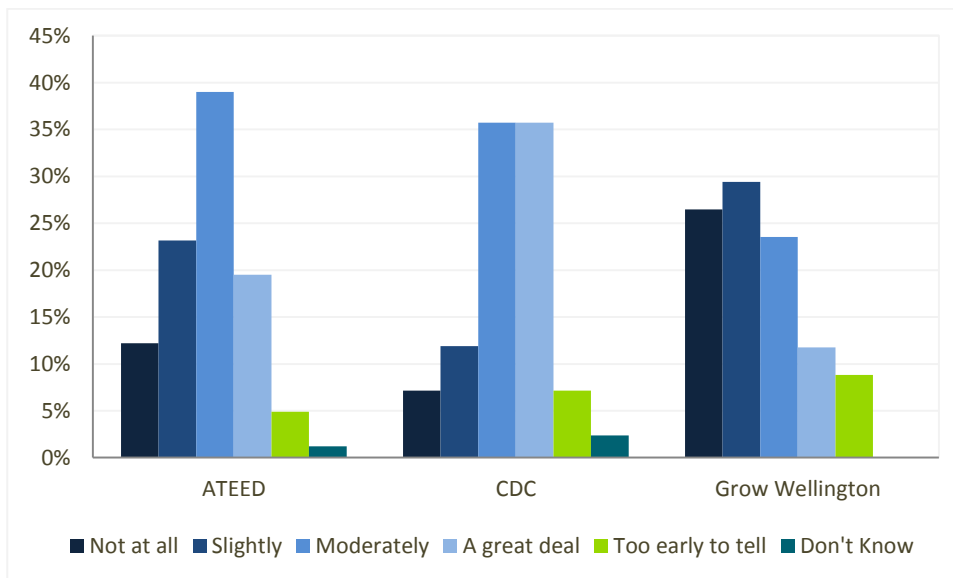
**Figure 2 Impact of the RBP programme on ability to manage business for voucher recipients**



Source: Survey of RBP clients, n = 402, all respondents that indicated receipt of a voucher

Going one step further, when voucher recipients are filtered by regional partner, responses also vary. The spread of responses for Auckland Tourism Events and Economic Development (ATEED) clients is similar to the national pattern of responses. Canterbury Development Corporation (CDC) clients show more enthusiasm, with over 70% of Canterbury respondents replying ‘moderately’ or ‘a great deal’. Grow Wellington clients are much less satisfied, with around 55% of clients replying ‘slightly’ or ‘not at all’.

**Figure 3 Perceived impact on management capability by metropolitan RBP**

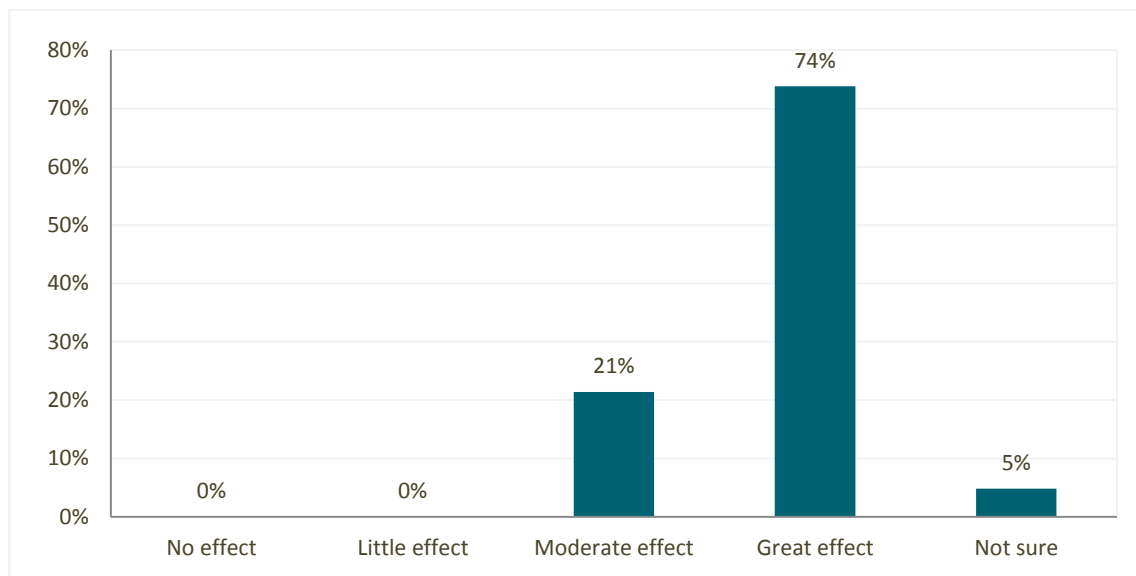


Source: Survey of RBP clients, n(ATEED) = 82, n(CDC) = 42, N(Grow) = 34, respondents that indicated receipt of a voucher for each RBP

**3.1.1 Advisors were more positive on the impact of a voucher on management capability**

When responding to the advisor survey, 74% of advisors reported a great impact on clients’ ability to manage their business. This contrasts (although not directly as the scales and questions are different) with the client survey where 26% responded that the RBP programme in general had a great impact on their business.

**Figure 4 Advisors' views on impacts to clients' management capability**



Source: Survey of RBP advisors, n = 26

Advisors commented that impact depends on the client:

*“It varies depending on the stage and business capability of the individual receiving the voucher. Those who it has the greatest effect on are those that have not previously received external coaching in areas they need help in. Many take action sooner than they may otherwise have done.”*

*“Some implement well. Others will not likely utilise the skills learnt until there is sufficient pain. Most micro businesses turn up because of ‘pain’ – financial or otherwise. Most medium to large businesses turn up because of curiosity and desire to grow.”*

*“In the vast majority of cases, it frees up management to focus more on managing the business and less on working in the business – it de-clutters things.”*

Other advisors recognised *“for the vast majority, great effect [on management capability] – however, we have had a few who felt the training didn’t deliver what they had hoped for.”*

### **3.2 There is some evidence of improvement in the training environment**

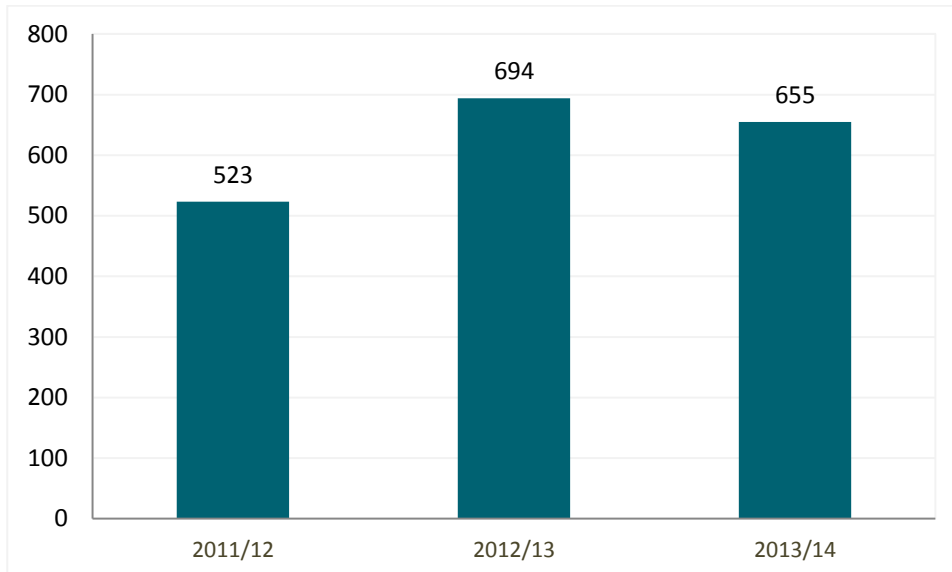
There is some evidence that the range and quality of training services provided has improved and that voucher recipients are more likely to invest in further training after using vouchers.

#### **3.2.1 There has been a 25% increase in the range of training services available from the RBP programme**

The RBP programme aims for a greater range of training<sup>7</sup> services. Data shows that, for all registered training services, the number of unique services has increased by 25% since the RBP vouchers were first introduced in 2012. As we cannot measure non-RBP training services, we cannot assume the total national range of training services has increased over the period.

<sup>7</sup> The word ‘training’ in this report is used to refer to the entire range of services that clients can purchase using co-funded vouchers including training, coaching and workshops.

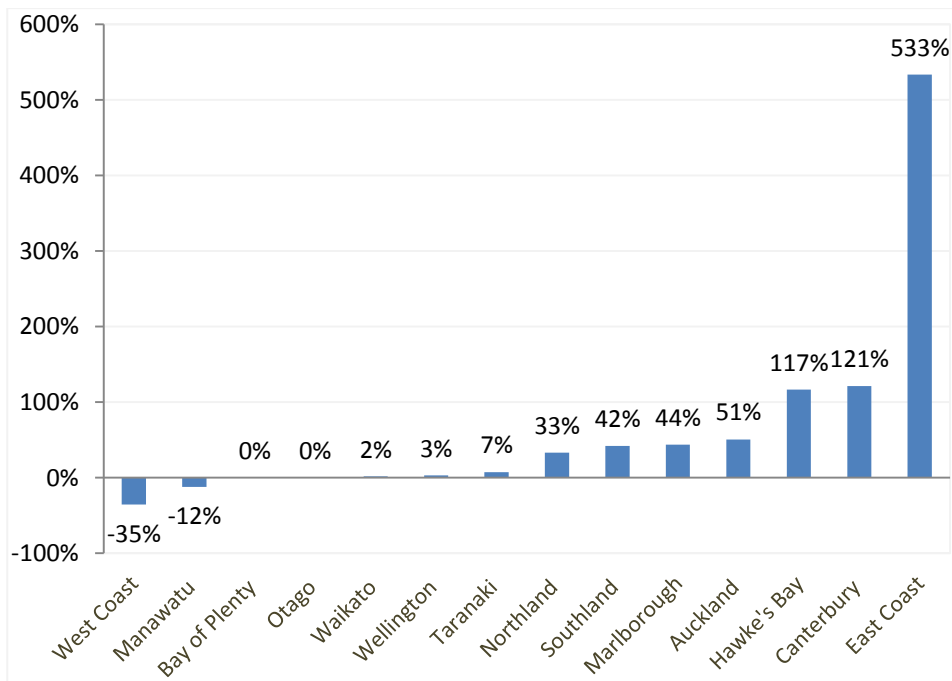
**Figure 5 Number of different service names per year**



Source: NZTE administrative data, July 2014

At a regional level, the number of unique services consumed over the same period has also increased, with the exception of the West Coast and Manawatu. More dramatic changes, such as those occurring on the West Coast and East Coast, are the result of small starting bases in 2012 (n = 17 and n = 3 respectively).

**Figure 6 Percent change in number of unique training services consumed from 2012 to 2014**



Source: NZTE administrative data, July 2014

**3.2.2 There is some evidence suggesting an increase in the range and quality of training services**

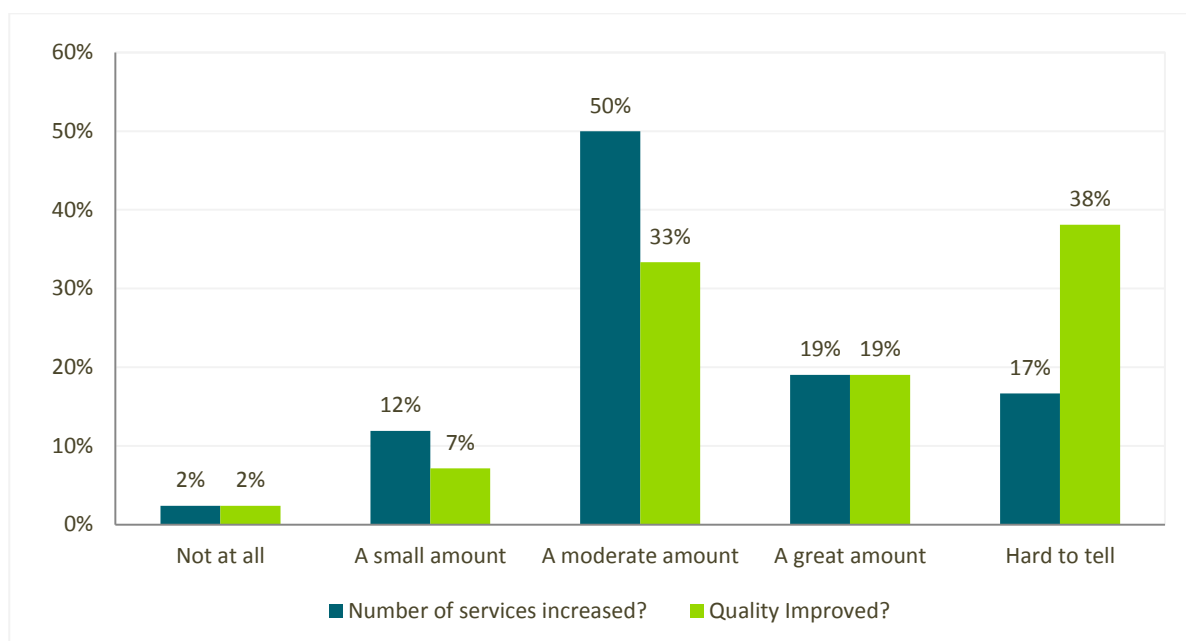
In response to the question “How do you think the range and quality of training and advisory services in your region has changed in the last four years?”, more than half of client survey respondents did not know. Of those that had an opinion, the majority (60% for range, 59% for quality) indicated it had increased.



Since the RBP programme aims to address SMEs’ lack of information on the training market, it is likely many clients were not sufficiently familiar with the training market to provide an opinion.

When asked a very similar question, more advisors had an opinion and the opinions were more positive. The majority felt the number of services had moderately to greatly increased, with the perception of range also being more positive. Advisor opinions are possibly better informed as they work with the training providers, but the advisors opinions may also be biased for the same reason.

**Figure 7 Advisors’ views on the change in number and quality of services in the last 4 years**



Source: Evaluation survey of advisors, n = 42

Advisors commented on the quality and range of training providers in the evaluation survey:

*“Providers that are still working with us after 4 years have increased their capability and up[ped] their game.”*

*“Good to see more coaching and training options as we only have a limited number in our market. The programme is great for enabling rural businesses to access world-class training in Auckland also.”*

*“We are seeing an increase in the number of professional advisory companies (accountants etc) developing tailored products – and pleasingly, these are often set at a higher strategy/governance level.”*

On gaps in the training provision market, advisors commented:

*“We identified gaps (through a gap analysis) in our service provision across the region and are actively working to strengthen the service provision available to clients.”*

*“We have some local gaps (particularly in the technology area and general business coaching) – more affordable online options would be good for those businesses unable to access Auckland/Christchurch-based training.”*

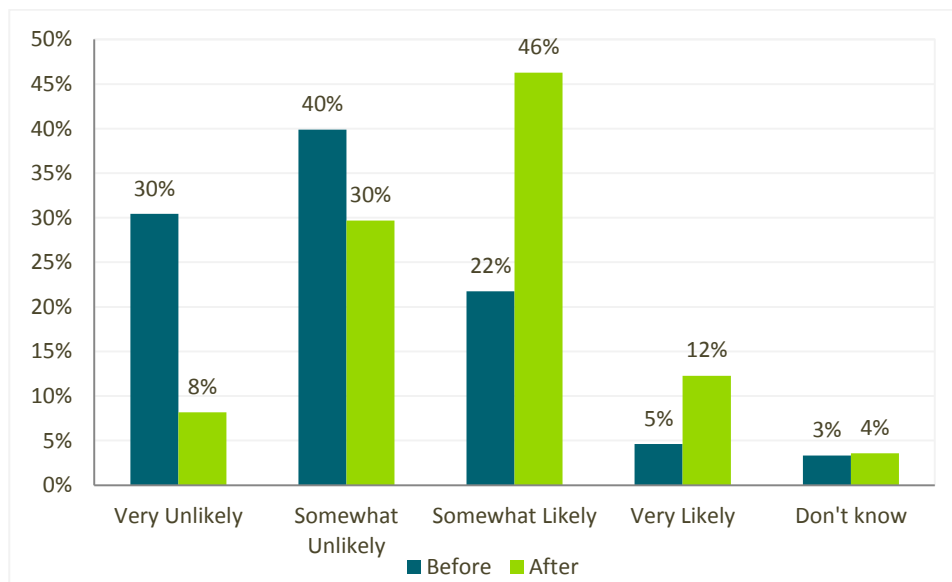
### **3.3 Reported attitude shift towards training**

#### **3.3.1 Clients report that they were more likely to invest in training after using a voucher than prior to receiving a voucher**

Clients’ willingness to invest in training improves after using a voucher. This implies that clients may value business training more after using an RBP voucher. However, it is difficult to conclude whether this interest

in training is long term. It is possible that clients are deliberately overstating the impact of the vouchers to ensure continued voucher funding.

**Figure 8 Client-reported likelihood of investing in training before and after using a training voucher<sup>8</sup>**



Source: Survey of RBP clients, n = 402, all respondents that indicated receipt of a voucher

Advisors commented on the variety of businesses' attitudes towards training after receiving a voucher:

*"Some will [be more likely to fully fund subsequent training], others seem to come around every year knocking on the door for money, and in that case I, want to see evidence that they have actually grown as a consequence of the previous support given."*

*"Cost of training can [still] be an issue, as the results are not often quantified to improvement in sales or so on. However, no one that has completed training has ever come back with the line 'that was a waste of time or money'."*

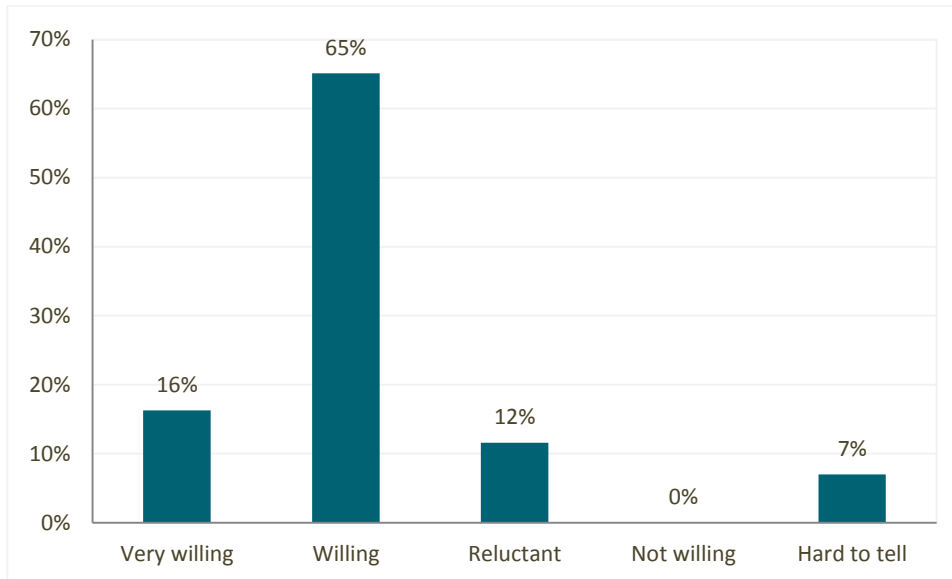
*"Some are very surprised at the value they receive from getting an outside specialist to work with them on an area of their business capability. I get a lot of people coming back from subsequent coaching (most get more value from coaching than training)."*

### 3.3.2 Advisors report that the majority of clients were already willing to invest in training

When responding to the advisor survey, 81% of advisors reported that clients were initially willing or very willing to undertake training. There is likely a selection bias here towards businesses willing to invest in training, as it is likely those not interested do not register in the programme. A consistent theme among advisors is that *"most were willing, not all were able to pay"*.

<sup>8</sup> The two questions are the 'before' question *"How likely is it that your firm would have paid for all of the training without a NZTE voucher subsidy?"* and the 'after' question *"In the future how likely is it that your firm would fully fund training?"*

**Figure 9 Advisors' view of client initial willingness to invest in training**



Source: Survey of RBP advisors, n = 43

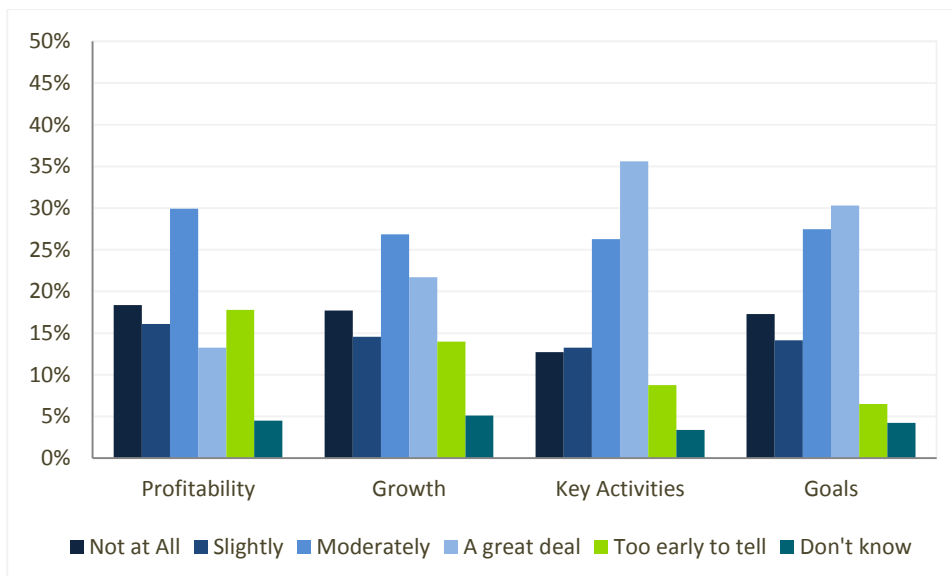
### 3.4 Moderate to good perceived impact on productivity and business change

While not a direct aim of the RBP programme, productivity and growth are central to wider government goals for New Zealand businesses.

#### 3.4.1 Impact on growth, profitability, key activities, and goal setting

Most clients responded positively to the impact of RBP advice on their ability to undertake key activities and to set goals, with the majority reporting a moderate or great degree of impact. On the impact of advice on growth and profitability, clients gave a moderate response.

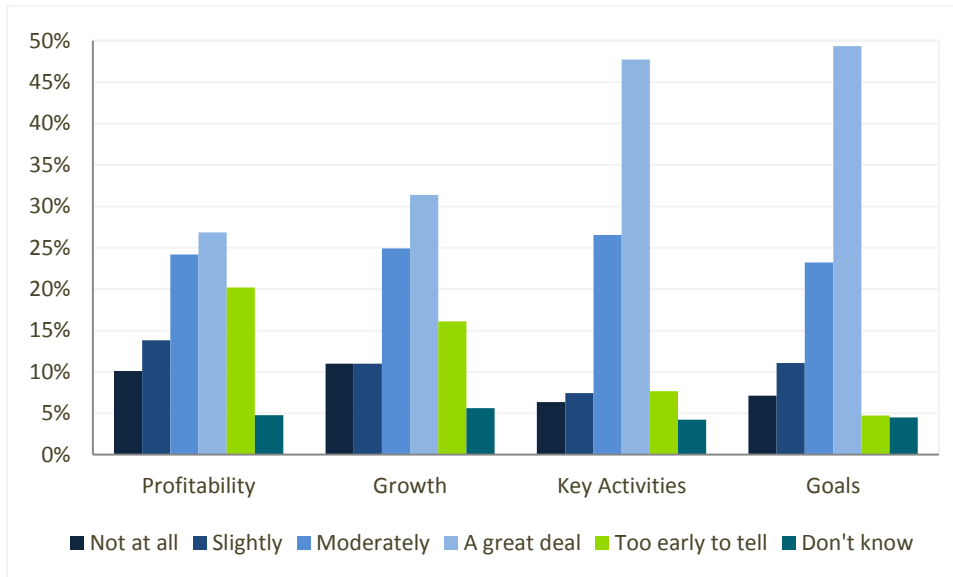
**Figure 10 Perceived impact of RBP advice on profitability, growth and capability in key activities and goals**



Source: Evaluation survey of RBP clients, n = 354, all respondents that indicated receipt of advice to grow business

Clients that have received vouchers were more enthusiastic in their responses on the same four categories of business profitability, growth, key activities and goal setting.

**Figure 11 Perceived impact of vouchers on profitability, growth, key activities and goal setting**

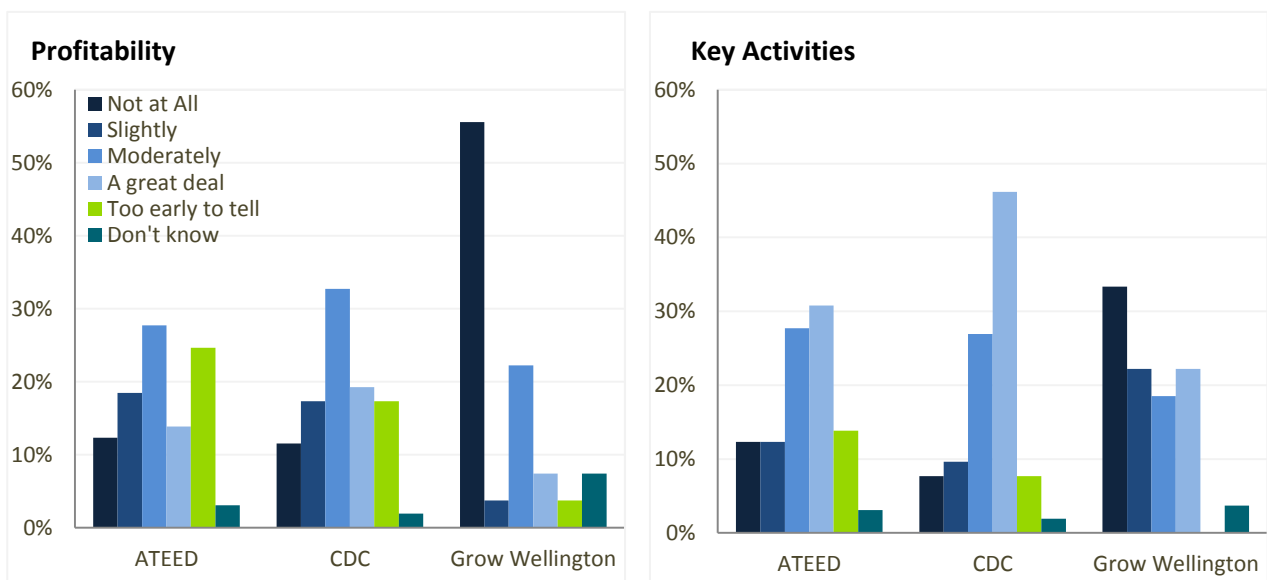


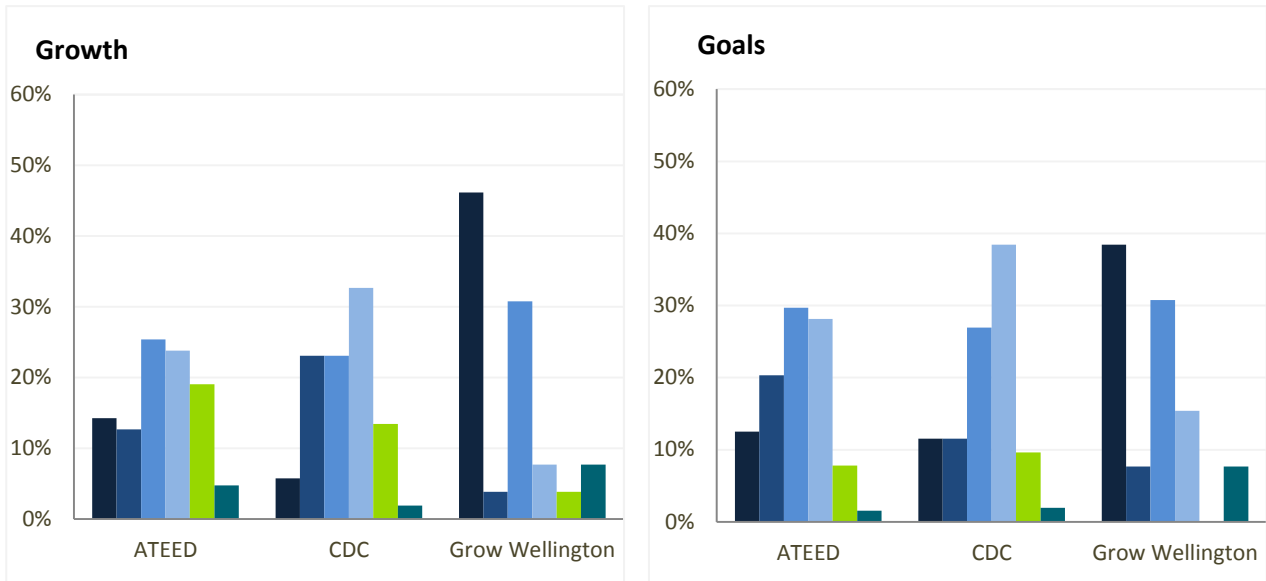
Source: Evaluation survey of RBP clients, n = 402, all businesses that indicated receipt of a voucher

### 3.4.2 Notable regional variations of impact for metropolitan areas

Upon examining the impact of advisor advice on the four categories of profitability, growth, key activities, and goal setting, we find high variations in the regions. Grow Wellington had a large proportion of clients that were unimpressed with the RBP advice relative to clients from Canterbury Development Corporation (CDC) and Auckland Tourism Events and Economic Development (ATEED). A large number of Grow Wellington clients stated the advice was ‘not at all’ useful for all categories. By contrast, CDC had proportionately more clients, for all categories, that answered ‘a great deal’ to questions on the usefulness of the advice given.

**Figure 12 Impact of RBP advice – comparisons between metropolitan regions**





Source: Evaluation survey of RBP clients, n(ATEED) = 65, n(CDC) = 51, n(Grow) = 25

In comparison to the regional variation from responses on the impact of advice, responses on the impact of training<sup>9</sup> are more regionally consistent.

In summary, clients are more consistent and more positive about the impact of training vouchers than the impact of RBP advice on key activities, goal setting, profitability and growth.

### 3.4.3 Impact on undertaking business change

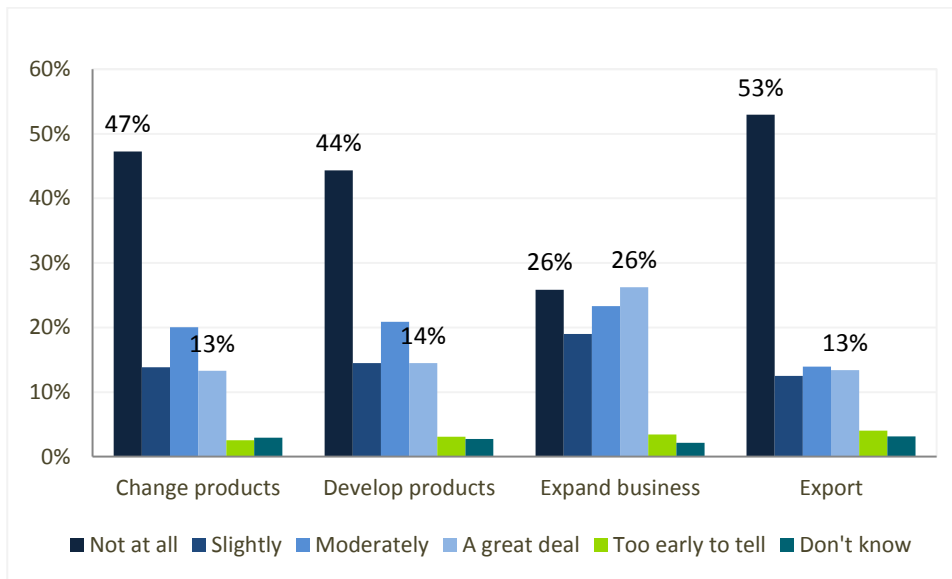
Compared with the impact on the categories of goal setting, key activities, profitability and growth, the impact on categories associated with business change (changing products, developing new products, expanding business or exporting) is less positive.

#### Clients were generally more pessimistic about the impact of the RBP programme on making business change

As undertaking business change is a more long-term outcome, it is unsurprising that respondents were less certain of the RBP programme's impact on longer-term outcomes, such as developing new products, changing products and exporting. Many clients may not have had an export focus, which explains the pessimism in this category.

<sup>9</sup> On profitability, growth, key activities and goal setting.

**Figure 13 Perceived impact of RBP experience in encouraging businesses to change/develop products, expand or export**

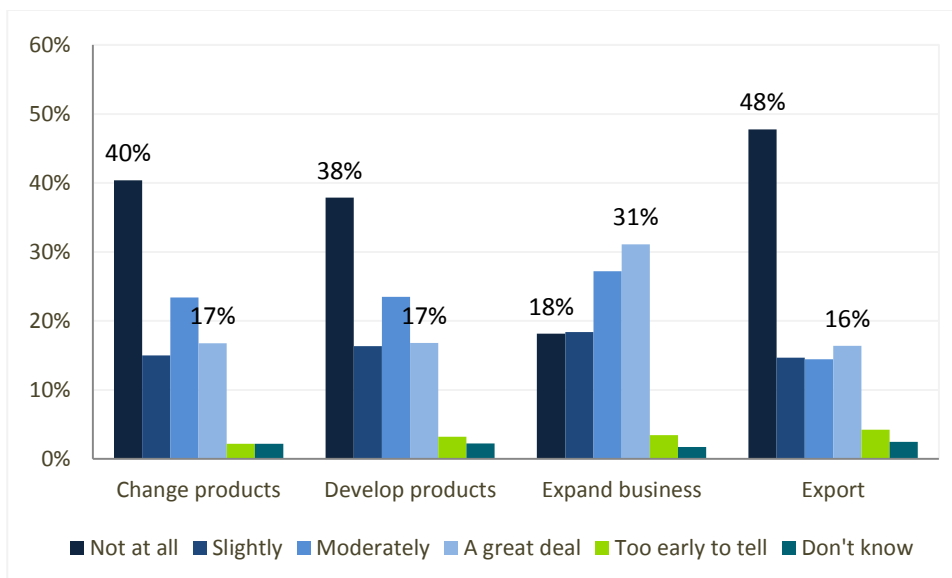


Source: Evaluation survey of RBP clients, n = 546

**Voucher recipients perceive a higher impact on business change from the RBP experience than clients that did not receive a voucher**

When responses are filtered by voucher recipients, the results are slightly more positive. For instance, 21% more voucher recipients than non-recipients said their experience with the RBP programme encouraged them to expand their business a great deal. Across all categories, fewer voucher recipients answered ‘not at all’.

**Figure 14 Perceived impact of RBP experience by voucher recipients**

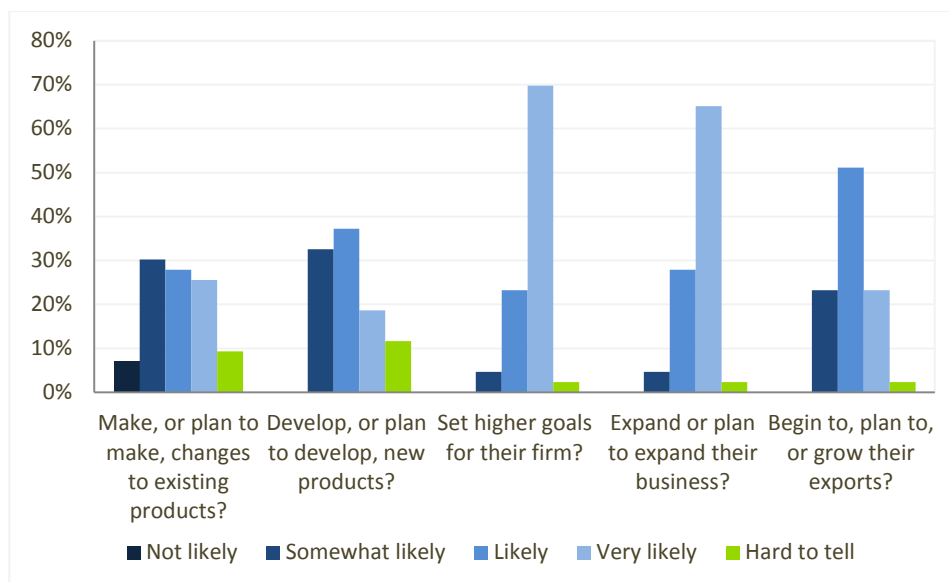


Source: Evaluation survey of RBP clients, n(1) = 402, n(2) = 150, all businesses that indicated receipt of a voucher and all businesses that indicated no receipt of a voucher

### 3.4.4 Advisors are more positive about the impact of the RBP programme on clients to make business change

As with other survey questions regarding impact, advisors are more positive about the RBP programme’s impact on business change than clients.

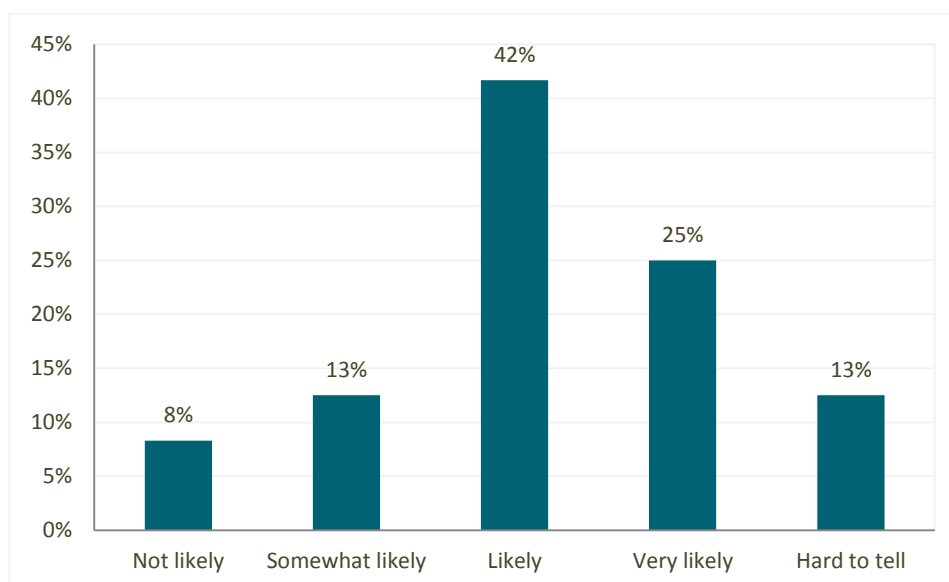
Figure 15 Advisor estimates of the impact of vouchers on clients



Source: Survey of RBP advisors, n = 43

Advisors report that, even without a voucher, 80% of clients are at least somewhat likely to take action to improve their businesses. There were only 24 respondents, so these numbers are indicative only.

Figure 16 Advisor opinion on likelihood of future changes by non-voucher recipients



Source: Survey of RBP advisors, n = 24

## 3.5 Perceived impact has weak relationship with amount of voucher funding received

Do clients tend to report high impact if they received a high amount of voucher funding? Only slightly.

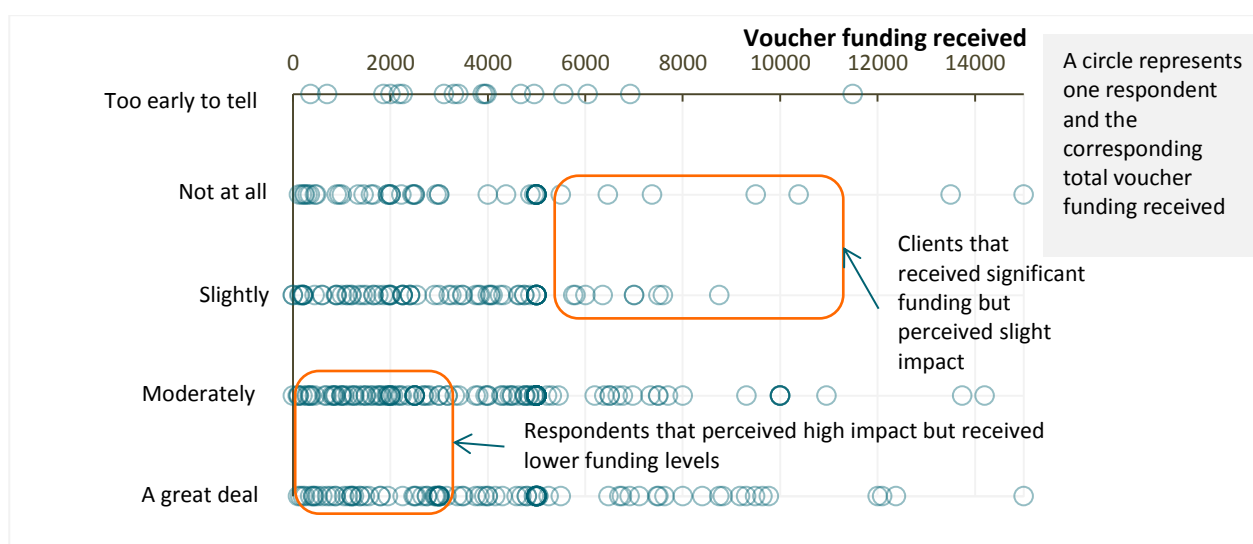
### 3.5.1 Perceived impact on management capability largely does not increase with voucher funding received

In general, evidence shows that clients receiving higher-value vouchers report similar degrees of impact on management capability as clients that receive lower-value vouchers.

Figure 17 shows the total voucher funding received by clients and their responses to the question “To what extent has your engagement with your Regional Business Partner increased your ability to manage your business overall?” The graph gauges whether clients that received more in voucher funding go on to rate a higher impact on management capability.

We find a weak correlation. For example, of clients that reported a great or moderate impact on management capability, 30% received less than \$2,000 in voucher funding (as referenced in the bottom rectangle). For those that reported little or no impact, a quarter received between \$5,000 and \$8,000 in voucher funding (referenced in the top rectangle).

Figure 17 Perceived impact on management capability and voucher funding received



Source: Evaluation survey of RBP clients, n = 380; NZTE administrative data, July 2014

More specifically, clients receiving higher-value vouchers are only slightly more likely to report higher degrees of impact to management capability than clients that receive lower value vouchers – 13% of clients receiving less than \$4,000 in vouchers reported no impact compared with 12% of clients receiving more than \$4,000. Similarly, 25% of clients receiving less than \$4,000 reported a great impact compared with 28% of clients receiving more than \$4,000 in total voucher funding.

These results may be viewed in conjunction with advisors’ responses that the impact of vouchers on businesses depends partially on the business itself. One advisor specified the client’s exposure to training as a factor affecting impact: “It varies depending on the stage and business capability of the individual receiving the voucher. Those who it has the greatest effect on are those that have not previously received external coaching in areas they need help in. Many take action sooner than they may otherwise have done.”

This suggests that clients’ perceived impact on management capability depends not so much on the price (and hence, the intensity) of training but on the suitability of training to the characteristics of the client.

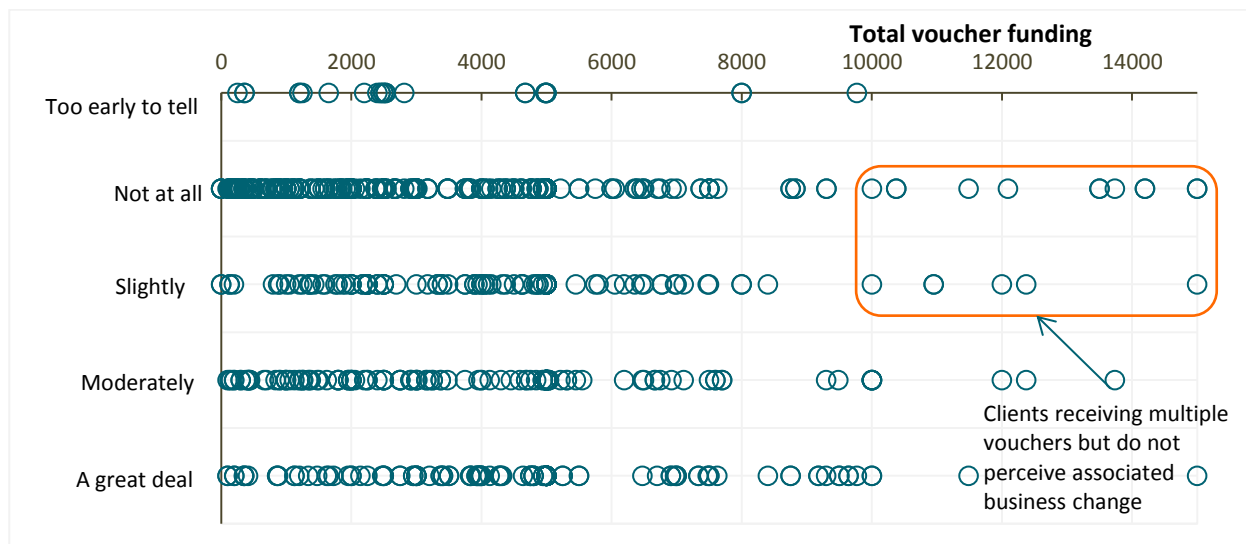
### 3.5.2 Perceived impact on business change is not affected by amount of voucher funding received

Upon examining the same relationship between voucher value and the extent to which RBP engagement encouraged clients to make changes, we find no correlation.



Clients that received the most funding (above \$10,000) were no more likely to make changes in the business as those clients that received a low level of funding (less than \$2,000).

Figure 18 Perceived business change associated with RBP engagement and total voucher funding received<sup>10</sup>



Source: NZTE administrative data, July 2014

### 3.6 Other impacts

One advisor commented *“The most feedback we get is the value of the initial assessment for business owners. They appreciate the opportunity to talk openly about the challenges in their business with someone who is not selling them anything.”*

A few advisors thought the actual vouchers were secondary to the programme’s effect on incentivising firms to assess their business needs:

*“Getting in front of businesses and making them sit, focus and discuss current and future needs. We get excellent feedback on this. The vouchers are the icing on the cake to help them implement these skills and ideas.”*

*“The funding compels busy, time-strapped business owners to engage with our business growth programme. In turn, this gives us the opportunity to truly get to grips with the opportunities and challenges facing each business and to then offer them independent advice, connections and funding that can add value to their businesses. Without the funding, I think it would be far more difficult to encourage them to engage.”*

#### In summary

- Businesses perceive impact to be higher for its potential to grow than to increase profits and/or exports. Generally, respondents have not made changes, expanded their business or started to export, but respondents feel better equipped to do so as perceived impact on goals and key activities is higher than perceived impact on taking action for business changes, expansion or exporting.
- Businesses that received vouchers perceive their RBP experience to have more impact than businesses that did not.

<sup>10</sup> Includes all responses to the question: *“To what extent has your engagement with your Regional Business Partner encouraged your firm to: a) Make changes to existing products; b) Develop new products; c) Expand or plan to expand your business; d) Begin to or plan to export.”*

- Businesses find their RBP experience, whether that be advice or training received, to be more helpful in terms of specific businesses activities rather than overall business growth.
- Businesses' experiences with the programme varies between regional partners, and at times between advisors within one regional partner. Whilst firms have generally found their experience with a regional partner to be useful, different regional partners may offer their clients a better or worse experience.
- Similarly, the usefulness of training is generally perceived as useful by businesses that undertook training. However, the impact of training will still be influenced by the quality of the individual trainer.

## 4 Is the programme operating as expected? NZTE elements

The RBP network is intended to function as a single portal through which businesses may access a range of government support. Situations where this works well seem to coincide with situations where there is a single RBP delivery agent that is following the intention and the spirit of the programme.

In other cases, NZTE and Callaghan Innovation elements may be segregated at times. Advisors may specialise in just R&D grants and Callaghan Innovation services or Capability Development Vouchers and broader business training and advice. There are also advisors that approve both vouchers and Getting Started grants. In some cases a regional partner, such as a Chamber of Commerce, will specialise in only NZTE elements of the RBP programme while another partner in the region specialises in Callaghan Innovation grants and services. This theme is further explored in section 5.

As interviewees and survey respondents tended to isolate the two elements of the RBP programme, the following sections are structured to separate observations relating to NZTE Capability Development Vouchers and business training and those relating to R&D grants and Callaghan Innovation services. The section will conclude with observations relating to the RBP programme as a whole.

Findings are based on interviews, the survey of firms that have used the RBP programme in 2014 and the survey of all RBP advisors.

### 4.1 Are the advisors and their advice, assessment and referrals meeting needs?

In general, business needs are being met. However, there is wide variation in their experiences.

#### 4.1.1 Advice

##### 4.1.1.1 Quality of the RBP advisor is crucial

Overall evidence indicates advisor quality is crucial to the effectiveness of the programme. The three key stages of the programme that contribute to its efficacy are:

- an assessment that is able to identify crucial needs of the business
- referral or information on trainers or courses that can precisely address those needs
- relevant advice.

All are reliant on and within the purview of the advisor.

NZTE and Callaghan Innovation interviewees expressed that, ideally, advisors would have direct business experience and a high level of expertise and be able to add value to the business through their advice and guidance.

##### 4.1.1.2 In practice, businesses' views on the quality of RBP advisors varied

Firms had mixed views on the ability of RBP advisors.

In many cases, there was a high degree of confidence in the advisors: *"I was pleasantly surprised by the prompt and helpful assistance. Very 'can do' and practical, and this is a cynic talking!"*

In areas where the advisors are valued, they are usually praised for their service skills – their advocacy and facilitative skills and their impartiality, helpfulness and responsiveness – rather than for a high level of business-specific knowledge: *"[RBP advisors] point you in the direction of good training providers... [their] business advice is very low level."*

#### **4.1.1.3 Clients specified three areas of improvement in the RBP client survey**

Clients were asked about areas of improvement. Three themes emerged from their responses:

##### **More follow-up from RBP advisors**

Many clients felt advisors needed to give more attention to clients. Clients felt that advisors needed to continue following up after the initial session and scheduling regular catch-ups.

*“We seem to be down to bulk emails these days, not a lot of personal contact.”*

*“It would be helpful if the programme was sufficiently resourced to allow more frequent follow-up from them.”*

*“Needs to be more aggressively followed up or driven to ensure what is agreed is prioritised and acted on, otherwise it’s just good intentions.”*

About half (49%) of RBP clients that answered the question “Are you in regular contact with your RBP?” (n = 511) said they were. Of the providers with more than 10 responses, Development West Coast and Enterprise North Canterbury had rates above 80% for this question. The Tauranga Chamber of Commerce had a rate of 18%.

##### **Advice should be tailored**

Clients also suggested advisors needed to pay attention to the specificity of needs of each particular business – some businesses felt they needed more time to cover their business and felt the advisor followed a single rubric for all firms rather than tailoring advice for the individual firm.

*“If they worked more regularly with businesses (which they may do in some cases, but not in our case), they may gain a more useful understanding of operations and what makes a business successful... every business is different, so a dairy owner has a totally different set of needs to a manufacturing company – really, I just see that they skim the top and make a broad judgement of what they think is best based on ‘general businesses’, but this is not always a well-considered judgement in my opinion.”*

*“Identify the potential of the business and assist as required on a case-by-case basis rather than having a whole lot of rules.”*

*“Spread too thin. Do more one-on-one assistance for a smaller number of identified firms.”*

##### **Advisor’s business experience may be lacking**

Some were particularly concerned the advisor had little experience with which to advise or had no experience in a particular industry.

*“Acquire more managers that have had their own business/es prior to being an advisor/manager. Sometimes the advisors lack this themselves, and it can be a case of the blind leading the blind.”*

*“They point you in the direction of good training providers. The business advice is very low level.”*

*“Invest in more qualified skilled staff capable of independent thought and who really understand business fundamentals. Encourage and train existing EDU staff to become advisors, rather than directory services. Business owners really want advice and opinion, which seem severely lacking. Introductions and networking would also be excellent.”*

#### **4.1.1.4 A variety of measures are taken to ensure consistency of advisor advice**

Some RBP agents supplemented the advisors’ salaries in order to attract high-quality advisors. Some delivery agents viewed the level of funding available through the RBP programme as adequate only to employ lower-level staff and that delivery agencies need to supplement the funding if they are to get reasonable-quality

staff. This view is consistent with what was said by a manager from one of the delivery agents, who spoke extremely highly of their advisor staff and attributed much of this to paying the advisors well by supplementing their salaries.

One delivery agent noted that, where there was subcontracting within the RBP programme, the delivery agent was not able to specify who delivers the advisor function and therefore had less control over the standard of the service.

In addition to salary, there were various other methods used to improve and maintain the quality of advisory staff. The government agencies spoke of using training and workshops to support advisor quality. This included peer-to-peer capability development, where business advisors got together to share best-practice opportunities, and training to help advisors use the Callaghan Innovation IT management system.

NZTE uses a satisfaction survey to track the quality of services provided by advisors. If there are negative comments, NZTE follows up on these. NZTE's view is that, where there is dissatisfaction, it is often due to clients arriving with unrealistic expectations.

NZTE representatives also discussed moving to stricter controls around the skills and qualities of advisors. This would be managed through the contract schedule and by making sure that business partners meet higher requirements.

#### **4.1.2 Assessment**

The assessment process is a fundamental part of the RBP programme. For the RBP programme to address coordination failure in training, the programme must have an assessment that pinpoints business needs. Only with a sound knowledge of a client's needs can the programme begin to advise and coordinate training. Advisors and clients both report that some clients come in with very specific needs, while others are initially unclear about what they need.

From the advisor survey, 93% of advisors reported that they had a standard process for the initial assessment of businesses. It is not clear if they use a common assessment methodology.

##### **4.1.2.1 A majority of businesses found the assessment process at least moderately useful**

The survey asked *"Separate from R&D, how useful was your Regional Business Partner's assessment process in identifying your firm's training and development needs?"*

Around half (49%) of those that responded (n = 532) said the process was 'very useful', and a further 26% replied that it was 'moderately useful'.

##### **4.1.2.2 The process of assessing businesses' needs varies by advisor and by regional partner, but this is changing**

The content, depth and relative emphasis of the assessment varied within and between delivery agents. There were examples of in-depth assessments and examples of more light-handed approaches.

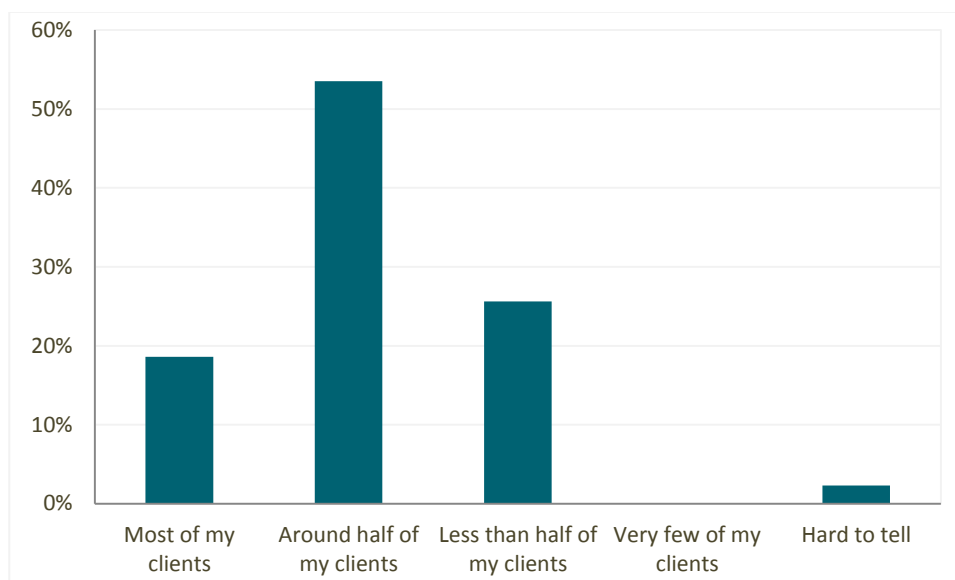
Advisors may use assessment tools. These tools can be standardised within the delivery agent, for example, the Venture Taranaki 'canvas tool' that is applied to R&D and management capability conversations. Alternatively, advisors may use a tool or approach that they are familiar with (such as a SWOT analysis to understand the business or criteria to understand the R&D readiness and potential). There were examples where the assessment tool was sent to clients prior to a face-to-face meeting so that the conversations would be more meaningful.

Callaghan Innovation and NZTE will be introducing an assessment tool in order to standardise the assessment process for firms that engage with the RBP programme. There was a concern expressed from the regions that the advisors may need to document their assessment processes using the tool while they meet with the client, and this would give the wrong impression to the client.

#### 4.1.2.3 Advisors report that clients' awareness of development needs vary

Advisors felt that most clients were reasonably aware of their development needs when they first approached the regional partner. There is likely a self-selection bias here, as firms that approach the regional partner are likely to be aware of a need for business development. Those with least regard for development are not likely to approach the regional partner in the first instance.

Figure 19 Advisors reporting on proportion of clients reasonably aware of development needs on their initial approach



Source: Survey of all RBP advisors, n = 43

#### 4.1.3 Choosing a training provider

The RBP programme aims to reduce high search costs and information failures for SMEs when seeking business assistance. Advisors ideally address these issues by equipping businesses with the necessary information to make decisions on the amount to invest and type of capability to aim for. This section also shows that there is room to improve the feedback loop between previous users of training and clients choosing training providers that may help to ensure that good trainers were promoted and substandard providers weeded out.

##### 4.1.3.1 Most advisors stressed the importance of matching a client with the right training provider

Advisors stressed that the programme's effectiveness stems from the suitability of the training a client receives. Further evidence corroborates this theme. We find that a client's perceived impact of a training course does not depend on its cost. Clients receiving low-cost but potentially more suitable training rate the programme highly – see section 3.5 on perceived impact and its relation to the amount of a voucher.

Advisors commented that a range of options would be provided for the client according to their development aims. Some advisors emphasised their knowledge of strengths and styles of training providers available in order to connect businesses with the most suitable trainers.

*"It's beneficial to be able to offer or suggest a couple of referrals who will 'get' the company and the person."*

*"Various providers can deliver the same technical advice and coaching, but it is important to match client and providers with similar values, or industry-specific background or just appropriate pricing."*

##### 4.1.3.2 The avenues assisting an informed choice of training provider may be improved

Clients have various avenues through which they can find a suitable training provider. These include referrals from their RBP advisor, the RBP marketplace website, promotion from training providers and word-of-mouth referrals. The RBP programme seeks to provide enough information to assist businesses in choosing a quality

provider, given their needs. Currently, this information rests within the online portal and the advisor’s working knowledge of training providers.

### The online portal could be more effective in assisting clients to make an informed choice

*“The RBP marketplace search function often brings up hundreds of options, which results in the business not choosing any.”*

One training provider noted that there was no distinction between local and external providers listed and that the database was very large so that *“if you search ‘Business Planning Otago Region’, you get 165 results – no one is going to look through all those”*.

In particular, advisors and clients reported **a need for an improved feedback loop** from previous users of training and potential businesses seeking training.

*“[The website should have] scoring of service providers, perhaps by end user, with this information aggregated and funnelled back to RBP advisors.”*

A feedback loop may help to ensure that good trainers were promoted and substandard providers weeded out.

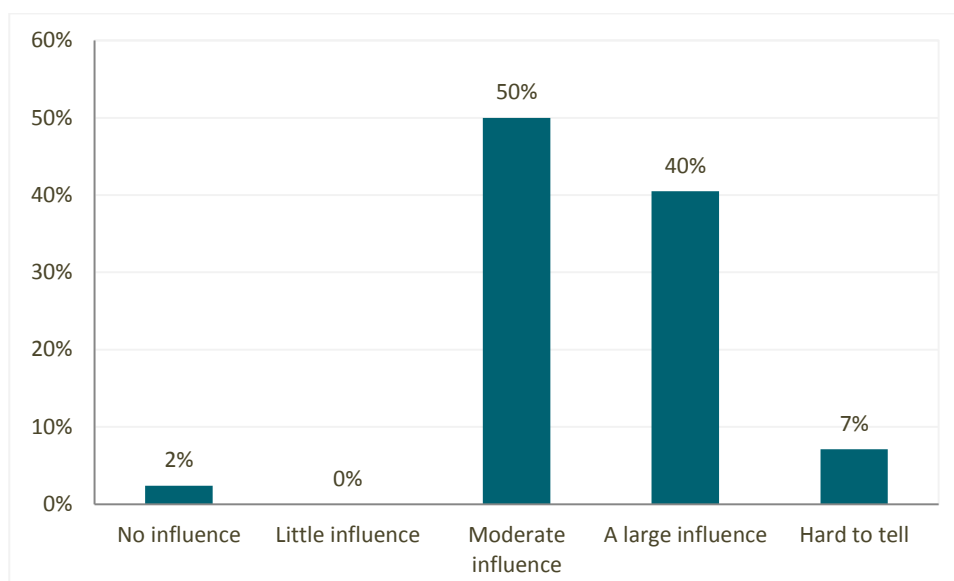
#### 4.1.3.3 Advisors report having considerable influence on those undecided about training providers

Advisors report that undecided businesses often rely on the advisor’s knowledge on the quality of a training provider, given the advisor’s knowledge and experience of the training marketplace. There were many examples of business advisors expanding their knowledge of the range and quality of training providers available via past client reviews, presentations from training providers to the RBP programme, business forums and word of mouth.

Advisors were asked in the evaluation survey *“For your clients that had not decided on a training provider, to what extent do you influence their training choices (programme and provider)?”*

By excluding businesses that already knew which provider they intended to use, this question focuses on the extent businesses preferred to explore the training market themselves before selecting a provider. It is not surprising that over 90% of advisors report that they influenced the choices of undecided businesses.

Figure 20 Perceived influence on client choice of training providers, reported by advisors



Source: Survey of RBP advisors, n = 42

#### 4.1.3.4 Conflicts of interest may occur where the RBP is also a training provider

The referral to a training provider is an area that can potentially cause a conflict of interest. While the RBP contract has a section that covers conflict of interest, interviews revealed many concerns about such conflicts. These concerns usually related to situations where a delivery agent (or a subcontractor to the delivery agent, such as a Chamber of Commerce) was also a training provider. At least one delivery agent that this applied to clearly did not have a working policy or process for these types of situations.

Evidence from interviews suggests that conflicts could be more of a concern where a Chamber of Commerce was part of the RBP delivery agent. This was largely because training is a core business of a Chamber of Commerce. One training provider was concerned that Chamber training was more actively promoted than others. Another provider, in another centre, raised similar concerns about the Chamber of Commerce in his area, while a firm in the same area noted that the advisor was usually “*trying to get me to go to courses at the Chamber*”.

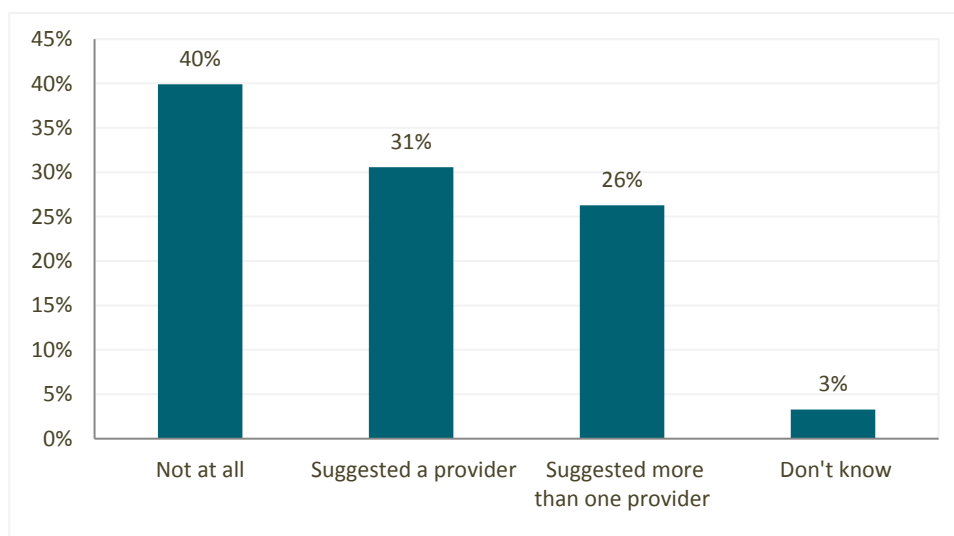
At the government agencies, views about conflicts of interest varied. One government interviewee thought that conflicts of interest were an issue while another was less concerned because the politics of relationships are different in smaller regions, where they felt these potential conflicts were more likely to arise. “*In small places, you embrace conflict, and you make it part of your process to identify your conflict... and there are benefits from it. People will always be able to hide the conflict if they wish to.*”

Overall, the evidence suggests that it would be very difficult to prevent all conflicts of interest, but it may be possible to manage these conflicts better in some regions.

#### 4.1.3.5 Training providers are a substantial source of clients for the RBP programme

Advisors have a range of opinions on the proportion of clients referred to them by a training provider, which probably represents an actual variation across the RBP programme. What is clear is that, according to advisors, training providers are a substantial source of clients, with advisors reporting just over 40% of clients referred by a training provider when roughly weighted<sup>11</sup> (see Figure 25 on page 37). A large proportion of clients (40%) were ‘not at all’ influenced by their advisor in their choice of training providers. Comparing these responses with advisor responses, it is likely these clients were recommended to the programme by a training provider.

Figure 21 RBP advisor influence on choice of training provider as reported by clients



<sup>11</sup> Midpoints of percentage range as weights. Weighted responses are summed to give weighted proportion of clients referred by an advisor.



Source: Survey of all RBP clients, n = 422

#### **4.1.3.6 Tensions where clients have been referred by training providers**

There was a potential for tension when the client came to the RBP programme on the recommendation of the training provider. In these situations, the delivery agent is still obliged to assess the firm's needs.

*"[Training providers are a] good source of referrals, however you also have the chance for conflict when you make [the] client aware of other service providers who may be better suited. This requires careful management."*

One training organisation often undertook needs assessments of firms and funnelled firms into RBP funding. They also questioned why they could not receive funding for this role in the same way that RBP delivery agents did.

A training provider suggested that the regional partner should take the trainer's assessment into account and only refer the client to another provider if there was something overtly wrong with the arrangements that had already been made.

#### **4.1.3.7 Advisors suggest monitoring the quality of training providers**

Advisors were concerned with the range of trainers registered on the website and suggested that changes be made to allow ease of access to better-quality training providers. Other advisors also speculated that training providers may be inflating prices.

*"I think some coaching and training providers are increasing their pricing due to the capability funding. Too many programmes are priced conveniently at \$10k. Would it be possible for NZTE to ask these training providers to provide some justification for their pricing? (If even just to fire a shot across their bows, to show them there is an eye on them?)"*

*"Make the vouchers system more transparent. Are some [training] providers racking up fees because of it?"*

#### **4.1.3.8 Issues arise where the regional partner may subjectively decide against using certain training providers**

One delivery agent said that they would normally vet providers for quality, but in some cases, a registered training provider would be informally vetoed for other reasons: [to the training provider] *"...and you think, you won't be getting any work from us"*.

RBP agents commented that this situation may create the perception of cronyism, and it absorbed staff time that could more usefully be spent with clients. Some training providers were concerned that RBP agents promoted some courses over others. This was a particular concern among providers based outside the region.

It may be useful to clarify with advisors the criteria for recommending for or against particular training providers.

### **4.1.4 The advisor and their role**

#### **4.1.4.1 The function of the advisor may vary depending on regional contracts and subcontracts**

Evidence indicates that the structure of each regional partnership, including FTE allocation, and division of advisory roles will affect service delivery. Possible affected advisory functions include the degree of integration:

- between NZTE Capability Development Vouchers and Callaghan Innovation R&D grants
- between the RBP programme and a regional partner's services.

### **Integration between NZTE elements and Callaghan Innovation elements in the programme**

A strong government agency view was that the advisor should have a good working knowledge of both NZTE and Callaghan Innovation's work.

Where the delivery agent is made up of multiple organisations, such as a City Council and a Chamber of Commerce, different aspects of the programme may be segregated. For example, an advisor in one of the organisations may handle NZTE training vouchers while staff at another may handle Getting Started grants. Even in situations where there is only one organisation acting as the delivery agent, the grant and the voucher roles may be split between advisors.

Callaghan Innovation has commented that there are situations where delivery agents that are made up of multiple organisations do work well. Callaghan Innovation gave the Canterbury region as an example.

This theme is further discussed in section 6.1.

### **Integration between programme and non-programme services within a regional partner**

The intention of a regional partnership was that there would be synergies between the RBP programme and the existing operations of the delivery agent. Delivery agents were selected for the RBP programme because of their existing networks and their support of firm growth. Ideally, the delivery agent for the RBP programme would be seen by businesses as "*a natural place to go*". This would mean there would be no need for a big push to implement the RBP programme.

It was not always possible to find organisations that had these qualities, and the extent to which delivery agents develop synergies varies accordingly.

Some delivery agents have integrated the RBP elements into their own suite of services outside of the RBP programme. Where the FTE allocation for RBP advisors is spread across a wider number of staff, advisors typically do some work that is RBP related and other work that is not. In such circumstances, NZTE vouchers are seen as one tool in a larger toolbox of resources used by the advisor. In other regional partners, advisors work exclusively on delivering the programme without involvement in other services in the regional partner. In these cases, the RBP programme may operate separately from services of the delivery agent.

While having the FTE allocation distributed over a wider number of staff allows synergies between programme and non-programme services, it also means that the RBP advisor role can become diluted. NZTE noted that it can be harder to get consistent messages to the various advisors, and training of advisors is more difficult. In some areas where delivery is divided into subregions and FTEs spread even more thinly, staff focus and time will be diluted further.

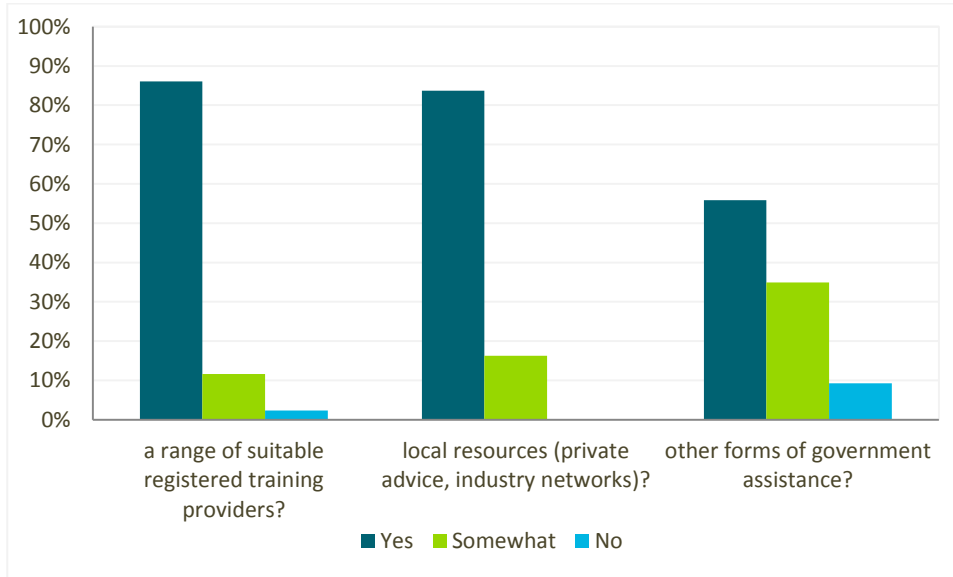
Conversely, where RBP funds are used to support dedicated staff who work on the programme, there is greater role clarity, work effort is more transparent and staff are very easy to manage and support. However, there is much less ability to leverage off other non-RBP resources, and there can be a tendency to see the role as just delivering the minimum, for example, a set number of vouchers. There are also risks related to the retention of knowledge within a small number of staff.

On balance, having RBP advisors who spent only part of their time on the RBP programme delivers more benefits than having agents whose full-time role is solely to work on RBP services. It may be useful, however, to monitor delivery agencies whose FTEs are distributed very thinly, as this could lead to the programme losing its focus on service delivery and becoming instead a subsidy for other regional business support services.

**4.1.4.2 Advisors report they are resourced to inform clients on training providers and local resources but less on other forms of assistance**

Advisors report that they are able to inform clients on training providers and local resources but know less about other forms of assistance.

Figure 22 Resources available to advisors

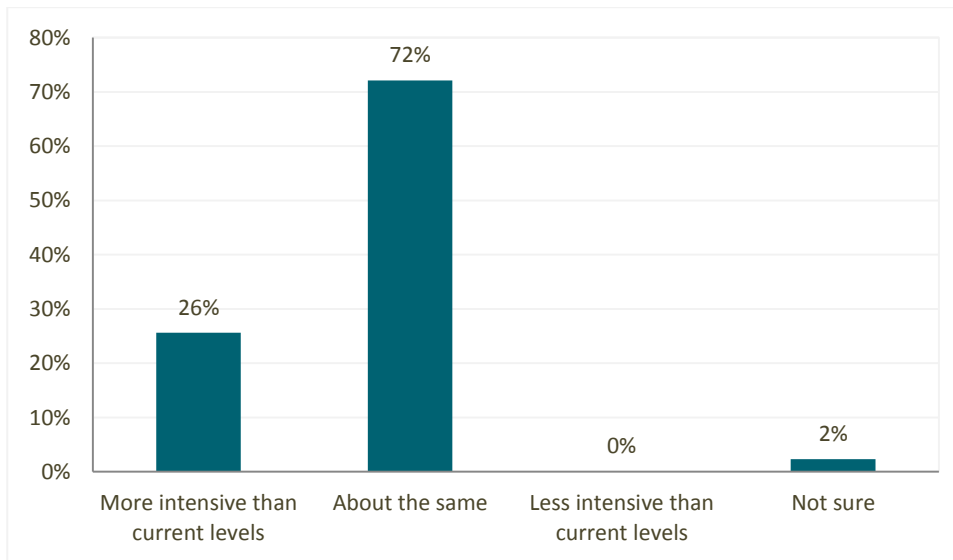


Source: Survey of RBP advisors, n = 43

**4.1.4.3 Advisors mostly recommend continuing with the same level of support**

Most advisors (72%) stated that the level of RBP client support should be about the same. A quarter (26%) suggested there should be more support. None suggested less. Because the question could be interpreted as asking whether RBP funding should be reduced, it is unlikely that advisors would suggest less-intensive support. It is encouraging that relatively few suggested more resource is needed.

Figure 23 The level of (RBP client) support should be



Source: Survey of RBP advisors, n = 43

## 4.2 Which businesses are supported?

### 4.2.1 Regions vary in which firms they target for support via the voucher system

Implementation of these programme criteria varies by region. Each regional partner has differing aims and a suite of services attuned to regional peculiarities. For example, some regions proactively target their export industries, while others focus on the dairy sector. Businesses in industries of priority may gain more momentum from the delivery agent. In other cases, delivery agents focus on a set of businesses that make a difference regionally or that they think will get the most benefit out of the support that is offered.

*“We are getting more focused on supporting those sectors/industries that drive our regional economy/create export wealth.”*

NZTE encourages delivery agents to proactively target businesses for the programme, whether in industry networks, business clusters or otherwise. NZTE is broadly happy with the way delivery agents are managing the local interest groups, as long as it does not displace eligible firms from accessing the RBP programme. There are examples, however, of *“some areas not [being] interested in the bottom of the triangle”*. Clients commented in the client survey that, for some regions, smaller businesses and start-ups needed more attention from the programme.

### 4.2.2 Most advisors think the criteria for vouchers and co-funding levels are appropriate

Advisors were asked *“In your view, do the NZTE voucher eligibility criteria ensure voucher recipients are those who stand to benefit most?”*

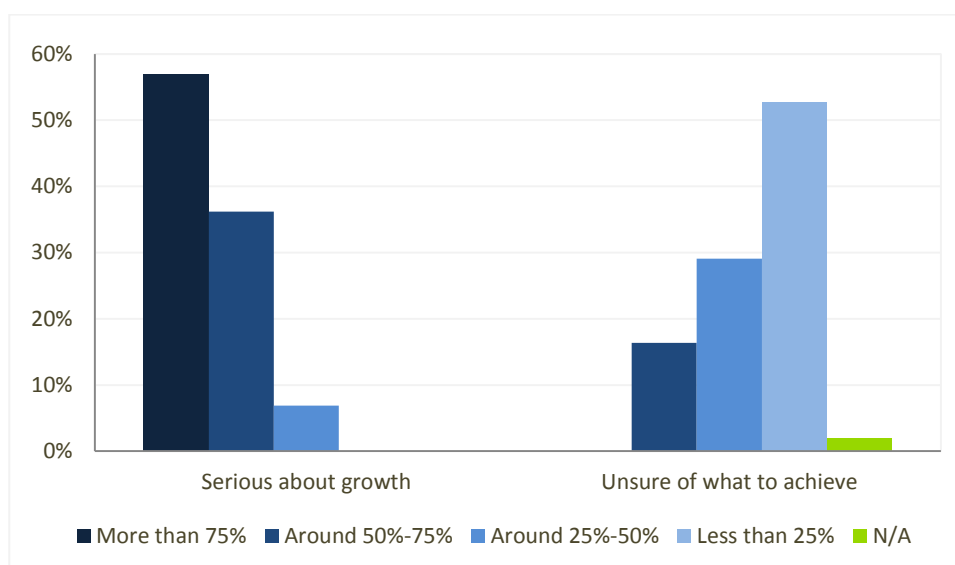
The majority (63%) of advisors agreed the criteria for vouchers were appropriate.

There is also strong support from advisors for clients to have *“skin in the game”*. Nearly all advisors surveyed recommended continuing with the 50% voucher contribution from clients.

### 4.2.3 Advisors report the majority of businesses are serious about growth

One of the critical issues for the RBP programme is the ability to attract businesses that are serious about growth – 93% of advisors report the majority of clients are serious about growth, and over half of the advisors thought that firms that were unsure of what to achieve were in the minority of the clients that advisors dealt with.

Figure 24 Advisors report the majority of clients are serious about growth



Source: Survey of RBP advisors, n = 55

### 4.3 How are NZTE Capability Development Vouchers promoted?

#### 4.3.1 As vouchers are fully subscribed, there is no incentive for active promotion

The evaluation has heard from the delivery side that, in general, NZTE voucher support is fully subscribed and so the vouchers are not actively promoted. Referrals from training providers suggest that they continue to promote the programme. However, there may be room for further emphasis on the programme.

*"[The programme] should be more known about, it seems to be a bit of a closed club. Once you know about it, you're in, but before that, there isn't much information around it. Private consultants seem to refer most people to them."*

RBP businesses in survey responses support the view that the programme is underpromoted. Given full subscription of the vouchers, there is no incentive for aggressive promotion. Many clients were pleased with the programme but felt it was not reaching all of its potential audience. Some clients happened to chance upon the programme.

*"Needs to be advertised more and the reach of the programme increased."*

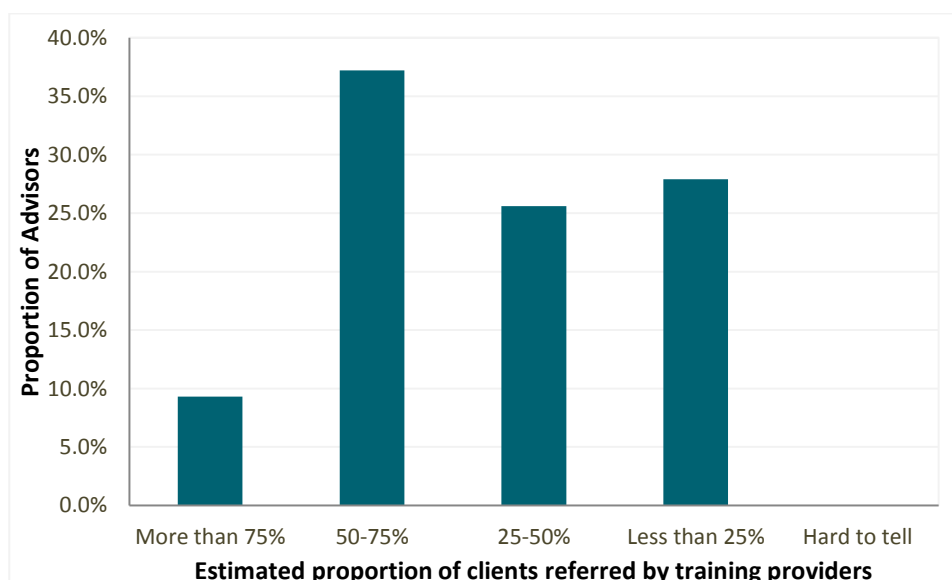
*"Give it more awareness – I stumbled upon the scheme almost by accident."*

The majority of respondents to the advisor survey also suggest the RBP programme should aim to reach more businesses.

#### 4.3.2 Training providers play a major role in promoting Capability Development Vouchers and, by association, the RBP programme

When survey responses are roughly weighted, advisors report just over 40% of clients were referred by a training provider. The proportion of referrals from training providers is variable by regional partner, given the variable responses to the survey question.

Figure 25 Advisor estimates of proportion of clients referred by a training provider



Source: Survey of RBP advisors, n = 43

Currently, we do not know what the level of demand for vouchers would be if the RBP programme were more aggressively promoted and more vouchers were available.

### **4.3.3 Non-voucher services have less visibility – firms may not know the range of services they might have access to via the RBP programme**

On first contact with the RBP programme, firms may not be aware of the full range of services that can be offered, which firms can access what or what the RBP programme is intended to achieve. There are examples of respondents not knowing about the programme, even after engagement with it.

Firms are often confused about the role of the different organisations that are involved in the RBP programme: the regional delivery agent, Callaghan Innovation and NZTE. They can also be confused about other parts of the programme, such as who is the first point of contact for the programme.

*“Clients commonly confuse the agencies... part of the first meeting is to explain the linkages and differences between government acronyms, in an effort to streamline future conversations.”*

While this confusion makes it more difficult to identify the impact of the RBP programme, it does not necessarily reduce the programme’s effectiveness. It is likely to be more important for RBP advisors to ensure firms are aware of all relevant assistance than to ensure firms appreciate which agencies and programmes they are accessing.

Some clients would like clearer communication about the programme and its criteria. They stated that they did not know clearly what the programme had to offer nor rules around its offerings. In particular, firms wanted clearer funding criteria around R&D grants and vouchers.

*“Explain the grants simply and suggest likely success of getting such assistance.”*

*“Possibly be clearer on what the offering is for, who is eligible and what would be most suitable.”*

*“Thanks for providing a service, but it would be good to know more about what you can access.”*

## 5 Is the programme operating as expected? Callaghan Innovation elements

### Callaghan Innovation and NZTE have differing visions of how they see the programme

While NZTE advisors deliver a relatively light-touch programme to a large range of small businesses, Callaghan Innovation advisors tend to see fewer clients and offer more-intensive support. Businesses that receive vouchers largely have little to do with NZTE's more-intensive suite of services, while businesses that contact a Callaghan Innovation advisor may access other Callaghan Innovation services via the advisor or are referred to a Callaghan Innovation Investment Manager or may be supported by the RBP advisor to apply for a Project Grant (up to \$250,000). Finally, NZTE-funded advisors deliver an NZTE programme but are not necessarily the face of NZTE, whereas R&D advisors represent Callaghan Innovation and act as an extension of Callaghan Innovation.

### 5.1 Are the advisors meeting businesses' R&D needs?

#### 5.1.1 The role of the advisor

In addition to Getting Started grants (which have a maximum value of \$5,000 excluding GST), advisors can support a client to apply for a Callaghan Innovation R&D project grant up to the value of \$250,000. The application process and forms for these grants are similar to those used for Getting Started, with additional requirements for firm performance information, cost breakdowns of the proposed work and more in-depth information in other areas. The applications are reviewed by an advisor and then peer reviewed. Final approval of grants above \$5,000 is independent of the advisor and the delivery agent and is made at regularly scheduled Callaghan Innovation investment committee meetings.

For grants greater than \$5,000 but less than \$140,000, the RBP advisor is able to recommend a funding decision. Callaghan Innovation reviews those applications at a weekly review meeting without the advisor's input. For grants greater than \$140,000, there is a monthly approval process, and the advisor can attend those.

If the advisor recommends a grant larger than \$250,000 (i.e. a Growth Grant), the advisor is required to refer the applicant to a Callaghan Innovation Investment Manager.

##### 5.1.1.1 Advisors perceive their role as an embedded local portal to government support and funding

Advisors raised the benefits of being a *"portal to government R&D functioning"* – a direct local contact that is connected to government funding and resourcing.

*"It provides a local face for a range of services and makes approaching government support easy."*

*"Good RBPs become part of the region's innovation ecosystem and in my case become a surrogate for CI. We can link and support start-ups and help some of the larger companies with project funding."*

According to the advisor survey, most advisors (76%) see being part of their RBP institution as being integral to their ability to support business R&D.

#### 5.1.2 Assessment

If the client's starting point with the RBP programme was an R&D idea or project, the criteria for the R&D grant tended to drive the conversation. There was less of an emphasis on understanding broader business needs through an assessment process.

There were, however, exceptions to this, with delivery agents and/or advisors talking about exploring the conditions for successfully achieving an R&D project: *“The [initial] conversation will cover the R&D process or how they intend to commercialise their idea... 75–80% of people need to be referred on to other types of support to build their business first, before they come back [for R&D help].”*

One RBP advisor commented *“I work primarily in the R&D space and find clients want to ‘lead’ with the story of their new development rather than being led through a general business assessment process. That phase comes at a later stage than with the [NZTE] Capability clients.”*

### **5.1.3 R&D grant processes**

The R&D application process used by advisors and clients is largely determined by Callaghan Innovation and is currently managed on the MBIE application portal. NZTE and Callaghan Innovation are moving towards a single administrative data system so all businesses that engage with the RBP register on the network website. Currently, grant applicants proceed to the MBIE portal to complete their application.

#### **5.1.3.1 Mixed views of R&D application process**

A range of evidence shows some concerns that the application process is cumbersome, balanced by other views that the process is successfully filtering for the businesses that are best placed to make good use of R&D grants. Some advisors consider the Getting Started grants and application process to be straightforward and fast (achieved within 3–7 days).

*“The application process sorts out the things that can be done that are easy and effective.”*

Some business advisors and applicants suggested the process of applying for larger R&D grants needed to be more ‘lean’, as it may have discouraged some potential businesses from applying.

*“The Callaghan funding process has become overly cumbersome and bureaucratic. While we have no issue with adding process to the programme, we think that it has had a negative impact on the numbers of clients wishing to progress. Given that the R&D support should have some element of risk associated with it, it seems as though this has tried to be removed. Particularly at lower levels of support – the requirements are probably out of sync with the risk profiles. It shouldn’t be about the paperwork – companies shouldn’t excel in filling in forms. We understand how it has got to where it is and why but feel it is limiting its effectiveness.”*

A Callaghan Innovation interviewee noted that, recently, there has been a reduction in the number of Getting Started grants being approved. Their view was that the reduction was caused by advisors improving so that they are now consistently applying the criteria.

There were also concerns from clients around follow-up on a funding application: *“We processed an application for assistance at considerable expense, and we assume the application has been declined. Not yet confirmed by Callaghan and no reasons given. Really poor communication.”*

#### **Suggestions for improving information about the funding process**

Some clients and advisors voiced a need for better information for the larger R&D grant funding processes. Improvements could take the form of workshops, flow charts, clear explanations of changes from previous processes or streamlining so there is less need to repeat information. A recurrent theme was simplifying the process and being clear about eligibility criteria.

#### **On criteria**

Clients suggested that Callaghan Innovation could *“possibly be clearer on what the offering is for, who is eligible and what would be most suitable”*.

Advisors reported that rules around criteria and processes changed often, at times, without sufficient communication to the regional partners. Some comments around these changes include *“reduce ad hoc*



*shifts interpretation of criteria” and “inconsistent approvals/decline process” around grants administered by the RBP programme.*

*“Callaghan overpromises to SME business – be more upfront about the type of business we’re looking to fund and support because the RBPs are often left explaining the reality.”*

### **On processes**

*“Simplify grant application and [due diligence] process for project grants at RBP level (i.e. under \$250k total). Many good businesses simply can’t be bothered when they see the scale of the application, finally plough through it and submit, and then we start asking rigorous [due diligence] questions which aren’t covered in the application – ask it upfront if it’s important.”*

#### **5.1.3.2 RBP advisors want more information on larger grant applications**

For the larger grants, some advisors found it difficult to support clients through the application process. This appeared to be primarily unease as advisors adapt to changes being implemented at Callaghan Innovation. One delivery agent said that, historically, staff could comment on a range of different applications, across regions, and the decisions were dealt with *“on a collegial basis”* in an open forum. More recently, applications are no longer put up to an open panel meeting, and advisors can only be involved if they have an application of a certain value with Callaghan Innovation. Consequently, decisions can appear subjective from the agents’ perspective.

This change introduces more consistency in the review and decision making about applications, making decisions less reliant on the influence of the individual advisor, but advisors experience it as reducing their ability to deliver to clients.

Callaghan Innovation staff report they were conscious of these likely effects when they introduced the changes. They saw delivery agent ‘ownership’ of clients as a challenge. Their view was that the previous system had led to *“promises [to clients]... being made too early”*.

#### **5.1.3.3 Potential for overlap in larger metropolitan areas**

There is a potential issue of duplication in larger areas where Callaghan Innovation is offering similar services to the RBP programme.

Callaghan Innovation is working with regional partners to ensure its service mix complements that of the regional partners and has acknowledged the need to develop strategic relationships with the regional partners in the main centres.

## **5.2 Where do businesses fall short of meeting eligibility criteria?**

The grant is aimed at businesses that are serious about growth. While advisors had a general consensus that most clients are serious about growth, advisors identified a minority of businesses that were unsure of how to approach R&D or what they hoped to achieve.

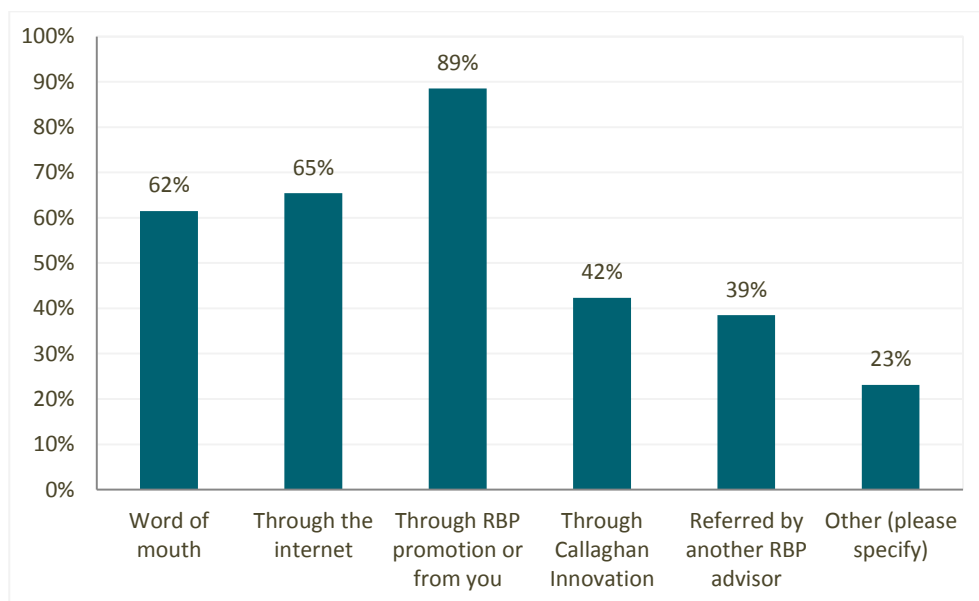
Some common themes for businesses that failed to meet the requirements for a Getting Started grant were identified via advisor comments in the evaluation survey of RBP business advisors. These businesses:

- lacked the funds to co-fund
- *“had an idea, not a business – insufficient business case and resources”*
- lacked the *“focus on and commitment to product development”*
- fell outside criteria because *“all R&D is done in-house”*
- *“lacked the motivation to follow [R&D grant application] process”* and *“they give up”*.

### 5.3 How are R&D grants promoted?

Advisors were asked “How do your clients find out about the Getting Started grant?”, with the opportunity to select multiple responses. Perhaps unsurprisingly given their role, almost all advisors (89%) identified RBP promotion or advisor promotion as a channel through which clients became aware of the Getting Started grant. Most advisors also selected the internet and word of mouth as ways clients learned about the grant.

Figure 26 Advisors’ perceptions on how clients came to know of the RBP programme



Source: Survey of RBP advisors, n = 26

### 5.4 How are the delivery agents and advisors monitored?

Callaghan Innovation interviewees spoke extensively about using their Investment Managers in the regions to improve the advisors’ knowledge and ability to support business R&D decisions: “Callaghan Innovation administrative and IMs we engage with are always responsive and helpful.”

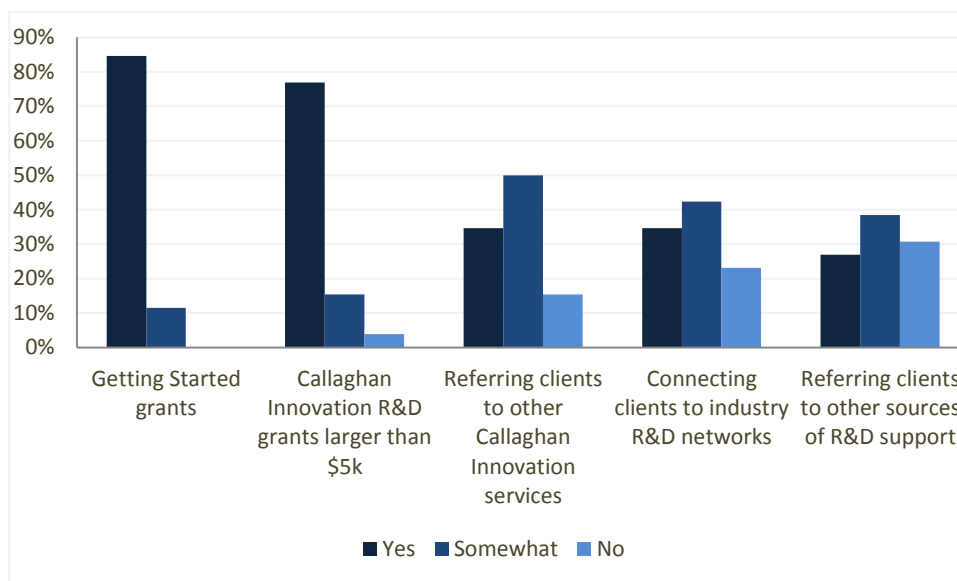
The role of the Investment Manager is to mentor advisors and talk through applications and related processes. They can also meet with clients and advisors and support the engagement process. Generally, the Investment Managers are seen as having a higher level of skill and expertise, and they handle the bigger investments.

A Callaghan Innovation interviewee also talked of being able to manage the appointment of advisors. They noted that Callaghan Innovation has the right to veto new RBP staff employed by delivery agents, but this is rarely used.

#### 5.4.1 Advisors want more information about R&D networks and non-Callaghan Innovation services

Advisors report mixed results when asked about resources and information required to provide assistance. As the graph in Figure 27 shows, advisors report having enough information for grants but not about referring clients to other R&D-related networks and services.

**Figure 27 In your opinion, do you have enough resources and information to provide assistance for**



Source: Survey of RBP advisors, n = 26

Where information could be improved was that of other sources of R&D support and Callaghan Innovation services.

*“More information on other R&D support would be helpful. We have agri connections and university/research connections, but if there are other funding options with different criteria, that would be helpful to know about.”*

*“[More information needed] for referring clients to other CI services, [because] these are still being developed, and often RBPs are out of the loop on these programmes.”*

*“There’s huge collective knowledge within Callaghan to the R&D eco-system, but I don’t find it easy to interrogate that knowledge in a systematic way – my only real option is to flick an email round the IMs or pick up the phone. But as an RBP, I don’t feel that gets high-priority responses...”*

#### **More training for new advisors for R&D grants**

As a part of improved information flow from Callaghan Innovation, advisors suggested new R&D grant advisors need to undergo more training via Callaghan Innovation. An advisor commented *“There is a significant lack of training for new staff”*, in particular, *“no induction process for new staff”*.

#### **5.4.2 More information and communication from Callaghan Innovation**

Advisors commented on improved communication from Callaghan Innovation in terms of regularity and accessibility. Another advisor thought that *“RBPs are generally outside of Callaghan Innovation comms”*.

It was suggested that there should be *“a person from other Callaghan services having contact with us regularly as a one-stop go-to person for our region”*. In addition, one advisor suggested *“more transparency from NZTE and CI as to their own activities in the region. This could be in the form of internal quarterly reports from the NZTE/CI client-facing teams being shared with the RBP.”*

Staff from delivery agents often talked about there being a lot of organisational change at Callaghan Innovation and that this had led to confusion about processes. However, there were reports that the situation had improved, resulting in greater clarity and improved relationships.

There were comments from delivery agents about Callaghan Innovation acting without consultation, particularly in the way they engaged with the region and with firms. These included comments about

Callaghan Innovation staff coming to the regions and not letting the delivery agent know, as well as comments about them unexpectedly contacting firms directly. Conversely, there were also comments about Callaghan Innovation not having been seen in the region. There was mention that Callaghan Innovation did not provide feedback on performance reports and that this had discouraged the delivery agent to provide further reports.

### **5.4.3 Monitoring**

There was a suggestion from the government agency perspective that Callaghan Innovation and NZTE should put more effort into making sure that the contract holder understands what government wants, for example, through the use of KPIs.

When discussing how to ensure the quality of the delivery agent (from a government perspective), NZTE noted that they spend more time managing the capability of the RBP managers than managing the capability of the business-facing staff. The issue of following the intent of the programme was raised again in this context. Some delivery agents followed the letter of the contract rather than the intent of the contract, and this became limiting. One Callaghan Innovation interviewee thought that the way that Callaghan Innovation had attempted to control the contracts with rules had reinforced the tendency for delivery agents to follow the letter of the contract. Where the delivery agent is clearly following the intent, more flexibility is given: *“If the RBP is performing well, we then let them go.”*

There was a view from an advisor that delivery agents may occupy lower priority within the ranks of Callaghan Innovation: *“Value us more. I have been called the best gateway for [my region] as I have introduced so many people (from CI, CRIs, etc.) personally into local companies of interest... so doing the same work as an IM. Yet at investment meetings, it sometimes comes across that we are the poor cousins or less capable of assessing companies.”*

## 6 The RBP programme as a whole

Advisors have commented on crossover between Callaghan Innovation services and NZTE Capability Development Vouchers, offering observations of businesses that access both via the RBP.

*“Tends to be voucher first, R&D next, or one or the other and not both [in parallel].”*

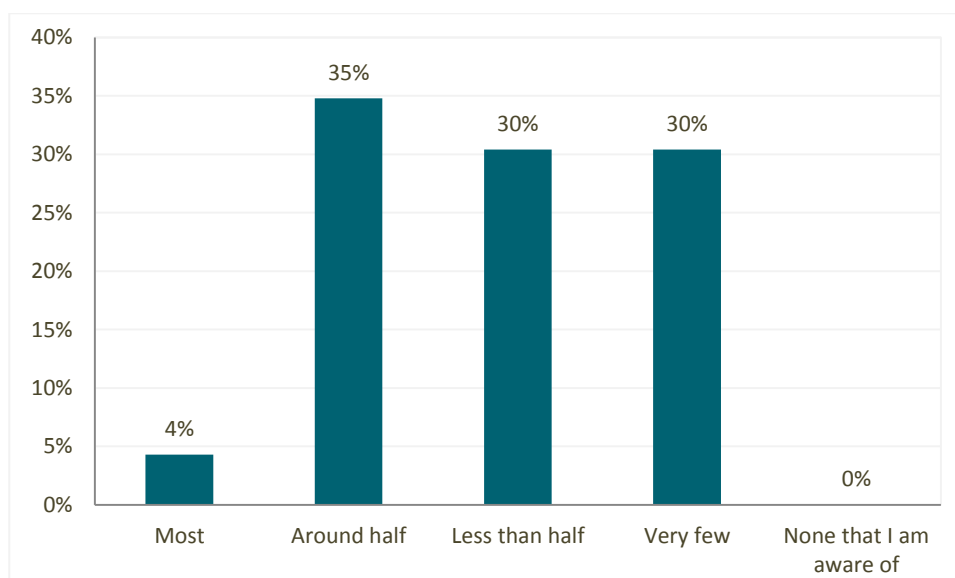
*“There is a complementary crossover here where businesses are looking to grow, particularly offshore, and have seen a number of clients engage with both NZTE and Callaghan Innovation services via the RBP.”*

Advisors were asked *“In the past year, what proportion of your clients considered applying for an NZTE Capability Voucher after receiving an R&D grant?”*

Just over a third of advisors said ‘around half’, and under a third said ‘very few’. In some cases, it also represents difficulties for businesses to take on both kinds of government assistance in a short space of time.

*“R&D clients are already stretching resources on a new development – they struggle to be in the headspace to take on coaching at the same time and generally don’t want to spend the money at that time. Where an R&D project is successful, with strong commercial signals, then I’m often able to get them to consider a Capability Voucher then as they’re entering new territory with some confidence and beginning to see new gaps in their own ability to deliver.”*

**Figure 28** Advisor view of proportion of clients that considered applying for an NZTE Capability Development Voucher after receiving an R&D grant



Source: Survey of RBP advisors, n = 23

### 6.1 How do NZTE and Callaghan Innovation work together?

Despite having different starting points (see sections 4.1.4.1 and 5), NZTE and Callaghan Innovation are becoming closer in how they see and implement the programme. This is most obviously demonstrated in the way they have changed the RBP contracts so that the NZTE work and the Callaghan Innovation work are now covered by one schedule.

The apparent closer alignment of NZTE and Callaghan Innovation over the RBP programme has coincided with a closer working relationship between the two organisations. There was a widely held view among interviewees that Callaghan Innovation has become more settled after an initial uneven period following its

inception. This is seen as being linked with them having appointed staff to key positions and to the critical thinking they have done on the aims of the RBP programme in the context of their operations.

The evaluation gives a sense of two overview bodies that are 'working things out' and beginning to work well together. While it appears that NZTE and Callaghan Innovation will continue to work through issues of focus, there is a role for MBIE to provide some guidance, particularly about how R&D grants fit with overall programme aims.

An advisor commented that NZTE KPIs may not necessarily work for R&D clients: *"KPIs should be meaningful – Capability KPIs do not fit with R&D clients and situations."*

Furthermore, the same advisor suggested that *"NZTE Capability and CI R&D teams should work together as one team – but with different roles within that team."*

*"Access to NZTE programmes/services with greater leverage than the Capability Vouchers alone. This would help deliver more value to clients generally and especially to those receiving R&D funding. It could be in the form of a business case/needs analysis put forward to the relevant NZTE team."*

## 7 What is the programme uptake?

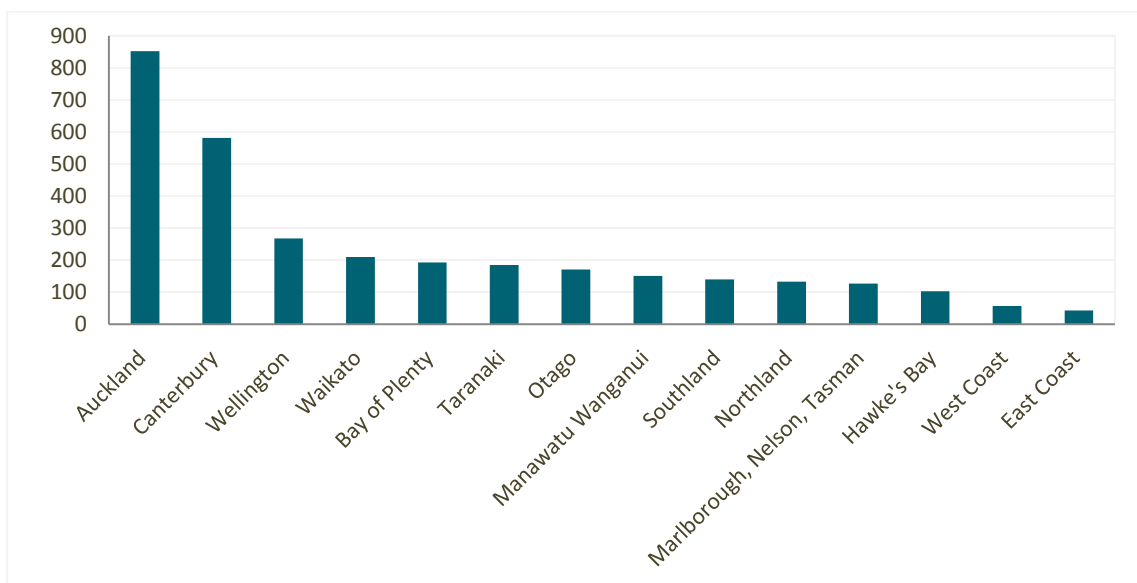
Having detailed the programme’s operations, the following section reports on the nature of flows through the programme. This section will detail the characteristics of businesses that accessed the programme and the frequency and distribution of vouchers before discussing the impact of the programme.

### 7.1 What businesses engaged with the RBP programme?

#### 7.1.1 Overall portrait of RBP clients by region industry and size in 2014

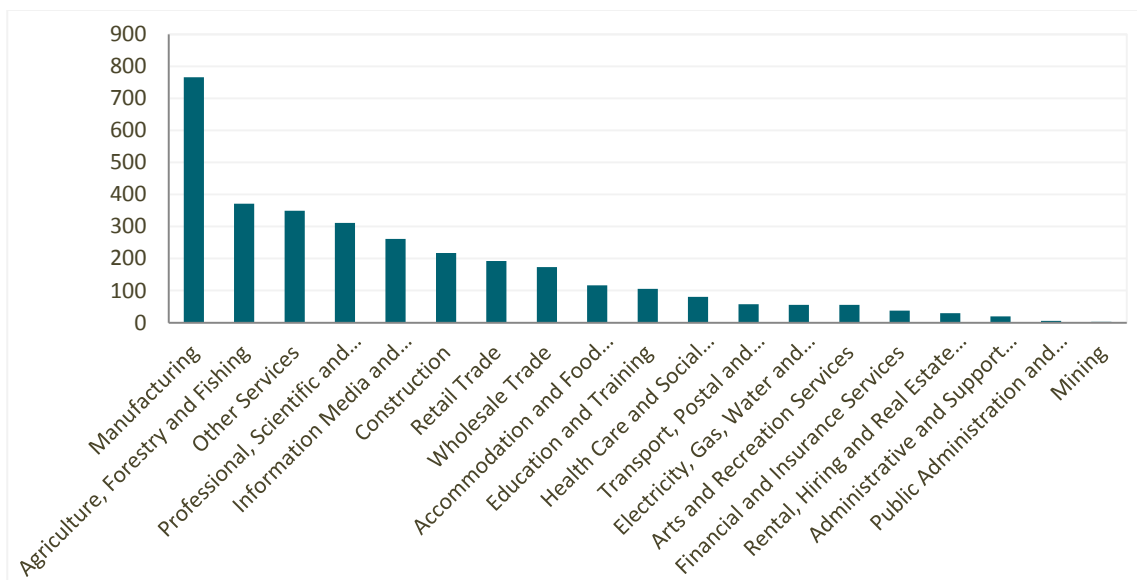
The following graphs illustrate the overall number of engaged RBP clients by region, industry and size.

Figure 29 Total engaged clients by region



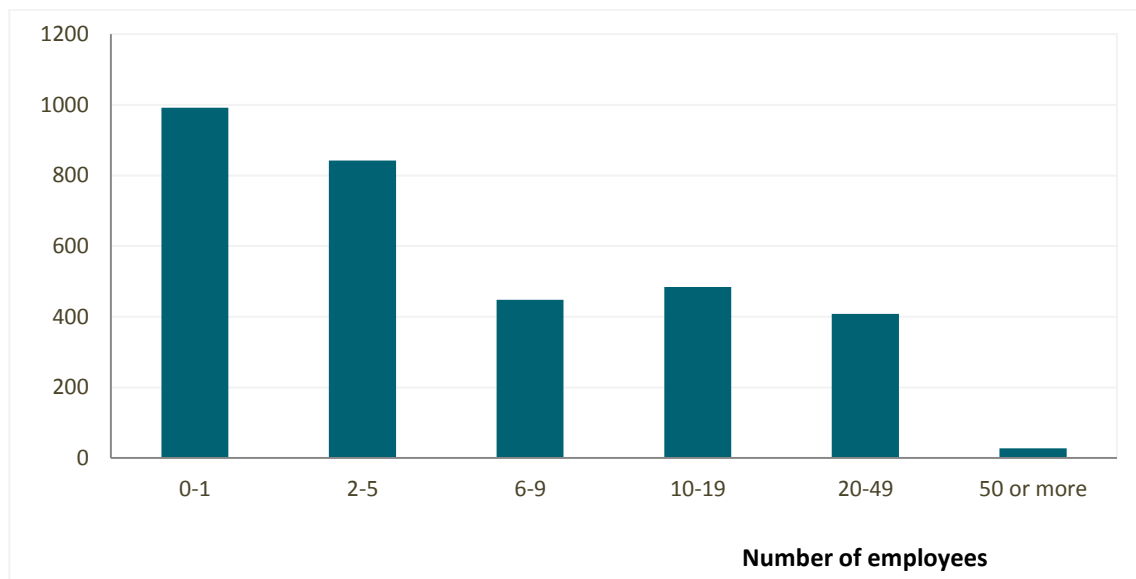
Source: NZTE administrative data, July 2014

Figure 30 Total engaged clients by industry



Source: NZTE administrative data, July 2014

Figure 31 Total engaged clients by size



Source: NZTE administrative data, July 2014

### 7.1.2 Coverage of the programme by region and industry in 2014

The following section explores programme coverage by region, industry and size.

Coverage is explored in two ways:<sup>12</sup>

- By benchmarking, for example, the relative size of a regional business community against the relative size of the RBP client population in that region. A larger business community should give rise to a higher number of RBP clients. The same logic applies to other categories.
- By the proportion of RBP clients to the number of business in the region or industry or size group.

#### 7.1.2.1 Canterbury has higher coverage of businesses relative to other populous regions

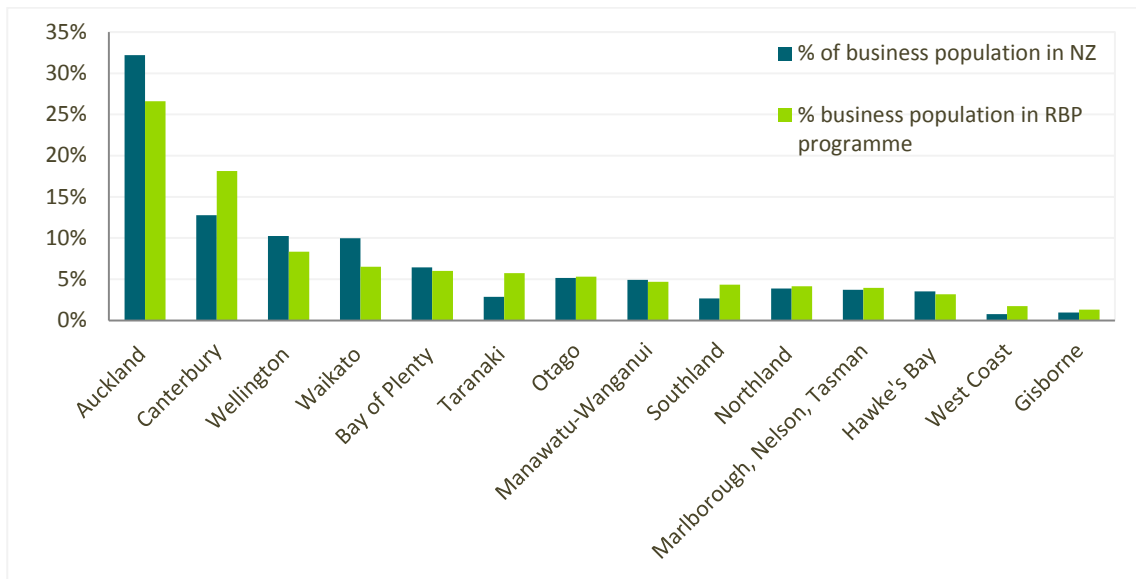
The graphs below show that, given a smaller regional population and fewer businesses, the West Coast, Southland and the East Coast understandably cover a higher proportion of businesses.

Canterbury and Taranaki lead the group of more populous regions in their coverage of local businesses.

<sup>12</sup> Data extracted from Statistics New Zealand include businesses with more than 50 employees. This represents roughly 1% of the total business population

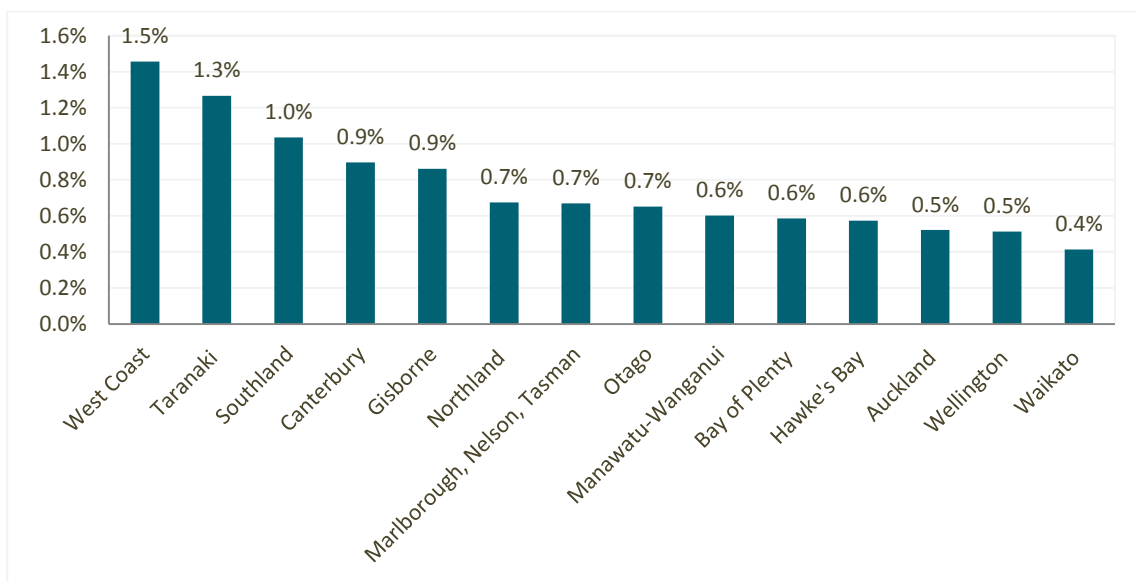


Figure 32 Relative size of regional business population in RBP and nationally<sup>13, 14</sup>



Source: Statistics New Zealand, Business Demography Statistics, February 2014; NZTE administrative data, 2014

Figure 33 RBP coverage by region 2014<sup>15</sup>



Source: Statistics New Zealand, Business Demography Statistics, February 2014; NZTE administrative data, July 2014

<sup>13</sup> "Business units, or geographic units, are the physical operating locations of a business. For example, a business with offices or branches in three regions will have three separate business units." (The Small Business Sector Report 2014, <http://www.mbie.govt.nz/what-we-do/business-growth-agenda/sectors-reports-series/pdf-document-library/the-small-business-sector-report-2014.pdf>). All business units are included in the analysis, including business units with more than 50 employees.

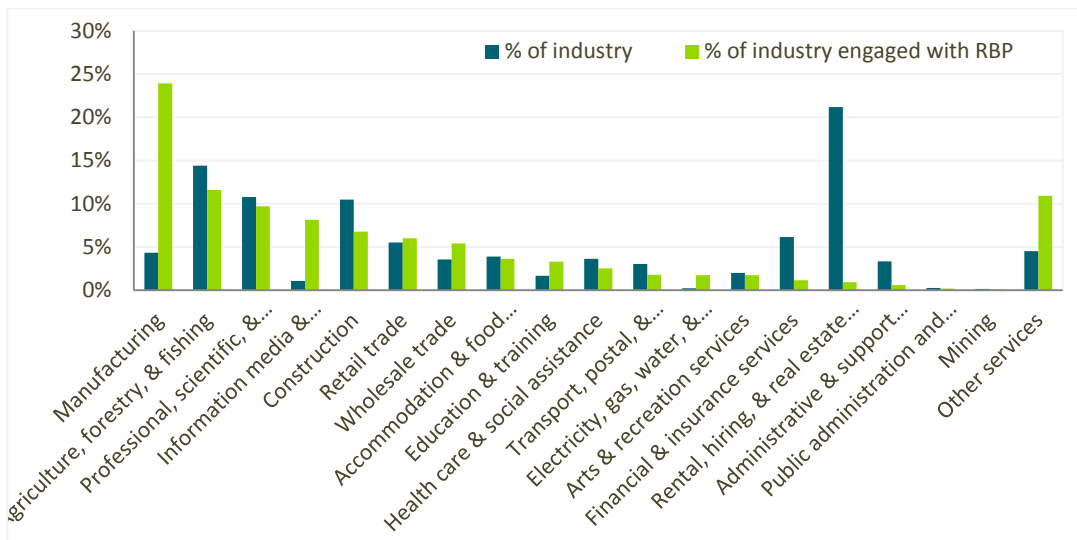
<sup>14</sup> Statistics New Zealand regional boundaries may not necessarily coincide with RBP programme regional boundaries. That is, an RBP programme client living in Waikato region may choose to go to the Auckland regional partner as their local regional partner. Statistics New Zealand region names have been used in this graph.

<sup>15</sup> Number of businesses engaged with the RBP programme in 2014 over total number of business units per region as of February 2014.

### 7.1.2.2 The RBP programme focused on manufacturing and ICT industries, with less focus on rental, hiring and real estate industries

To understand RBP programme coverage of various industries, the size of each industry in the RBP programme may be benchmarked against its respective size nationally. Larger industries should have a higher representation in the RBP business population and vice versa.

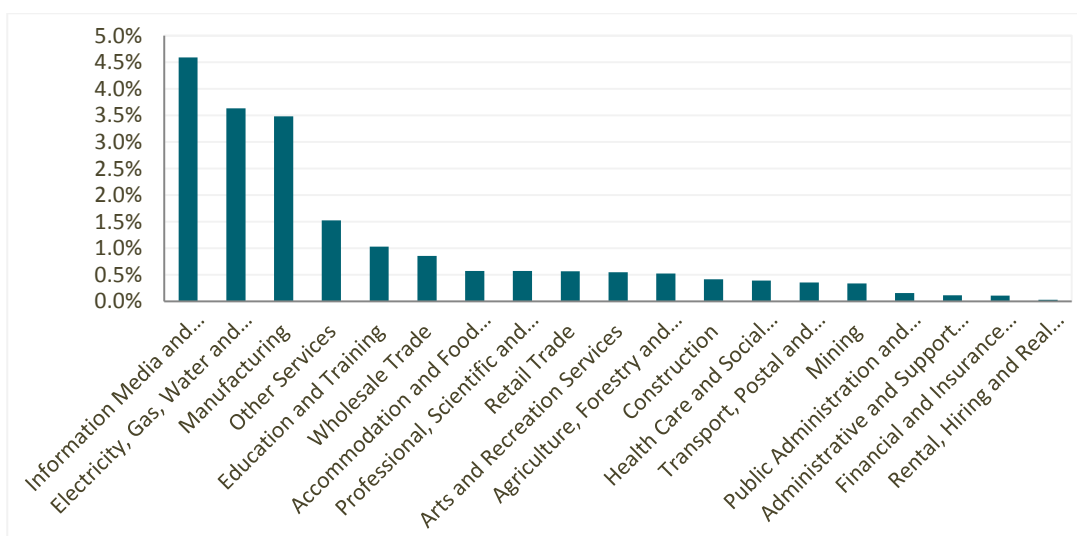
Figure 34 Relative size of industry sector in New Zealand and size of industry sector in the RBP programme<sup>16</sup>



Source: Statistics New Zealand, Business Demography Statistics, February 2013; NZTE administrative data, 2014.

In Figure 34, the comparison shows that the programme has much higher coverage of the manufacturing and IT sectors than other business sectors.<sup>17</sup> Despite a large presence nationally, the rental, hiring and real estate industry is not highly represented in the RBP programme. This may be a result of programme targeting. The same may be said of the financial and insurance services industry, though many businesses in this industry may have more than 50 employees.

Figure 35 RBP coverage by industry 2014<sup>18</sup>



<sup>16</sup> Sectors are self-reported by the business and regional partner.

<sup>17</sup> 'Other' sectors may be higher, as some businesses may not report an industry.

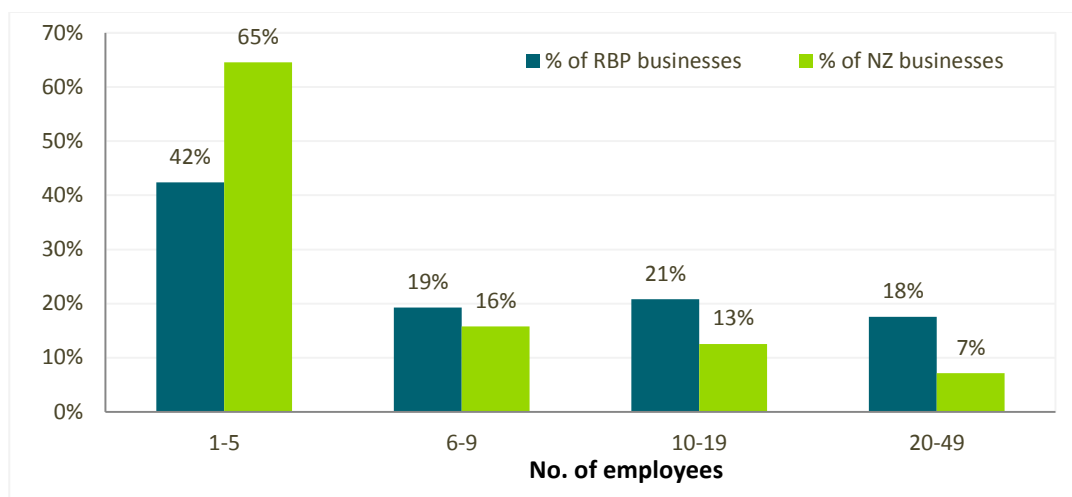
<sup>18</sup> Number of business units engaged in the RBP programme over number of business units nationally by industry.

Source: Statistics NZ, Business Demography Statistics, February 2014; NZTE administrative data, July 2014

### 7.1.2.3 Slightly higher coverage for larger businesses

Figure 36 shows the programme has better coverage of firms with more than five employees. Perhaps many small firms with fewer than five employees are not growth oriented and thus less likely to be RBP clients. However, qualitative evidence from the client survey and interviews suggested that some regional partners may not have a strong focus on smaller firms or start-ups (see section 4.2.1).

Figure 36 Proportion of RBP businesses and New Zealand businesses by size for businesses with 2–50 employees



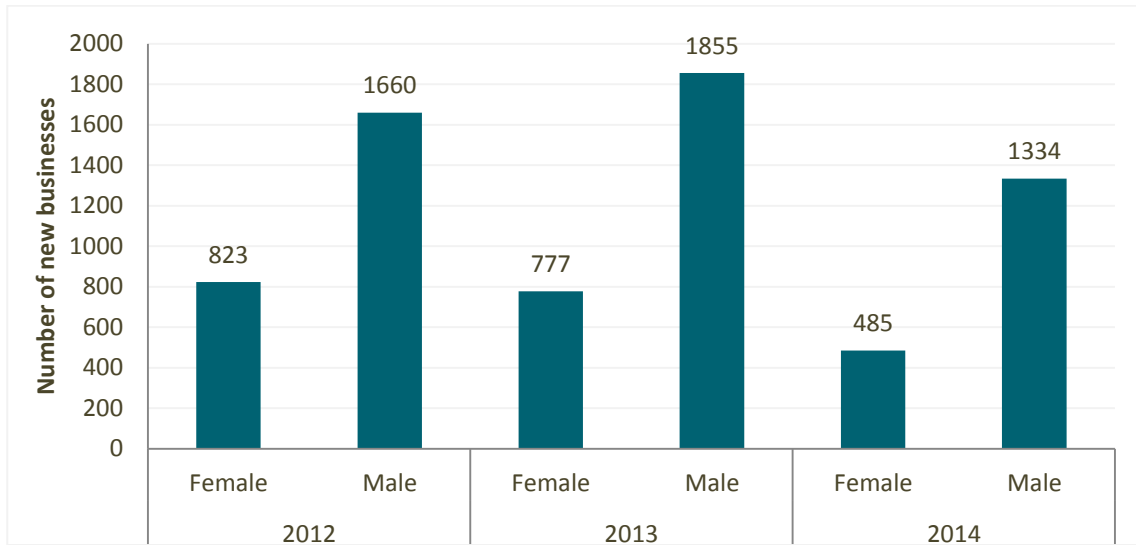
Source: Statistics NZ, Business Demography Statistics, February 2013; NZTE administrative data, July 2014.  
Base = all businesses with 2–49 employees.

### 7.1.2.4 Most firms registered with RBP are owned by men

Of the firms contacted by the RBP programme over the period, 70% were owned by men and 30% by women. This is slightly below levels of female ownership reported in recent studies looking at SMEs.<sup>19</sup> Furthermore, the proportion of female-owned firms declined over the period. They comprised 33% of contacted firms in 2011/12 and only 27% of contacted firms in 2013/14.

<sup>19</sup> For example, the MYOB Business Monitor Women in Business Report in 2013 estimated the proportion of SMEs owned by women in New Zealand to be around 40%.

Figure 37 Gender of contacted firm owner 2012 to 2014



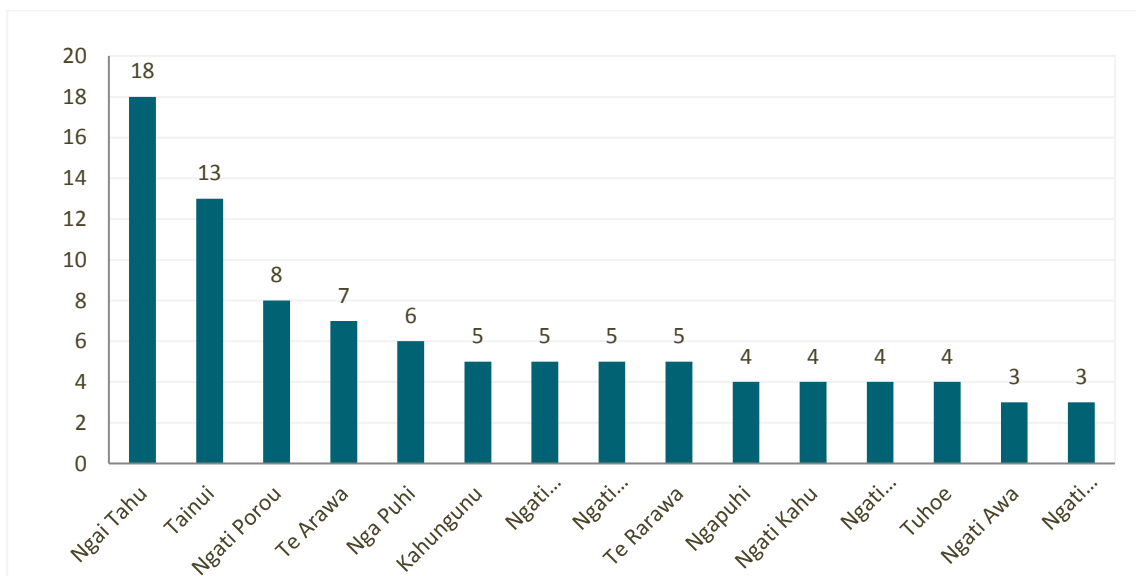
Source: NZTE administrative data, July 2014

#### 7.1.2.5 Registrations by Māori-associated firms could increase

Firm association with Māori remained reasonably steady between 2012 and 2014. However, with fewer than 100 firms contacted every year having confirmed Māori association, the proportion of total RBP programme firms remained small at 3–4%. This may be of concern in a regional business programme, given the importance of Māori and the Māori economy to regional economies in New Zealand (BERL estimated the Māori economy in 2010 at \$36.9 billion).

When Māori association is broken down by iwi, Ngāi Tahu and Tainui have greatest affiliation to contacted firms. This is to be expected, as these are iwi with large populations and well-developed business interests.

Figure 38 Iwi with greatest affiliation over the period

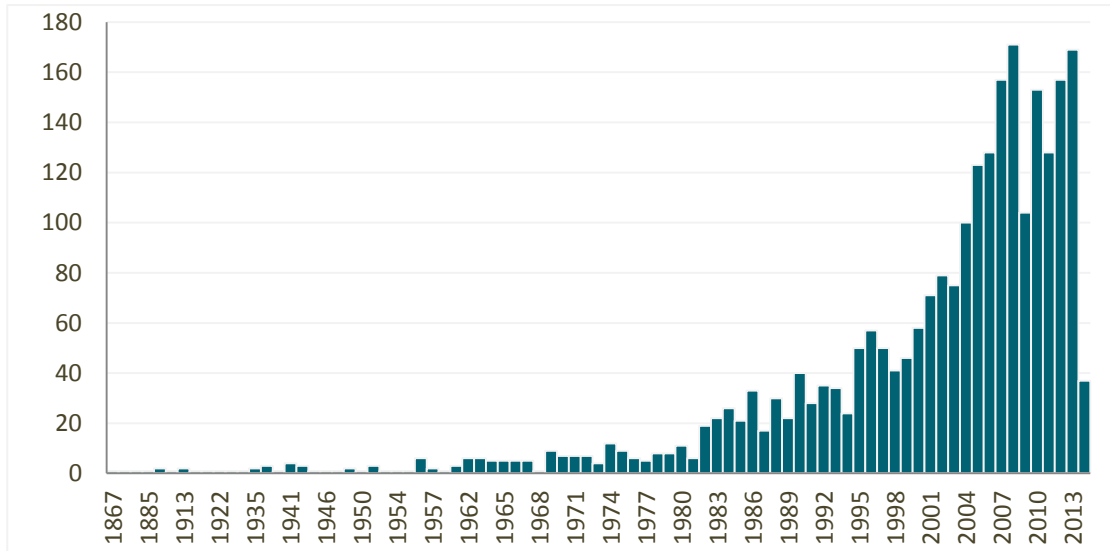


Source: NZTE administrative data, July 2014

### 7.1.2.6 Two-thirds of all firms registered are less than 15 years old

Most firms contacted about the RBP programme were young firms. About two-thirds of all firms contacted were founded from 2000 onwards. However, a small number of very old firms received RBP vouchers.

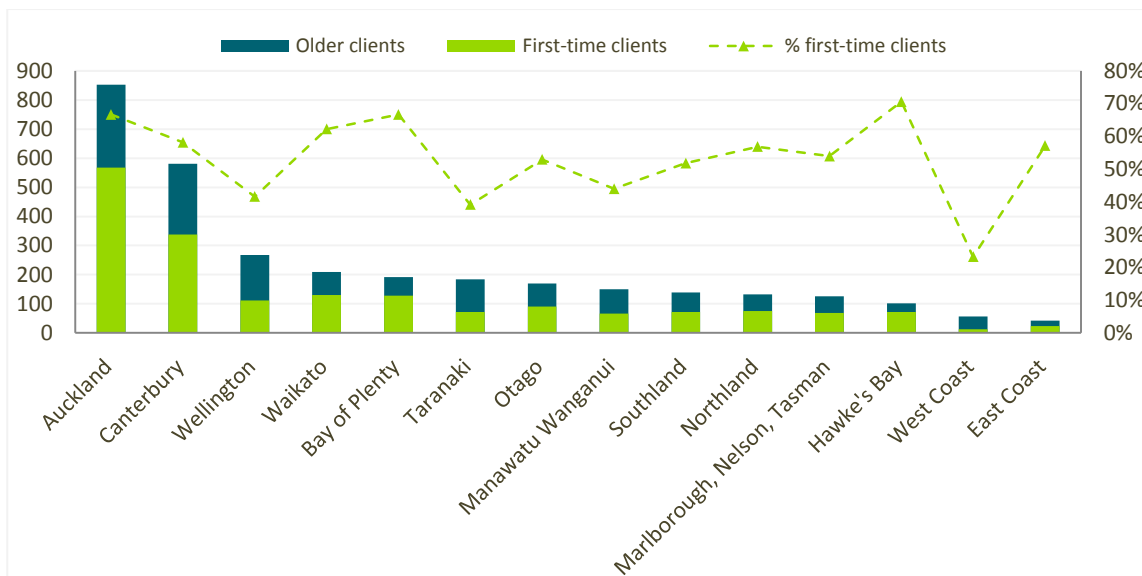
Figure 39 Founding year of contacted firms



### 7.1.3 First-time clients and older clients by region, industry and size in 2014

Just over 3,200 businesses engaged with the RBP programme in 2014. These engaged businesses include first-time clients and older clients that RBP advisors work with. Nationally, the ratio of new clients to old clients is around 60:40. Wellington, Taranaki, Manawatu Wanganui and the West Coast had a larger share of older clients than other regions.

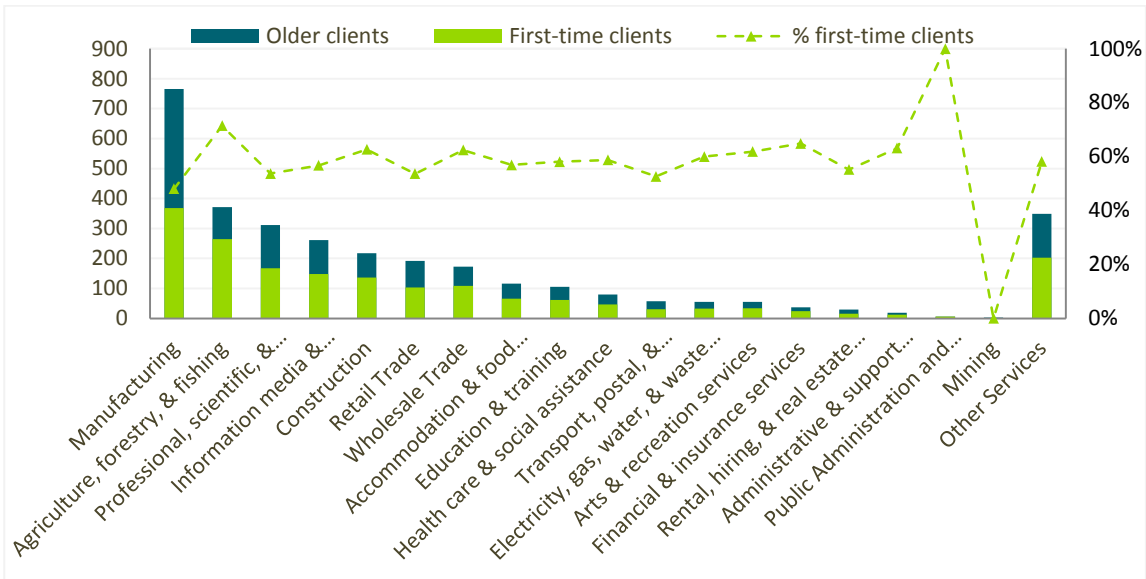
Figure 40 Total engaged clients and first-time clients by region



Source: NZTE administrative data, July 2014

Manufacturing is the only industry with fewer new clients in 2014 than older clients. This suggests an ongoing level of engagement with manufacturing businesses more so than businesses in other sectors. In contrast, around 70% of clients in the primary sector were new to the programme in 2014.

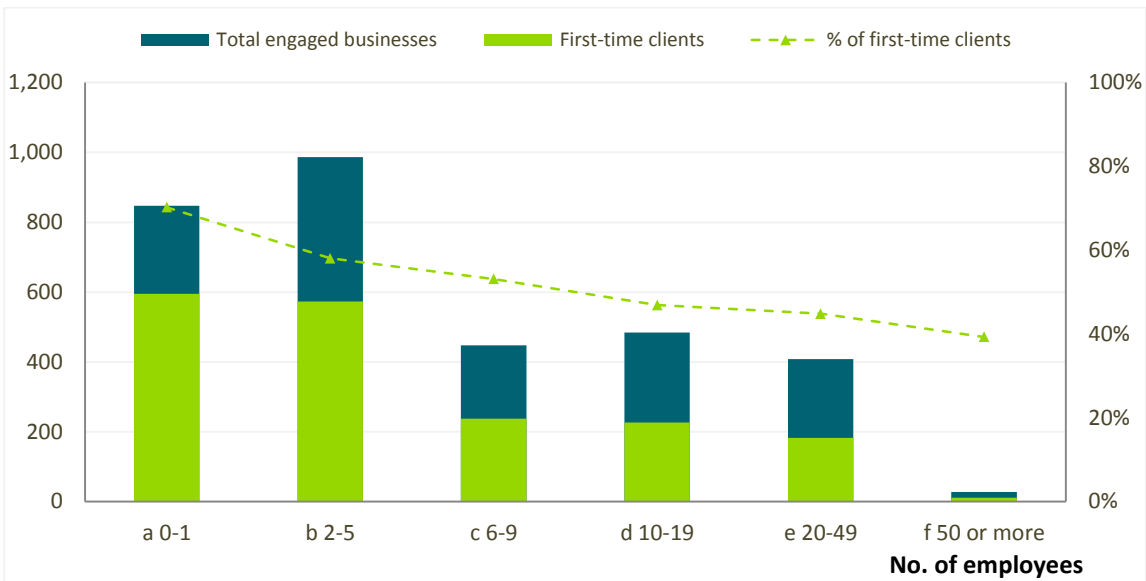
**Figure 41 Total engaged clients compared and first-time clients by industry**



Source: NZTE administrative data, July 2014

There are more small new firms proportionally than larger firms.

**Figure 42 Size of firms by number of employees**

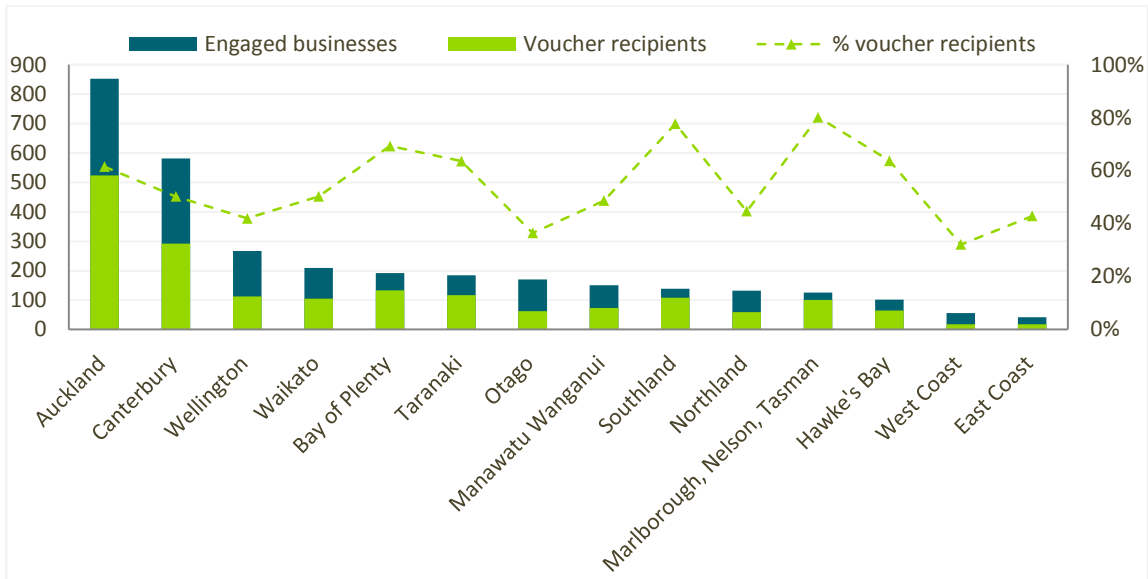


Source: NZTE administrative data, July 2014

**7.1.4 Voucher recipients by region, industry and size in 2014**

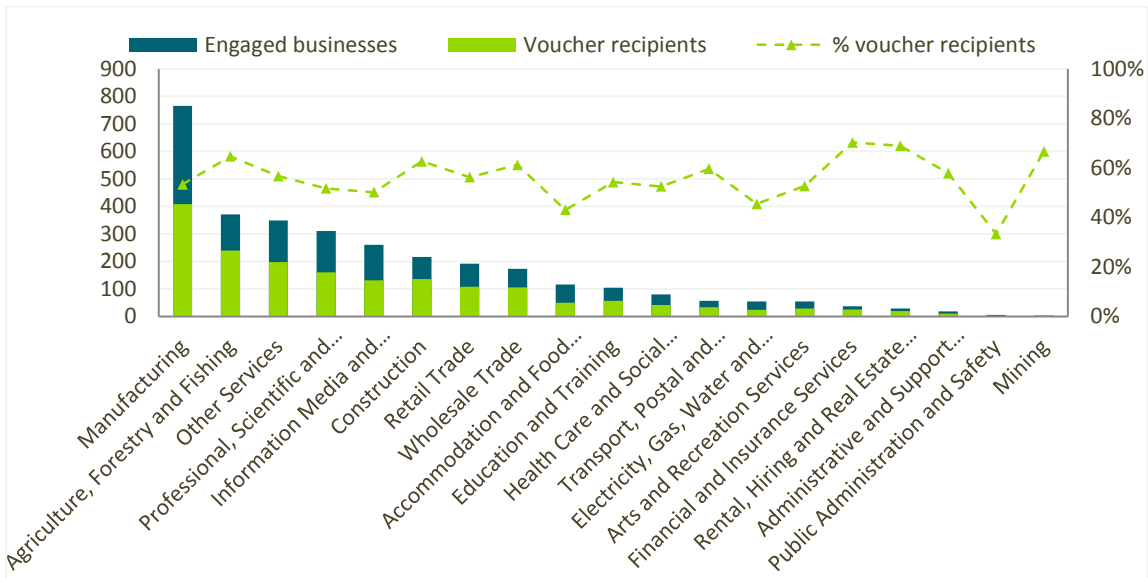
The proportion of RBP clients that receive vouchers is widely variable across the regions – 80% of Marlborough, Nelson Tasman and Southland clients receive vouchers compared with around 35% in Otago and the West Coast.

**Figure 43 Number and proportion of RBP clients that received a voucher by region**



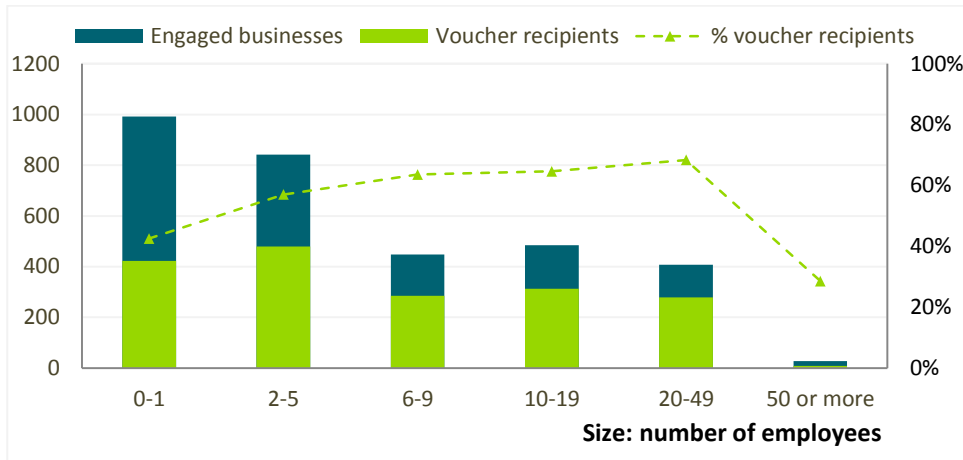
Source: NZTE administrative data, July 2014

**Figure 44 Voucher recipients as a proportion of RBP clients by industry**



Source: NZTE administrative data, July 2014

**Figure 45 Voucher recipients as a proportion of RBP clients by size**



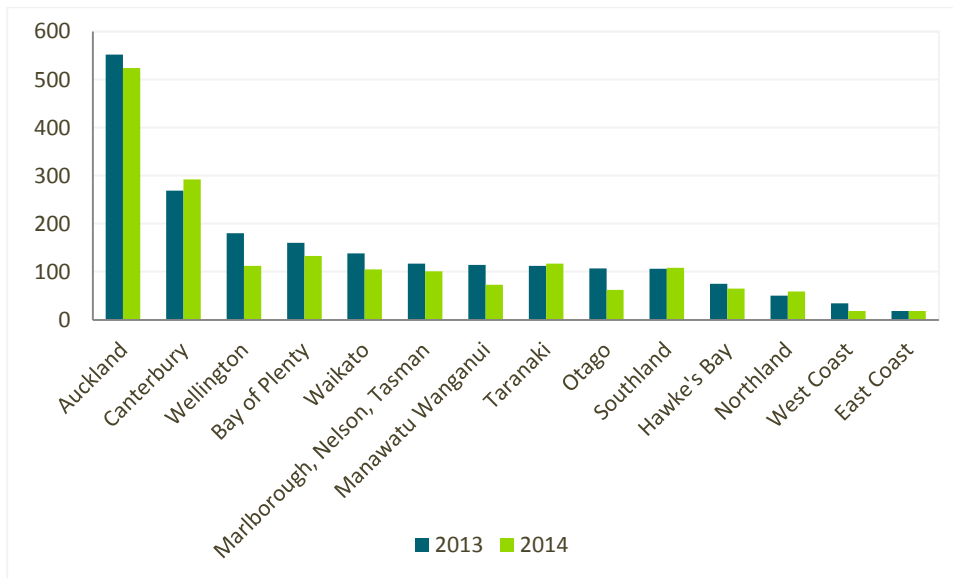
Source: NZTE administrative data, July 2014

### 7.1.5 Changes from 2013 to 2014

In general, most regions distributed vouchers to fewer businesses in 2014 than in 2013 with the exception of Canterbury, Taranaki, Southland and Northland.

Canterbury saw the highest increase in the number of businesses that received vouchers. Wellington, Manawatu Wanganui and Otago saw the highest declines in the number of businesses that received vouchers.

**Figure 46 Number of voucher recipients by region 2013 to 2014**

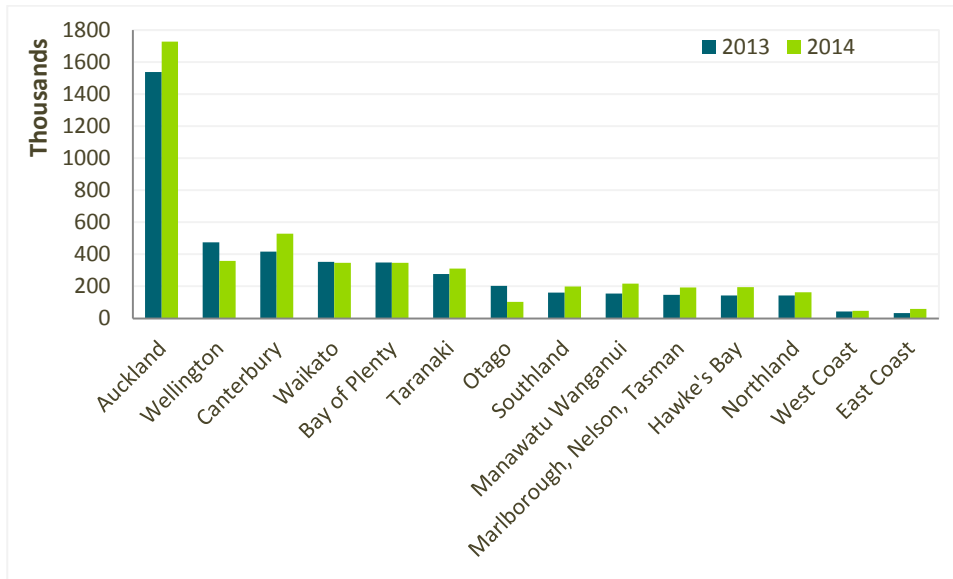


Source: NZTE administrative data, July 2014

Most regions increased their outlay on vouchers from 2013 to 2014. Wellington and Otago remain exceptions.



**Figure 47 Total voucher spend by region**



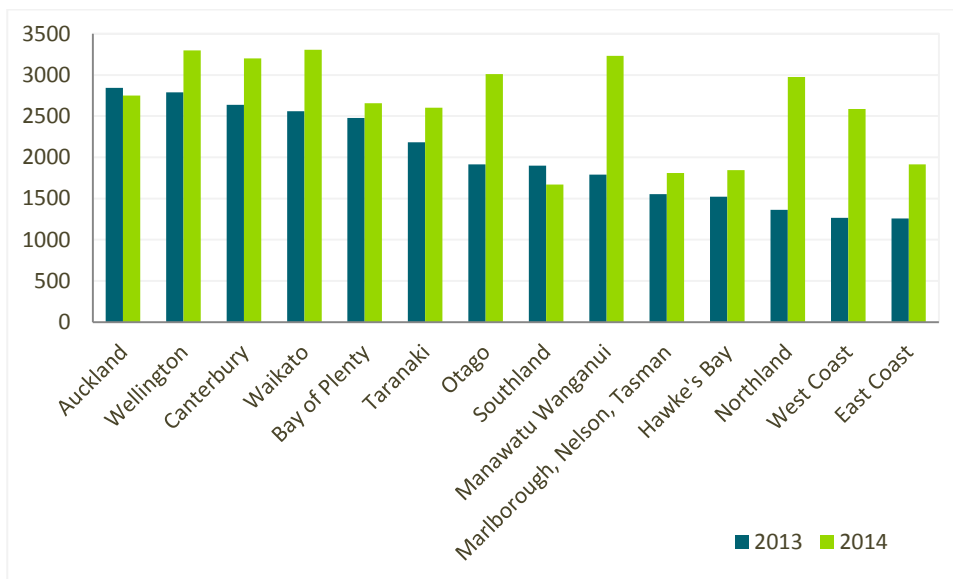
Source: NZTE administrative data, July 2014

**7.1.5.1 Increased voucher spend per business**

The total value of RBP vouchers increased by 37% from 2012 to 2014 (from \$3.5 million to \$4.8 million). The total voucher funding of \$12.7 million over the 3 years represented the use of 7,945 uniquely identified vouchers. Of these, 3,483 or 44% were distributed to firms that had already received a voucher. Approximately \$4.8 million of the funding was distributed to firms that received multiple vouchers.

Voucher spend per business increased by 29% from 2013 to 2014, with only Northland and Otago recording a decrease. Areas with a significant increase are smaller regions starting from a small base.

**Figure 48 Voucher spend per business per year**



Source: NZTE administrative data, July 2014

**7.1.5.2 Shift towards distribution of higher-value vouchers**

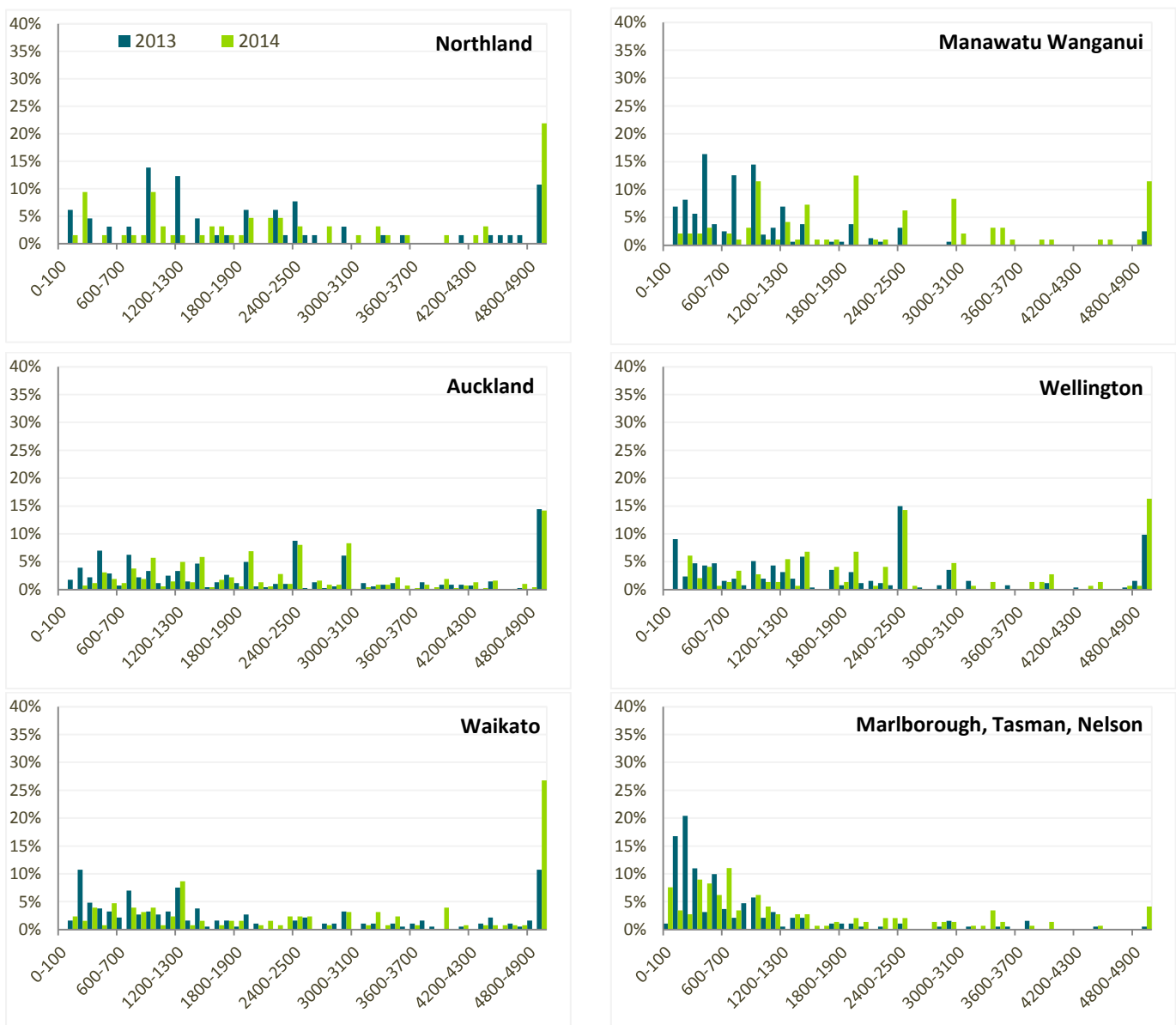
In comparing the distribution of vouchers by region in 2014, some features are common to many regions. Most North Island regions grant a high proportion of vouchers valued at \$4,900–5,000 relative to the South

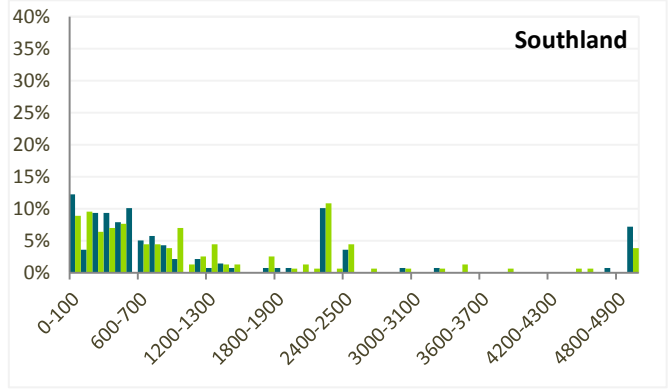
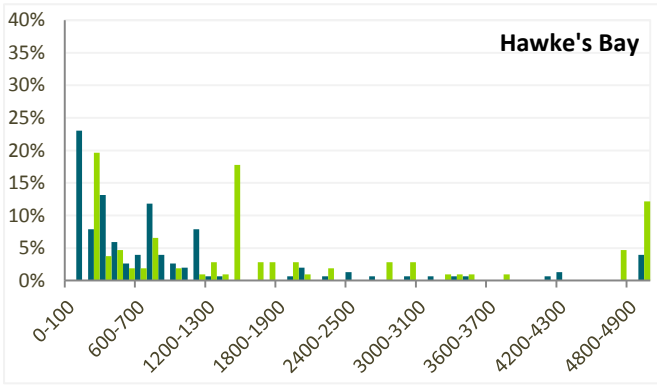
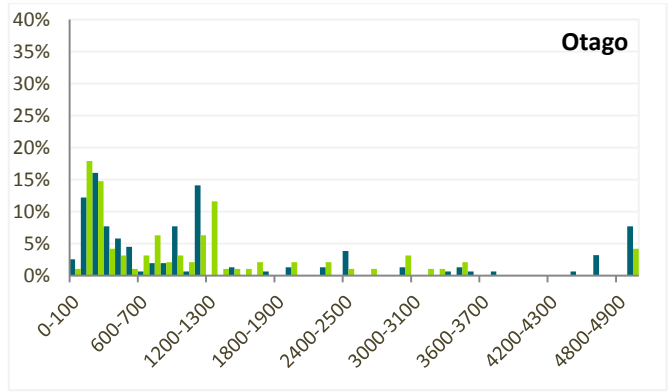
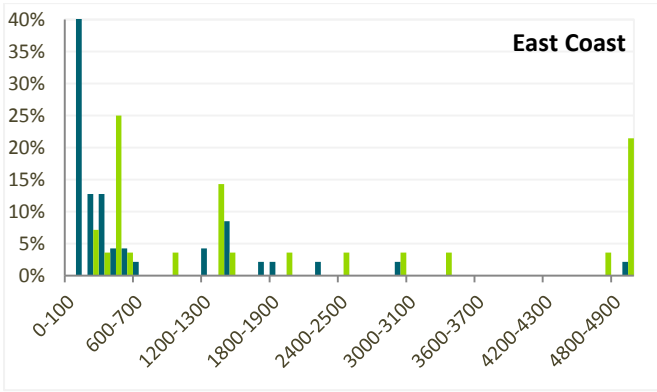
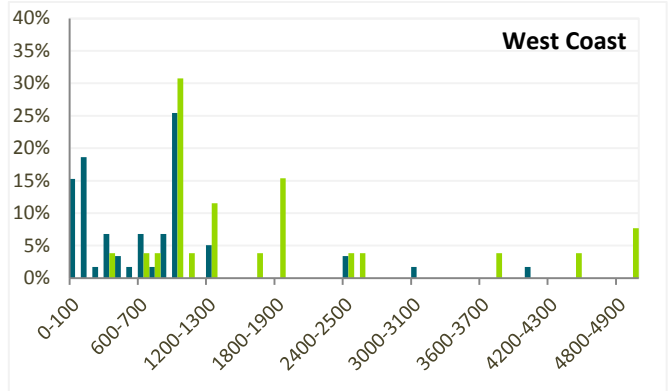
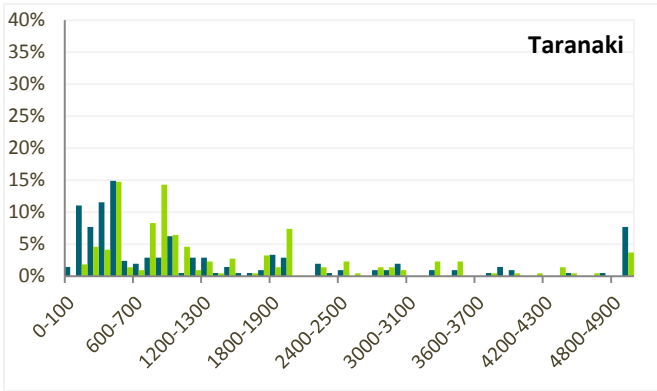
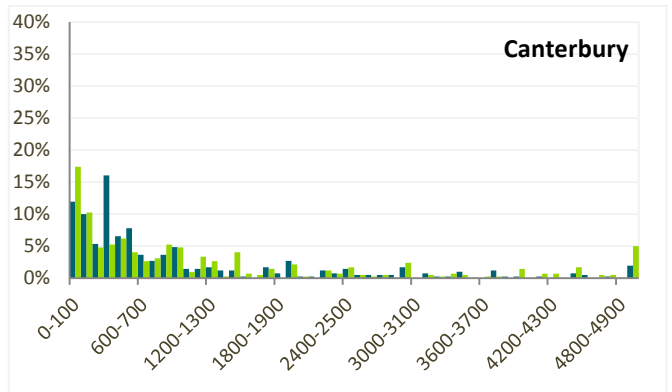
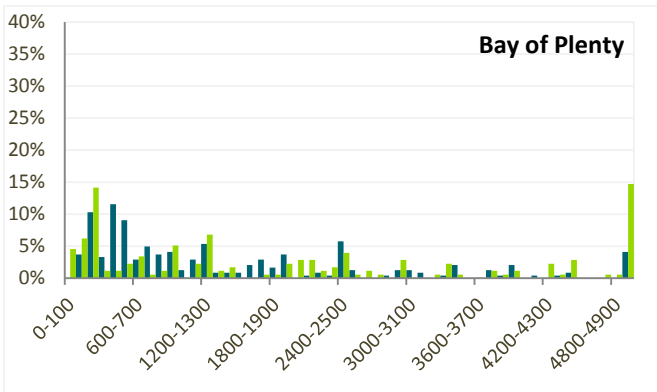
Island, and most regions are skewed towards lower-value vouchers, with the exception of Auckland, Northland, Wellington and Manawatu Wanganui.

Survey responses indicate that businesses that receive a voucher tend to rate the programme higher than if they did not receive a voucher. Here, we see that the regions that received positive feedback are not necessarily the partners that grant higher-value vouchers. The relationship between perceived impact and the value of the voucher received is further explored in section 3.4.

The pattern of voucher distribution in the metropolitan areas remained stable from 2013 to 2014. Smaller regions have generally shifted toward higher-value vouchers, most noticeably in Manawatu Wanganui and Hawke’s Bay. All regions in the North Island except Taranaki and Auckland have seen a jump in the proportion of \$4,900–5,000 vouchers distributed from 2013 to 2014. This may be associated with comments from advisors of inflated prices from training providers, particularly those providing courses at \$10,000. See section 4.1.3.7 on page 33 for advisor concerns over prices of training courses.

**Figure 49 Distributions of voucher spend by region from 2013 to 2014**



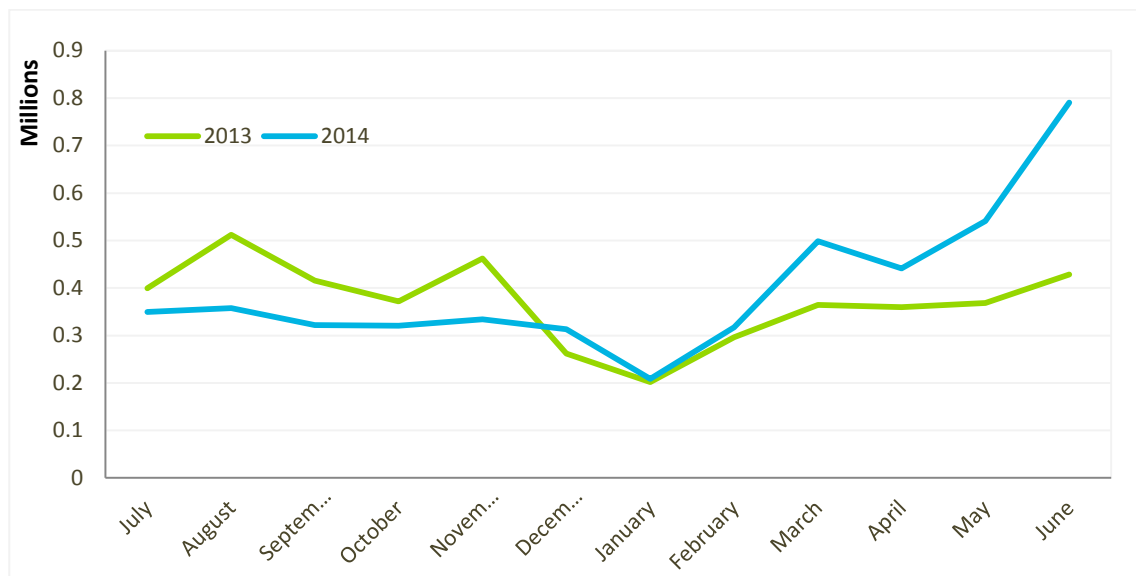


Source: NZTE administrative data, July 2014

**7.1.5.3 Voucher distribution timing is related to the government financial year**

There are opportunities to make better use of vouchers during periods other than the lead-up to the end of the government financial year.

Figure 50 Monthly distribution of vouchers from 2013 to 2014



## 7.2 R&D grants administered by the RBP programme

The RBP programme exclusively administers and approves the Callaghan Innovation Getting Started grants. The RBP programme also administers some larger grants up to \$250,000, such as project grants in coordination with Callaghan Innovation. The RBP programme does not have authority to approve grants other than Getting Started.

### 7.2.1 The RBP programme administers the majority of lower-value grants funded by Callaghan Innovation

There were 141 Getting Started grants approved by the RBP programme in 2014, with a total value of around \$590,000.

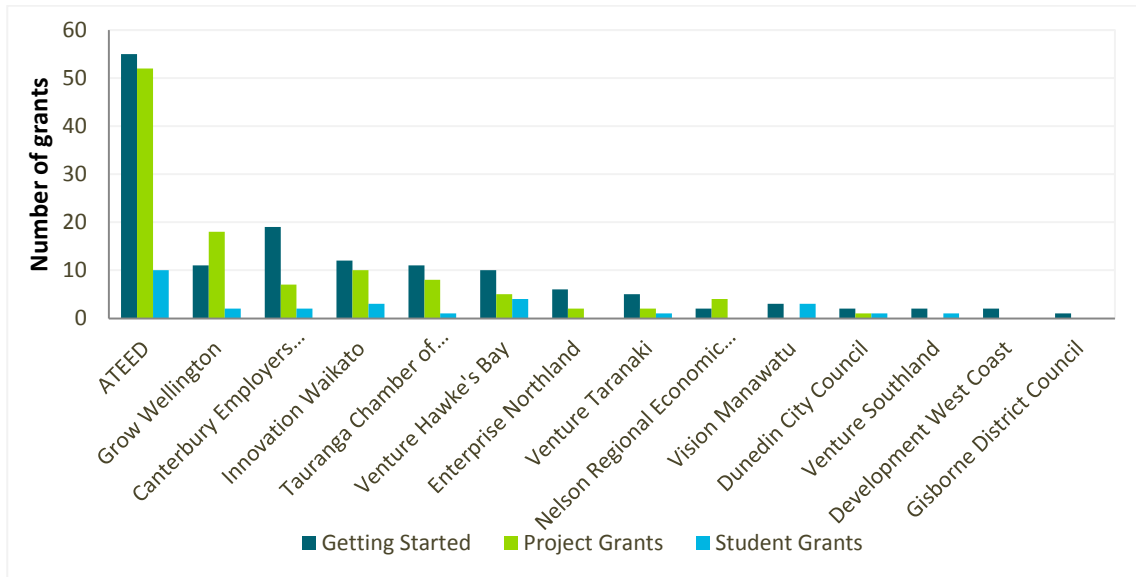
Over the same period, the RBP programme administered 137 approved grants larger than \$5,000 with a total value just over \$8 million.

The total number of approved grants administered by the RBP programme for 2014 represents 60% of all contracts approved and funded by Callaghan Innovation over this period. However, the contracts account for only 3% of all contract value approved by Callaghan Innovation. This suggests the RBP programme is contributing significantly to lower-value grants.

### 7.2.2 Grant administration occurs mostly in the metropolitan centres

Auckland administered around 40% of the total number of grants, followed by Wellington (11%), Canterbury (10%) and Waikato (9%).

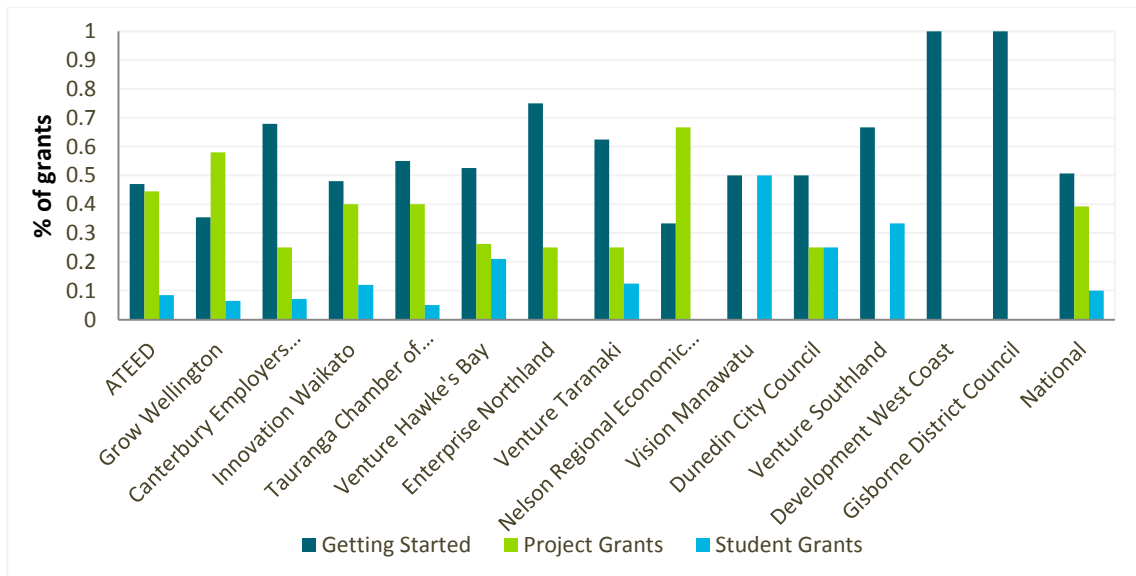
Figure 51 Number of grants administered by RBP and grant type



Source: Callaghan Innovation administrative data, March 2015

Most regions administered more Getting Started grants than Project Grants above \$5,000, with the exception of Wellington and Nelson. Some smaller regions did not administer Project Grants above \$5,000 in 2014.

Figure 52 Proportion of grant types by region



Source: Callaghan Innovation administrative data, March 2015

Unsurprisingly, Auckland administered just under half of the total value of R&D grants through the RBP network with 4.5 FTEs, followed by Wellington (20% with 2 FTEs), Hawke's Bay (8% with 1 FTE) and Waikato (7% with 2 FTEs).

Figure 53 Value of grants administered or approved by the RBP programme

	Getting Started	Project Grants	Student Grants	Total	FTE
Auckland Tourism Events and	\$246,928	\$3,385,585	\$468,544	\$4,101,058	4.5

Economic Development Ltd					
Grow Wellington	\$50,026	\$1,633,274	\$103,883	\$1,787,183	2
Venture Hawke's Bay	\$44,567	\$472,443	\$202,332	\$719,342	1
Innovation Waikato	\$48,782	\$401,821	\$192,329	\$642,931	2
Tauranga Chamber of Commerce	\$47,182	\$367,761	\$91,000	\$505,943	N/A <sup>20</sup>
Canterbury Employers Chamber of Commerce	\$71,137	\$115,031	\$103,737	\$289,905	2.5
Venture Taranaki	\$21,563	\$82,666	\$90,999	\$195,229	1
Vision Manawatu	\$10,857		\$111,332	\$122,189	1
Venture Southland	\$3,060		\$81,216	\$84,276	0.3
Nelson Regional Economic Development Agency	\$4,588	\$74,874		\$79,462	0.5
Enterprise Northland	\$20,799	\$49,857		\$70,657	0.5
Dunedin City Council	\$7,864	\$29,636	\$25,333	\$62,833	0.5
Development West Coast	\$6,810			\$6,810	0.1
Gisborne District Council	\$5,000			\$5,000	0.4
<b>National total</b>	<b>\$589,163</b>	<b>\$6,612,948</b>	<b>\$1,470,706</b>	<b>\$8,672,817</b>	

Source: Callaghan Innovation administrative data, March 2015

## 7.3 What training providers engaged with the RBP programme?

### 7.3.1 Insights into voucher training providers

This section explores what the voucher data from 2012 to 2014 indicates about the characteristics of training providers. One aim of the RBP programme is to increase the range of training providers.

#### **There has been a 24% growth in providers from 2012 to 2014**

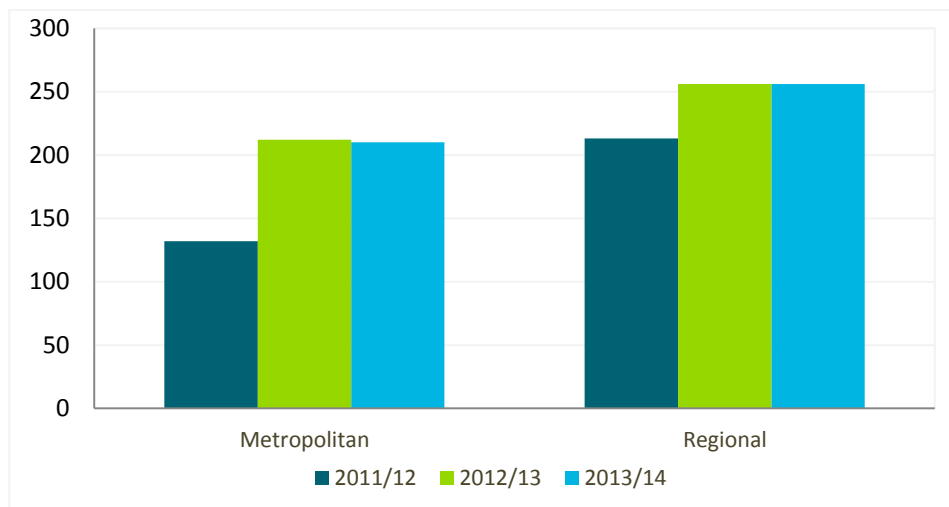
The number of training providers associated with vouchers has increased by about a quarter from 218 in 2012 to 271 in 2014. It should be noted that this is a growth in voucher-related providers – a subset of all providers. Voucher data alone cannot establish whether the total number of providers is increasing beyond the programme or whether already existing providers are simply taking advantage of the funding opportunity. Nevertheless, the RBP programme is attracting an increasing number of providers annually.

#### **The number of regional providers has grown but at a lower rate than metropolitan providers**

The RBP programme is targeted towards provincial centres, so there is particular interest in the growth of training provision by region. By defining 'metropolitan' as Auckland, Wellington and Canterbury and 'regional' as all other regions, we see that, from 2012 to 2014, the number of regional providers increased by 20%. This rate was lower than for metropolitan regions, which grew at almost 60%.

<sup>20</sup> The Callaghan Innovation-funded FTE works out of Innovation Waikato so has not been counted for Tauranga Chamber of Commerce.

Figure 54 Number of training providers in metropolitan areas compared with regional areas



Source: NZTE administrative data, July 2014

### The distribution of funding amongst providers is very uneven, with Icehouse dominating

In 2014, 75% of providers received less than \$20,000 per annum, with a median spend of \$6,750. By contrast, Icehouse received over \$800,000. Icehouse was funded more than a median provider by a factor of over 100. The median spend is typically a company providing one or two vouchers worth of training only.

Icehouse is a dominant provider not just nationally but also by region. For instance, in 2014, it was the leading provider by voucher funding in five of the 14 regions – Auckland, Bay of Plenty, Hawke’s Bay, Marlborough and Waikato.

The question this raises for policy is what the implications are of this domination. If Icehouse services are of higher quality than those previously available, particularly in the regions, then Icehouse’s dominant position is probably a good thing. Alternatively, Icehouse may be crowding out other providers independent of quality considerations.

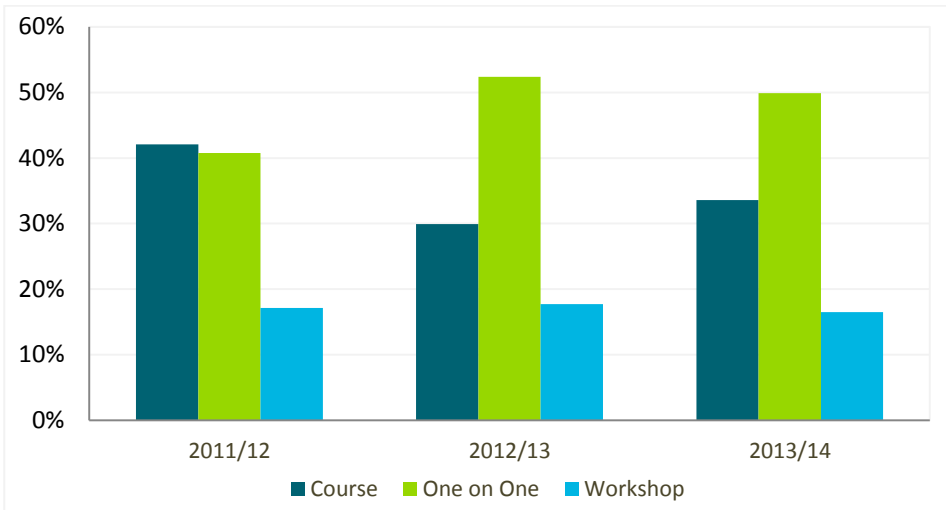
### 7.3.2 Event analysis

Another element of the voucher-related training provision is events. Events may be one-off training sessions or a course of sessions. Events may also include individuals, a single group or multiple groups. Because of this variation, comparing events over time is somewhat complex. However, we can get an insight into the types of training being offered. NZTE classifies events into three types:

- Courses – such as Leading and Managing for Growth.
- Workshops – such as a Website Marketing Camp.
- One-to-one coaching – such as Business Coaching.

After 2011/12, the event type composition was relatively stable, with one-to-one coaching dominating, followed by courses and finally workshops.

Figure 55 Composition of events by year by type



Source: NZTE administrative data, July 2014

### In summary

- Less populous regions tend to have better coverage of businesses than larger regions, with the exception of Canterbury and Taranaki, both of which have relatively high coverage rates.
- The manufacturing and ICT industries have highest coverage, with rental, hiring and real estate services receiving the lowest coverage. This may be an intended result of targeting businesses with the most growth potential or a certain bent of the partners more connected to certain industries. In any case, the question remains whether industries less represented may need to be included.
- Regions vary widely in each regional portfolio of clients that have received vouchers and clients that have not. Some regions work with mostly clients that receive vouchers, other less so.
- Most regions worked with fewer clients in 2014 than in 2013, with the exception of Canterbury, Taranaki and Southland.
- Wellington and Otago worked with fewer businesses and spent less in vouchers in 2014 than in 2013. In general, regions spent more in voucher spend but worked with fewer businesses – the average voucher spend per business has generally increased.
- There has been a shift towards higher-value vouchers across regions from 2013 to 2014. Higher-value vouchers do not necessarily mean a better experience for clients.



## 8 Appendices

### 8.1 Appendix One: Evaluation Plan

#### Evaluation objectives and deliverables

The evaluation will provide:

- information on how the programme operates, including an understanding of the various aspects of the programme
- suggested operational improvements
- information on flows, e.g. the numbers of grants, vouchers and advice provided, and the number of SMEs that the programme has engaged with
- information on the impact of the programme on management capability, productivity and the training environment
- information to assess the effectiveness of the policy design.

#### Scope

The evaluation will not cover:

- aspects of NZTE Output Class 1 that are not explicitly part of the RBP programme
- grants administered by Callaghan Innovation that are not considered to be part of the RBP programme
- assessment of whether the current RBP delivery mechanism is the most efficient or effective compared with other possible delivery mechanisms
- aspects of SME growth that occur outside the intended influence of the RBP programme.

#### Evaluation questions, contextual information and approach

The following table identifies a number of specific evaluation questions and the suggested approach for addressing these questions. More detailed questions that underpin the evaluation questions will be developed as part of the design phase, informed in part by conversations with the Business Development Policy team.

Evaluation questions	Suggested approach
How does the programme currently operate?	<ul style="list-style-type: none"> <li>• Key informant interviews</li> </ul>
Are various aspects of the programme operating as expected (including improvements)?  Includes single point of contact, take-up, assessment, advice and training, NZTE and Callaghan Innovation monitoring	<ul style="list-style-type: none"> <li>• Key informant interviews</li> <li>• Interviews with firms</li> </ul>
What is the take-up of firms by the programme? Reasons/drivers for take-up?	<ul style="list-style-type: none"> <li>• Administrative data for the programme</li> <li>• Key informant interviews</li> <li>• Interviews with firms</li> </ul>
What is the quality of the assessment process?	<ul style="list-style-type: none"> <li>• Review of files [need to confirm adequacy of files]</li> <li>• Interviews with RBPs, assessors and firms</li> </ul>
Is the programme meeting (realistic) needs?	<ul style="list-style-type: none"> <li>• Analysis of administrative data of providers by region</li> </ul>

Evaluation questions	Suggested approach
What is the suitability of the training, R&D grant support and general support – including regional coverage and consistency?	<ul style="list-style-type: none"> <li>• Interviews with key informants</li> <li>• Interviews with firms</li> </ul>
How has the programme affected the capacity and suitability of the training environment?	<ul style="list-style-type: none"> <li>• Key informant interviews</li> <li>• Interviews with firms</li> <li>• Accounting estimate of cost<sup>†</sup></li> </ul>
How has the capability of firms been affected by the programme?	<ul style="list-style-type: none"> <li>• Key informant interviews</li> <li>• Interviews with firms</li> <li>• Survey of firms, collecting the extent to which firms believe the programme has affected capability</li> <li>• Accounting estimate of cost<sup>†</sup></li> </ul>
How has the programme affected productivity and growth?	<ul style="list-style-type: none"> <li>• Survey of firms, collecting the extent to which firms believe the programme has affected productivity and growth</li> <li>• Accounting estimate of cost<sup>†</sup></li> </ul>

\* Key informant interviews will include those from NZTE, Callaghan Innovation, RBP staff, assessors.

<sup>†</sup> If feasible.

As noted above, in addition to addressing the evaluation questions, some background information on the flows through the programme will also be compiled. These include:

- how many firms approach RBPs?
- how many firms are assessed?
- how many firms are given support through vouchers, R&D grants and advice?
- how are voucher funds allocated?
- how are grants allocated?
- how many firms receive training ?

## 8.2 Appendix Two: RBP intervention logic

Problems	Affected parties	Role of government	Action	Intermediate outcomes	Long-term outcomes
<p>Information failure affecting the ability of some firms (SMEs) to:</p> <p>a) value capability development appropriately</p> <p>b) identify needs and relevant providers.</p>	<p>Affects mainly young, start-up companies and those that have never or rarely used management development or advisory services.</p>	<p>Not government's role to provide support for capability development to all SMEs or to subsidise it permanently. Temporary help provided to overcome information issues by building market and reducing transaction costs.</p> <p>Government involvement might lead to changes in firm behaviour/attitude to capability building through observations of the actions of other firms.</p> <p>Government may have a role to provide some information/advice to SMEs long term as information issues may continue to be a problem.</p> <p>Government can send signal to clients regarding appropriate training providers through accreditation.</p>	<p>Assessment of firm needs and provision of business information, referral or advice on training opportunities.</p> <p>For assessed SMEs, part subsidisation of training and/or advisory services.</p> <p>A network of regional agents tasked with building relationships with firms in their area. Their role includes assessing needs of firms, advising firms on training needs and providers, handing out training coupons and connecting firms with other capability services providers.</p>	<p>SMEs become more familiar with training, assess their training needs and seek out providers.</p> <p>SMEs take actions to change or improve aspects of their business as a result of capability development.</p> <p>Evaluation to determine possible reduction or phasing out of subsidy.</p> <p>Well-connected regional agents providing good advice on training and identifying promising firms.</p> <p>Agents known and valued by local firms; eligible firms receive relevant support.</p>	<p>SMEs are better equipped to make informed decisions on the amount and type of capability development in which they want to invest. They know where to find relevant providers.</p> <p>Part subsidy no longer needed and is phased out over time as information failure diminishes subject to an assessment of whether some form of continuing support for start-ups is needed.</p> <p>Firms are familiar with how to access training.</p> <p>Promising firms identified by regional agents transferred on to further NZTE and other government support programmes.</p> <p>Upskilling provides spill-over benefits through knowledge and practice transfer.</p>

<b>Problems</b>	<b>Affected parties</b>	<b>Role of government</b>	<b>Action</b>	<b>Intermediate outcomes</b>	<b>Long-term outcomes</b>
<p>II</p> <p>Lack of competition and choice on the supply side of the training and advisory services market.</p> <p>Insufficient private provision (particularly early stage) training and advisory services.</p>	<p>II</p> <p>All firms, but especially start-ups and young companies that are inexperienced in making use of training and advisory services.</p> <p>Training providers, especially those that have chosen not to enter the market or compete with fully subsidised training.</p>	<p>II</p> <p>The absence of competition between providers reflects current subsidisation practice and may constitute a government failure.</p> <p>Government can remedy this failure by changing the way in which this form of capability development is subsidised.</p>	<p>II</p> <p>Introduction of a voucher system to allow any provider to compete for firm interests (with partial subsidy) anywhere in the country provided some minimum criteria are met (accreditation).</p>	<p>II</p> <p>Increase in competition between providers and greater choice for clients.</p> <p>Increase in opportunities for training providers.</p>	<p>II</p> <p>Dynamic market characterised by numerous providers active in most parts of the country.</p> <p>Advertising/marketing of training courses.</p> <p>Reduced transaction costs for SMEs.</p> <p>Supply side more responsive to training needs/demands by business.</p>

### 8.3 Appendix Three: Costs

Table: Costs for June financial years 2012 - 2014	2012	2013	2014
RBP FTE – NZTE contribution	\$3,371,650	\$3,400,400	\$3,400,400
RBP FTE – Callaghan Innovation contribution	\$1,991,200	\$1,991,200	\$1,991,200
Callaghan Getting Started Grants (or similar)	\$1,062,735	\$911,195	\$584,363
NZTE Capability Vouchers	\$3,477,869	\$4,444,104	\$4,795,860
NZTE oversight	\$1,243,350	\$1,014,496	\$959,302
Callaghan oversight	\$150k-200k	\$150k-200k	\$150k-200k

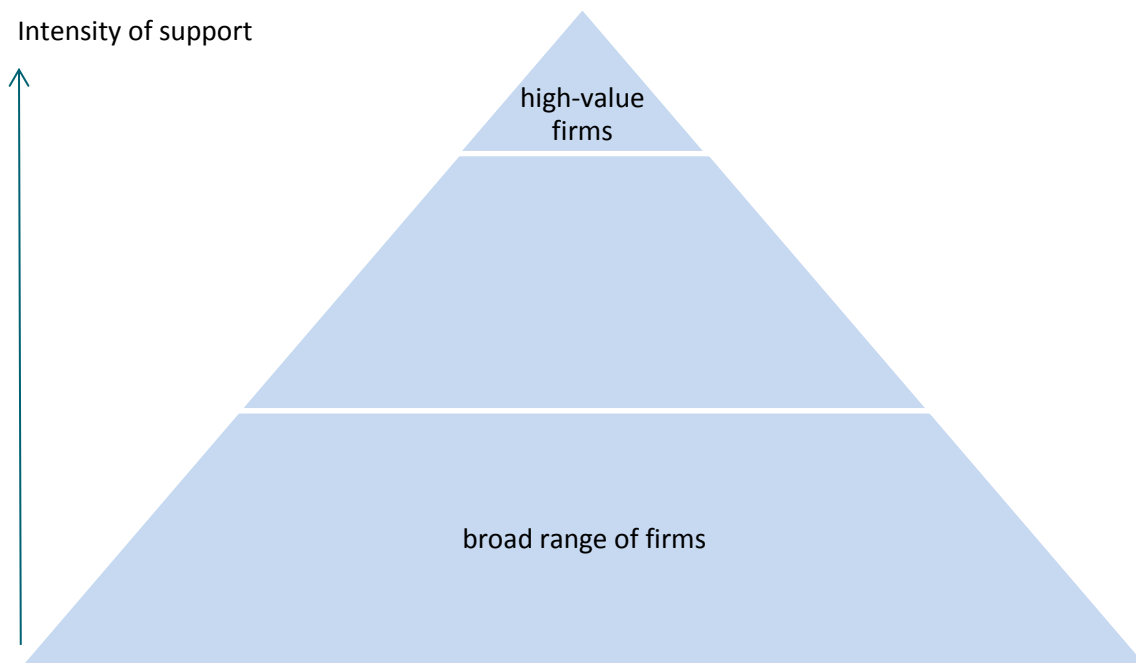
When interpreting this table, it is worth noting the following:

- The 2014 figures for the Callaghan Innovation Getting Started grants are not directly comparable with previous years. The way different grants were categorised in 2012 and 2013 differed to that used in 2014. In particular, some of the grant names changed in 2014 so that grants that had previously been called something else were incorporated into the Getting Started grant. To account for this, all grants under \$6,000 categorised as Capability Expert grants, Technology Project grants, TechNZ Accelerate R&D and TechNZ Expert grants have, for the purposes of this table, been included in Getting Started grants (or similar) for the 2012 and 2013 years. Despite this adjustment, the reader should be cautious about comparison across these figures.
- Callaghan Innovation oversight is based on Callaghan Innovation’s estimates, as there are about 4 FTEs on varying salary bands working on administering the RBP programme. There is no estimation of overhead costs.
- NZTE oversight figures include staff, website and programme management costs, including overheads.

## 8.4 Appendix Four: Overarching model

In general, the RBP is a programme focused on giving firms a 'capability boost' and supporting firms beginning to engage in R&D, rather than being focused on any transformational change.

Government provides a broad mix of programmes that focus on skills and capability development for New Zealand businesses. Officials may refer to the concept of a triangle where customised and intense support is provided to a small number of high-value firms at the top of the triangle, and lighter support is provided to a much larger number of firms towards the base of the triangle.



## 8.5 Appendix Five: List of all regional partners and subcontracted agencies

### **Northland**

Northland Inc

### **Auckland**

Auckland Tourism Events and Economic Development Limited (ATEED)

### **Waikato**

Waikato Innovation Park Limited

### **Bay of Plenty**

Tauranga Chamber of Commerce

Rotorua & EBay of Plenty – Chamber of Commerce

Waikato Innovation Park

### **Taranaki**

Venture Taranaki

### **East Coast**

Gisborne Chamber of Commerce

### **Hawke's Bay**

Hawke's Bay Regional Council

Hawke's Bay Chamber of Commerce

### **Manawatu Wanganui**

Vision Manawatu

BCC

### **Wellington**

Grow Wellington

### **Marlborough Nelson Tasman**

Nelson Regional Economic Development Agency

Nelson Tasman Chamber of Commerce

Marlborough Chamber of Commerce

### **Canterbury**

Canterbury Development Corporation

Aoraki Development Business and Tourism

Canterbury Employers' Chamber of Commerce

Enterprise North Canterbury

Grow Mid Canterbury

### **West Coast**

Development West Coast

### **Otago**

Otago Chamber of Commerce

Dunedin City Council, EDU

### **Southland**

Venture Southland

## 8.6 Appendix Six: Client survey methodology

### Survey purpose

The client survey aims to identify the impact of the service provided by regional partners on firm capability, productivity and growth. It also examines firms' use of vouchers.

### Target population

All businesses that actively engaged with a regional partner in the 2014 financial year. An active client is defined as one that either was assessed for a grant or voucher, received one and/or sought or received advice.

### Survey population

All individual representatives of businesses registered on the RBP website that actively engaged with a regional partner in the 2014 financial year.

### Survey frame

The survey frame is the data used to contact the target population.

The frame is sourced from NZTE's Business Profile report, which includes businesses registered with the RBP programme as at 1 July 2014. The report was supplied by NZTE.

Within the report (an Excel file), email addresses were selected for all businesses meeting two criteria:

- 1) Active in the RBP programme in 2014: those businesses with a registered date of 2014, a business survey from 2014 or 'initial engagement' date of 2014.
- 2) Associated with a specific RBP advisor: not having an associated advisor was taken to equate to not having a relationship with the RBP programme, for example, a firm that completed an online expression of interest but did not respond to any follow-up contact.

### Survey representativeness – response rate and bias

There were 626 responses to the survey, from a total number contacted of 2,921. This gave a response rate of 21%. Because the questionnaire was sent to 100% of the population, responses from 21% of the population gives us a statistical accuracy of 95% ±4%. This accuracy is equivalent to an 85% response rate from a population of 100 or a 60% response rate for a population of 500.<sup>21</sup>

Response bias occurs at two levels – overall response bias and individual question response bias.

Overall response bias occurs when those who respond to the survey are not representative of the target population. Typically for voluntary surveys such as this, many of those who respond to surveys are those who are motivated to do so and so are more likely to have strong positive or negative views than the average member of the target population. Generally, the strong positive and negative views balance each other, so the survey still has validity.

The individual question response bias is a similar but occurs when respondents skip questions. Some questions are skipped at a rate of up to 20%, but those who do answer are still of a significant scale to be informative. It is assumed the question skipping does not strongly bias the results.

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<sup>21</sup> Fred van Bennekom. "Statistical Confidence in a Survey: How many is enough?" Great Brook, 2011 ([http://www.greatbrook.com/survey\\_statistical\\_confidence.htm](http://www.greatbrook.com/survey_statistical_confidence.htm), accessed 18 February 2015); Michael Braun Hamilton, Online Survey Response Rates and Times: Background and Guidance for Industry, a white paper available at <http://www.supersurvey.com>, accessed 18 February 2015.

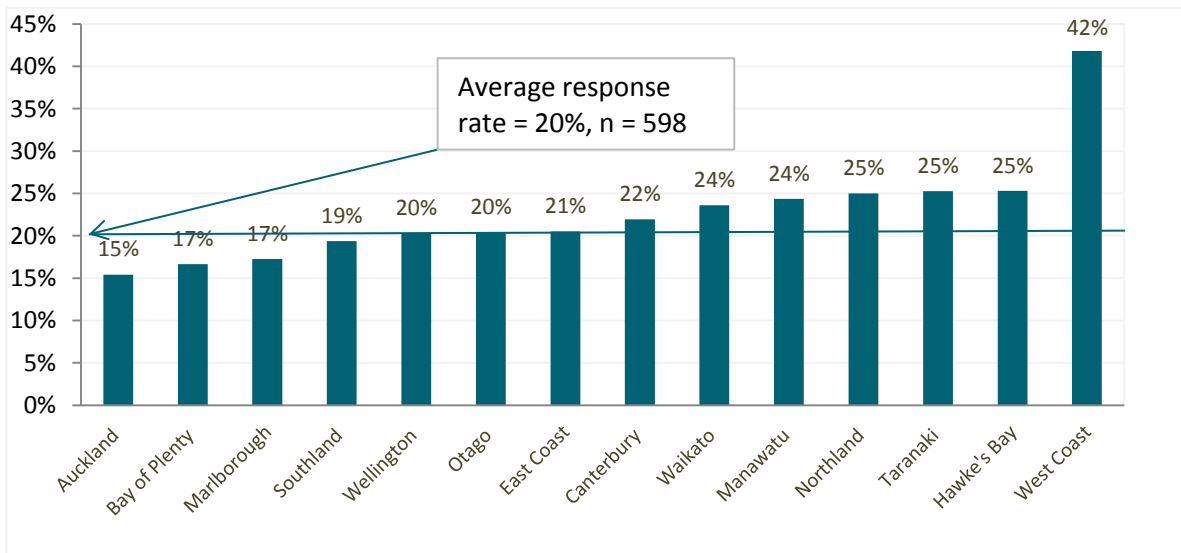


Overall response bias was analysed across the key dimensions of region and voucher use.<sup>22</sup>

Overall, the responses are relatively well distributed across all regions and types of voucher use.

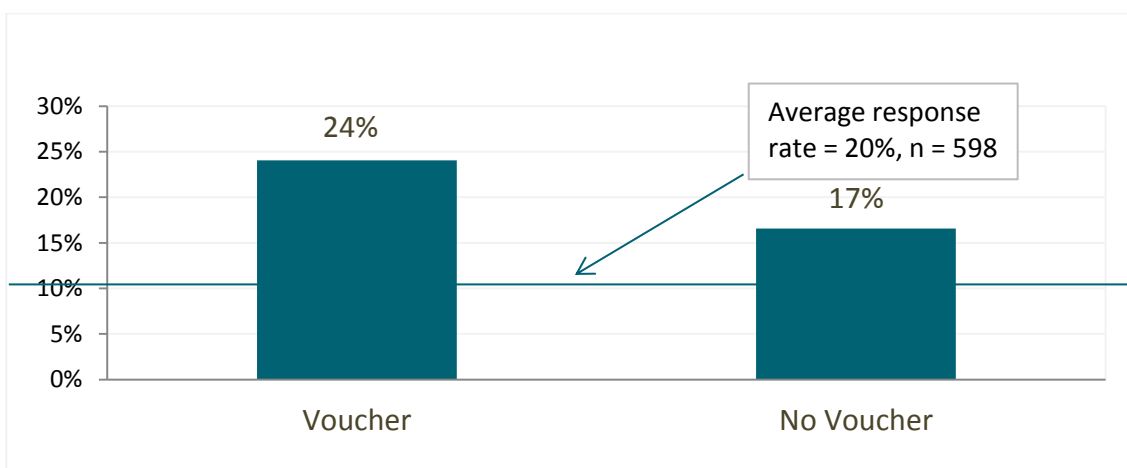
By region generally, the response was representative of the target population, although Auckland is slightly under represented and the West Coast over represented. The West Coast responded at a higher rate than all other regions, but this is off a relatively low base – 23 responses from 55 clients.

Figure 56 Client survey response rate by region



Voucher users responded at a higher rate than non-voucher users, probably because voucher users have a stronger relationship with the regional partners than non-voucher users, all else being equal.

Figure 57 Client survey response rate by voucher usage



<sup>22</sup> The number of respondents that matched the survey frame was 598. It is from these that the representativeness is calculated.

## 8.7 Appendix Seven: Business advisor survey

A survey will be sent out to all business advisors in the RBP programme. The following section details objectives related to advisors who approve NZTE Capability Development Vouchers.

### Objectives

Processes to assess	Reason for measuring
A. Promotion of RBP	Phase 1 identified a potential lack of promotion
i. Within RBP itself	
ii. By training providers	
B. BA processes are effective	
i. Assessment process is holistic, covers R&D as well as business development	Integration between NZTE and Callaghan Innovation
iii. BA allows firms to make an informed choice of training provider	Phase 1 identified possibility of bias in regions in providing a plate of selection possibilities
iv. BA maintains ongoing relationships with firms, whether or not firm received voucher	
v. BA maintains a network for best practices and to share ideas, abilities	
C. RBP guidelines and rules are apt	
i. RBP criteria are neither too loose nor tight, allow the right businesses to access subsidised training	
ii. RBP co-funding rate meets business need	Does co-funding at this rate satisfy as much as co-funding at a lower rate?

Outcomes to be assessed	Reason for measuring
A. RBP alleviates market failure of sub-optimal investment in training, particularly that of SMEs	NZTE Output Class 1 Evaluation, Policy Rationale indicates. RBP programme is the main output class 1 intervention for SMEs
i. SMEs place more value on training and development	Set out in the Cabinet paper, par 34
ii. SMEs are incentivised to invest in training	Set out in Cabinet paper, par 34
iii. SMEs can assess their training needs	Intermediate outcomes, RBP Intervention Logic
B. Increased quality and range of training provider options for SMEs	Set out in the Cabinet Paper, par 5
C. RBP shows additionality	Intervention Logic for NZTE
i. Increased capability for SMEs, including management capability	As set out in the MBIE Enterprise Policy Post-Election Advice, Management Matters in New Zealand, <sup>23</sup> Cabinet Paper
ii. Increased levels of internationalisation, including export growth or growth in the export supply chain	As set out in the Business Growth Agenda: Export Markets; Intervention Logic for NZTE
iii. Growth for SMEs in terms of revenue and FTE count	These are MBIE's core targets
iv. SMEs have taken action as a result of training vis-à-vis an NZTE voucher	Intermediate outcomes, RBP Intervention Logic
v. SMEs have taken action as a result of assessment through RBP advisor	

<sup>23</sup> <http://www.med.govt.nz/about-us/publications/publications-by-topic/occasional-papers/2011-occasional-papers/11-03-pdf/view>

**Target population**<sup>24</sup>

All advisors employed by NZTE and Callaghan Innovation for the RBP programme in 2013/14.

**Survey population**

All advisors employed by NZTE and Callaghan Innovation for the RBP programme at the survey date.

**Frame**

All advisors listed with a functional email on the NZTE database at survey date.

**Response rate**

62 of 73 respondents responded to survey. Of respondents, 30 approved only NZTE Capability Development Vouchers, 14 approved Getting Started grants, 13 approved both, 5 neither approved grants nor vouchers.

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<sup>24</sup> The ideal population to be studied.