



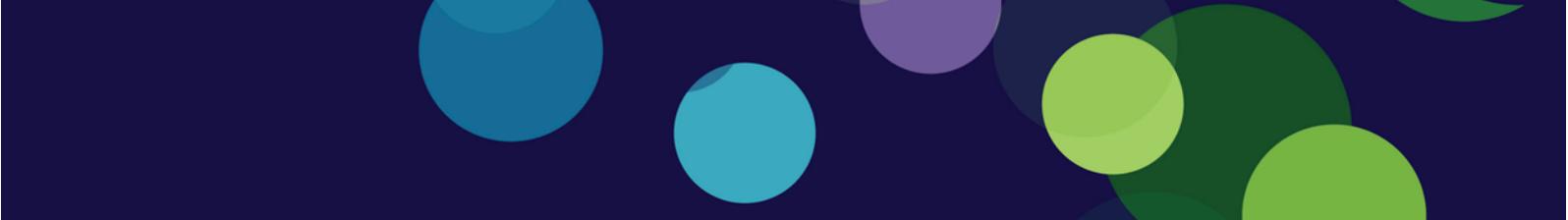
Management Development in Ireland

The Report of the Management Development Council

February 2010

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Foreword

Ireland at present is confronted by numerous challenges - the need to restore international competitiveness, the need to boost employment, and the need to develop the *Smart Economy*. I believe that the ability of our SME managers will be a fundamental determinant of how Ireland meets these challenges and progresses over the next decade.

All of the evidence that I have seen, whether in academic studies or as a result of the experience I have garnered through years of working in the management field tells me that good management practices invariably lead to firms which are more efficient, more productive, and ultimately more profitable.

The Management Development Council has examined, in detail, the performance of Irish SME managers. Given Ireland's past economic success, we must acknowledge that Irish firms and Irish managers have done much that is right - we know that Irish SME managers, for instance, are particularly good at retaining and developing talent. We find ourselves at a crossroads, however. In order to recover from the current recession and put in place the foundations for future economic development, we must build upon the inherent talent of Irish SME managers and also address those areas of underperformance identified in this report.

I believe that Ireland requires a *national system for management development*. Such a system would see a diverse range of providers offering management programmes which utilise best international practice, in terms of both delivery and content, and which are designed to explicitly meet the needs of the enterprise sector.

From the firm perspective, I would like to see an increased level of participation in management development amongst SME managers, particularly from those cohorts of companies, which to date, have not engaged with either the State or with private providers. It is only by reaching these 'hard to reach' enterprises that Ireland can significantly improve our overall management performance.

I believe that the State has a crucial role in ensuring that management performance in Ireland improves - the State must continue to provide funds to encourage SMEs participate in management development in order to prime the market. Equally importantly, the State must promote management development as an essential tool to support economic growth, emphasising the benefits which can accrue to both firms and individuals from partaking in such development.

I am delighted to present the findings and recommendations of the Management Development Council to the Tánaiste and Minister for Enterprise, Trade and Employment. I would like to thank all of the Council members who gave their time and expertise so generously. Finally I would like to thank the secretariat and research staff in Forfás for all of their work and dedication in bringing this report to its conclusion.



Frank Roche,
Chairman, Management Development Council



Research Methodology

The Management Development Council (MDC) was established to advise Government on the adequacy and relevance of management development provision in Ireland and to promote a coordinated approach to building awareness and appreciation in small and medium-sized businesses for the value of and need for upgrading leadership and management skills.

Since their first meeting in September 2007, the Council has met on ten occasions. The meetings enabled members to discuss findings, provide inputs to ongoing work, and to highlight areas of research that could be undertaken to aid the progress of the report. The Council was supported by the secretariat in Forfás who managed the work of the Council and undertook the research upon which this report is based. The various strands of the Council's work are summarised below.

- **Stakeholder Consultations:** The Council and secretariat engaged with a large number of stakeholders, including providers and development agencies, to develop and verify the evidence base. In addition, the Secretariat consulted with individual Council members to gain a better insight into their particular area of expertise;
- **Workshops:** A number of workshops were held with SME managers to determine their views on the current state of provision in Ireland, and to identify those elements of provision which SMEs considered most appropriate to their needs;
- **Literature Review:** This included a review of best practice in design and delivery of management development programmes and a review of literature examining best management practice;
- **Data Analysis and Empirical Research:** The Council interrogated publicly available data sources on a range of relevant issues, including participation rates amongst SMEs in management development, SME productivity levels, and other indicators of SME performance;
- **Survey of SMEs:** In order to gauge the attitudes of the Irish SME base towards management development in greater detail, the Council commissioned Red C Market Research to survey 500 Irish SMEs, enquiring as to the extent and nature of their participation in management development. This survey also sought to understand the reasons for non-participation in management development;
- **Benchmarking:** In order to compare managerial performance in Irish SMEs vis-à-vis leading international performers, the Council commissioned McKinsey & Co. to undertake an all-island study into management practices in the manufacturing and internationally traded sectors. This was a key input to the overall study;
- **Public Submissions:** In 2007, the Council sought public submissions, from providers of management development courses, receiving 50 responses. Questions posed aimed to establish the financing, format and content of the management development programmes that providers deliver; and
- **Case Studies:** Case studies examining delivery methods for management development programmes in both New York and Helsinki were conducted.

Executive Summary

Key Recommendations

A national system for management development, incorporating reform of both supply and demand, should be put in place in order to boost productivity, innovation and competitiveness amongst Irish SMEs. The Department of Enterprise, Trade and Employment should champion the management development agenda.

Demand-side reforms include:

- (i) Participation in relevant management development programmes amongst SMEs not currently catered for by either the CEBs or EI should be promoted through the development of networks of managers.

Supply-side reforms include:

- (ii) The third level sector should play a greater role in the area of management development particularly in the area of continuing and professional development;
- (iii) State funding should be used to drive the use of best practice amongst management development training providers to the greatest extent possible; and
- (iv) Regular research should be conducted to ensure that the best practice guidelines highlighted in this report remain relevant and up-to-date.

Funding proposals include:

- (v) Private companies already provide most of the funding for management development without recourse to the State and the Council would like to see this continue;
- (vi) The County Enterprise Boards should continue to address management development in companies employing up to 10 people;
- (vii) Enterprise Ireland's role dealing with management development in high potential start ups (HPSUs) and Growth Companies should be maintained; and
- (viii) The State should provide a funding allocation starting at €10-12 million per annum from the National Training Fund to fund management development networks.

Introduction

Building on the work of the Enterprise Strategy Group¹, the Expert Group on Future Skills Needs (EGFSN)² and the Small Business Forum³, the Management Development Council (MDC) was established in 2007 to advise Government on the adequacy and relevance of management development provision in Ireland and to promote a coordinated approach to building awareness and appreciation in small and medium-sized businesses for the value of and need for upgrading leadership and management skills. The terms of reference for the Council can be found in Section 1.1 of the main report and the membership of the Council is provided in Appendix A.

This report identifies areas for improvement in management practice amongst Irish SMEs. It further argues that improving management capability within SMEs through management development can lead to significant returns to the State in terms of increased Gross Value Added, increased employment, better business survival rates, and a more skilled workforce. The Council believes, therefore, that the State should use its resources to leverage increased participation in management development initiatives, to improve the quality of management development offered to SME

1 Enterprise Strategy Group, Ahead of the Curve - Ireland's Place in the Global Economy, 2004

2 EGFSN, SME Management Development in Ireland, 2006

3 Small Business Forum, Small Business is Big Business, Report of the Small Business Forum, 2006

managers and to put in place a sustainable system leading to a permanent increase in management capabilities amongst Irish SMEs.

The economic environment within which this report has been drafted has changed dramatically since the Council was established. The Council is cognisant of the fact that public funding for training the employed (which includes support for management training) has been significantly reduced with the focus moving to programmes for the unemployed. This process is likely to intensify as the number of job seekers grows, and so no absolute assurance can be given that public funding for training those in employment will be available in the medium term. The Council is convinced, however, that continued State investment in management development is crucial to Ireland's economic development and believes that the recommendations herein have relevance well beyond the current recession.

What is Management Development?

Management refers to the organisation and coordination of the activities of an enterprise in accordance with certain policies and in the achievement of clearly defined objectives. Management development, therefore, is the process by which the management competencies of a manager or a management team are enhanced. For the purposes of this report, the MDC have defined 'Management Development' as:

“Any form of training, formal or informal, accredited or non-accredited, which enhances the ability of an SME manager to provide direction, facilitate change, use resources, work with people, achieve results, or manage self and personal skills”.

While this definition is broad enough to cover a wide range of activities, the Council attaches particular importance to investment in management development that focuses on strategic management and other high level competencies that assist firms to expand and prosper.

The focus of the MDC's work is on Micro, Small and Medium Enterprises. For the purposes of this report, the MDC have opted to use the EU definition of SMEs (using employment criteria only) which categorises companies with fewer than 10 employees as 'micro', those with fewer than 50 as 'small', and those with fewer than 250 as 'medium'. Additionally, the Council is concerned with the management of all categories of SME managers, whether owner managers, managers employed by an indigenous Irish company or a member of the management team in a foreign owned company.

Ireland's Current Performance

The Council is particularly concerned with two major issues in relation to management skills:

- The level of participation in management development amongst SMEs; and
- The quality of management development provision.

Unfortunately, there are relatively few international benchmarks of management practice available. The IMD measure the 'efficiency of SMEs' on an annual basis - in 2008, Irish SMEs were ranked 21st, well behind leading performers such as Hong Kong, Austria, US and the Scandinavian countries⁴.

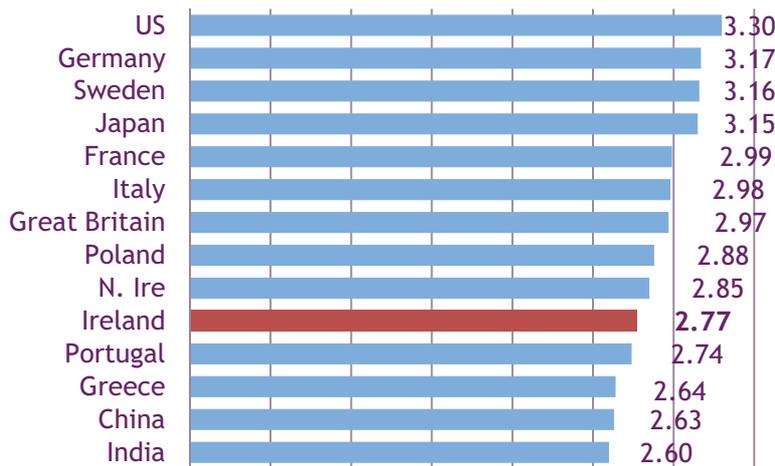
Perhaps the most relevant available international comparable data on management practice in SMEs is based on work undertaken by McKinsey & Co. Over the last number of years, McKinsey & Co. have measured and benchmarked management practices in 5,600 manufacturing firms employing between

4 IMD, World Competitiveness Yearbook 2008

50 and 5,000 employees across 14 countries, including Ireland⁵. Based on this work, McKinsey & Co. have concluded that:

- Management practice in the high value manufacturing sector is above average, and ahead of Great Britain (5th out of 14)
- Aggregate management practices across all manufacturing sectors in Ireland lag performances amongst similar firms in the highest-performing countries (the US, Germany, Sweden and Japan) - Irish firms are ranked just 10th out of 14 countries.
- Mean performance in Ireland is also below global averages for almost all sectors of manufacturing other than the high value manufacturing sector.
- There is considerable variation in performance by sector and firm size, and firm category. Irish firms employing between 50 and 250 employees are ranked just 12th out of 14 countries.
- Some of these findings are illustrated in *Figures 1* and *2* below. *Figure 1* illustrates Ireland's overall score vis-à-vis other benchmarked countries for all surveyed firms with between 50 and 5,000 employees, while *Figure 2* focuses on the same data for the subset of SME's surveyed.

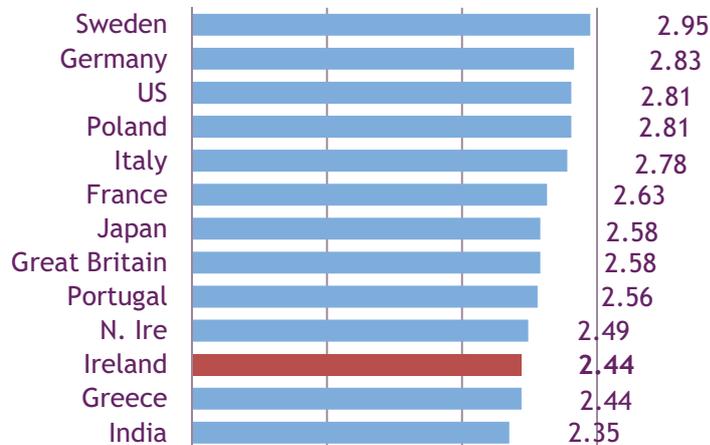
Figure 1: Mean Management Practice Score by Country, 50-5,000 Employees (1-5)



Source: Management Matters in Northern Ireland and Republic of Ireland, March 2009

⁵ The MDC, in partnership with Forfás, the Department of Education and Learning (DELNI), the Department of Enterprise, Trade and Investment (DETINI), Invest Northern Ireland, and InterTrade Ireland commissioned McKinsey & Co. to extend their international analysis of management practices to include firms in Ireland and Northern Ireland. The data was analysed with a particular focus accorded to firms employing between 50 and 250 employees, in order to address the specific concerns of the MDC. Over 150 Irish-based firms were interviewed and assessed on a scale of 1 to 5. The survey results refer to manufacturing firms only - results from a McKinsey & Co. pilot survey of 50 Irish firms in the tradable services sector suggest that management practices are better in services than in manufacturing in Ireland. The final report from this work *Management Matters in Northern Ireland and Republic of Ireland*, March 2009, is available from www.managementdevelopment.ie.

Figure 2: Mean Management Practice Score for SMEs by Country, 50-250 Employees (1-5)



Source: Management Matters in Northern Ireland and Republic of Ireland, March 2009

As well as measuring performance, the McKinsey & Co. study examined the reasons for Ireland's relative underperformance.

- Structural factors account for 38 percent of the gap in management practice between Irish manufacturing firms and firms in the leading performer (the US). These factors include *Size of Firm, Ownership Type, Skills and Qualifications* and the degree of *Labour Market Flexibility* in the economy.
- In Ireland's case, the *Presence of Multinational Enterprise* improves the average score, as larger MNEs tend to have better management practices than smaller firms.
- The high proportion of small and/or owner-managed firms in Ireland, many of whom do not engage in management development training, leads to a relatively large proportion of low scoring companies.
- The remainder of the gap between management performance in Ireland vis-à-vis the US relates to other, non-structural factors such as relatively poor operations management and poor target management, indicating that manufacturers have been slow to adopt many of the modern production techniques that have been applied with great success across industry and in other countries.
- Scores in Irish firms for people management are also below average. The implication is that while firms work hard to attract good people, they are far less effective at equipping their employees to deliver improved performance and at motivating them to do their best.
- A detailed examination of the criteria used in the survey to assess management highlights three areas where Irish SMEs need to improve their practice: firms in Ireland are poor at defining a balanced set of financial and operational metrics necessary to align the shop floor with the corporate agenda. They are poor at reviewing performance against these metrics, and firms are reluctant to take the necessary corrective actions to tackle poor performance.

Why Management Development Is Important

The Council believes that investment in management skills is vital from both a business development perspective and from a human capital perspective.

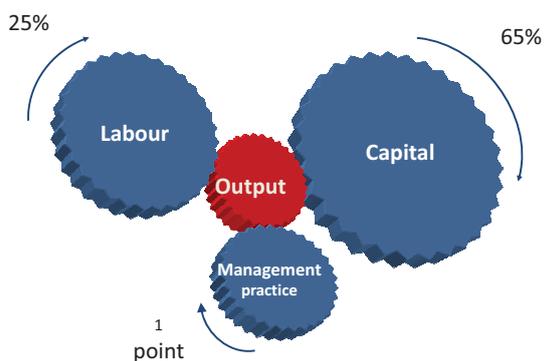
The Business Development Case

At a global level, the available research shows that there is a strong relationship between management practice and business performance. The OECD has found a positive relationship between management development, management practice and the bottom line performance of a firm. According to the OECD study on high-growth SMEs, good management is vital for better performance⁶. Officials in the United Kingdom have noted how “the balance of evidence indicates that formal training and development cuts failure rates by half - all other things being equal” and that “failure rates could fall from one in three in the first three years to one in ten where training was undertaken”⁷.

In Ireland, over the short term, the Council believes that continued investment in management development can help to counteract the impact of the recession and contribute to economic growth. Management development that focuses on issues of immediate concern to SMEs, can allow managers to put in place practices which will assist their firms to survive the current recession. Management skills are crucial for firms adapting their business offerings, or moving into new markets, as well as for firms striving to be innovative. All of these activities contribute to job retention (it is generally acknowledged that it is easier and more cost effective to maintain existing employment than to create new employment), thus reducing the impact of the recession on unemployment and subsequently on social welfare payments, while at the same time adding to government revenues through income tax, VAT, and corporation tax. In addition, high-growth SMEs are large net job creators and drivers of economic growth.

In the longer term, McKinsey & Co. have found that improved management practice is associated with large increases in productivity and output. McKinsey & Co. have found that management performance is closely correlated with a range of corporate performance metrics, including labour productivity, sales growth and return on capital employed. The findings of the research suggest that a single point improvement in a firm’s management practice score is associated with an increase in output equivalent to that produced by a 25 percent increase in the labour force or a 65 percent increase in invested capital (*Figure 3*). This observation holds true even after controlling for a variety of factors, including the firm’s country, sector and skill level, ownership type, size, and profitability.

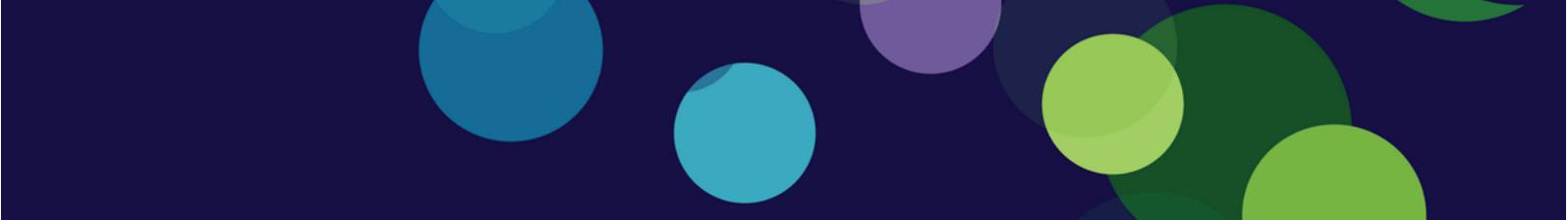
Figure 3: Effect of Increased Factor Inputs on Output



Source: Management Matters in Northern Ireland and Republic of Ireland, March 2009

6 OECD, Management Training in SMEs, 2003

7 SFEDI, Small Firms Training Impact Assessment, Executive Summary, SFEDI Centre for Enterprise, 1999



The large number of SMEs active in Ireland ensures that the wellbeing of the entire economy is inextricably linked with the wellbeing of the SME sector. According to the CSO, 81 percent of all industrial enterprises in Ireland in 2005 were small firms employing between 3 and 49 people. In total, 3,575 small firms employed just under 50,000 people (while the remaining 843 medium and large sized firms in the sector employed just over 181,000). In the service sector, 98 percent of firms were classified as small firms (82,000 firms employing almost 380,000). Another 211,000 people were employed in small construction firms⁸, although this number has most likely fallen significantly since then.

The Human Capital Perspective

Management development must also be viewed as a critical element of the Government's strategy to build the *Smart Economy*⁹ which accords significant focus to the upskilling and human capital agenda. In this regard, the Council believes that management skills represent a subset of the overall skills package required to support future economic development and so see a significant degree of complementarity between the management development agenda, the strategy for economic renewal and the ambitious upskilling targets outlined in the *National Skills Strategy*¹⁰. Furthermore, we know that managers who undergo training and development are more likely to send their staff on training programmes. Actions that improve participation in management development can, therefore, have a significant impact on overall levels of education and training across the entire economy.

Return on Investment

The Council believes that improvements in Irish management practices could potentially generate significant benefits for the Irish economy. Analysis undertaken by McKinsey & Co. provides one measure of the potential returns which can accrue from investment in management development, leading to enhanced management practice. Over the last number of years, McKinsey & Co. have measured and benchmarked management practices in 5,600 manufacturing firms employing between 50 and 5,000 employees across 14 countries, including Ireland. Based on this analysis, it is estimated that bringing the lowest rated two quartiles of firms in the Republic of Ireland up to the average level (as measured by McKinsey & Co. on a scale of 1-5) would increase average management practice scores by one third of a point. This could be worth between €500m-€2.5bn in terms of increased Gross Value Added in the manufacturing sector alone. Failure to invest sufficiently in management development would put this potential return at risk.

Role of the State

Having found that management skills are important for firm level productivity and for wider economic growth, and recognising that Irish SMEs have significant scope to improve their performance, the Council considered the role that the State should play in promoting and funding management development.

At present, the Council believes that participation in management development is sub-optimal and, in some cases, the development that is undertaken does not necessarily reflect the type of transformational, productivity-enhancing training advocated by the Council. Participation in management development is poor as a result of a number of factors, including:

8 CSO, *Small Business in Ireland*, May 2008.

9 Department of the Taoiseach, *Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal*, Government of Ireland, 2008

10 Expert Group on Future Skills Needs (EGFSN), *Tomorrow's Skills: Towards a National Skills Strategy*, 2007

- A lack of appreciation for the need for and benefits of management development, particularly among non-engaged SMEs;
- A perceived lack of relevance of programmes to the needs of micro and small firms;
- Confusion amongst potential customers over the range and quality of the courses on offer, as well as a lack of certainty over the content of the various courses and the competencies which participants would acquire.
- Limited regional access to relevant management development courses;
- Financial cost; and
- Time constraints.

These factors, combined with the fact that individuals and firms often under-invest in their own skills due to their perceived inability to capture the returns to their investment have created a problem that can most efficiently be addressed through State funding for management development, combined with continued private sector funding. In order to benefit from the potential return identified in the McKinsey & Co. study as a result of improved management practice, the Council has developed a number of recommendations designed to increase participation in management development.

Recommendations

The Council has outlined an ambitious vision for management practice in Ireland - that managers in Ireland would not just meet best international standards, but would in fact set these standards. More specifically, the Council would like to see the proportion of SME's participating in management development, particular in transformational and strategic courses to increase from:

- 45 percent to 70 percent for micro firms (approximately 53,000 firms);
- 62 percent to 80 percent for small firms (approximately 8,000 firms); and
- 87 percent to 90 percent for medium firms.

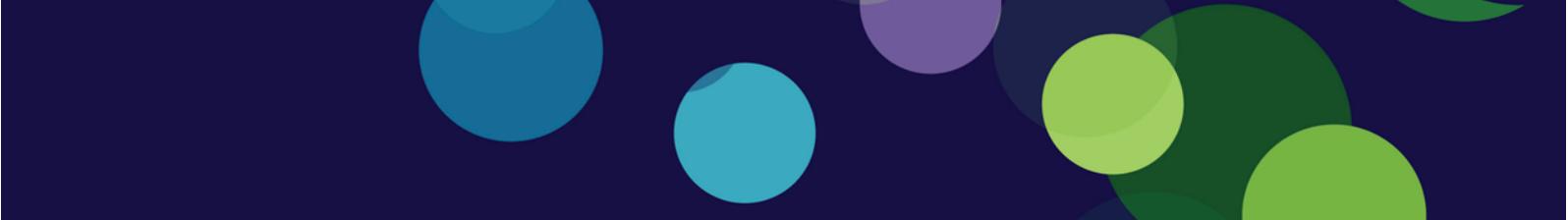
These target figures reflect the proportion of firms who expressed intent to participate in management development training when questioned as part of the MDC's Red C Survey, and also build upon the judgement and experience of the Council members.

In addition, the Council would like to see a greater proportion of firms engaging in longer-term, transformational, productivity-enhancing courses that will affect a major positive step-change in firm level performance, than the current practice of firms engaging in primarily short term, often compliance-related courses.

Given the importance that good management practice plays in sustaining economic growth, the Council feels that it is vital that the State maintain a level of funding for management development, notwithstanding the current economic recession. This would leverage further private sector expenditure (which still accounts for the majority of the annual spend on management development).

In order to effect real long term change, the Council believes that a ***national system for management development*** must be put in place, and that both supply and demand must be reformed in parallel. This requires an overhaul in provision, with new providers being enticed into the market where opportunities arise and existing providers demonstrating greater flexibility and relevance in their offerings. At the same time, the Council would like to see a greater appreciation of the value of management development and its potential contribution to economic growth amongst both SME firms and policymakers.

While the Council believes that structural reforms will provide a significant impetus to increase participation in management development, such reforms alone will not be sufficient to achieve the



step change envisaged in the Council's vision. In addition to ensuring that the market is structured in an optimum manner, the Council believes that a number of other supporting actions are required, including the dissemination of management development information, awareness creation, and the promotion of best practice delivery. Each element of reform is considered in detail in the following sections.

Demand-side Reform: Management Development Network

The Council recommends that participation in management development be increased through the creation of a Management Development Network. Essentially similar to existing training networks, a Management Development Network would replace the current fragmented range of state supports for management development¹¹. Further, it would represent a practical solution to achieving the **multiplier effect needed** to engage a large number of SMEs through a combination of 'bottom-up' firm-led activity and 'top-down', target-driven activity undertaken by the network manager. The Management Development Network would also be a **demand-led** method of increasing SME participation in management development training and one that differs substantially from the current supply-led system. The Management Development Network would also utilise face-to-face interaction with SME managers in order to boost participation. In addition, the Management Development Network would **leverage significant matching private sector funding** creating a multiplier effect - the more the State invests, the more private sector funding will be leveraged. Finally, the network could be designed to operate as a **'one-stop-shop'** tasked with overseeing the promotion of the management agenda, and responsible for improving information flows and the development of an appropriate training needs diagnostic tool.

The Council recommends the creation of a Management Development Network that would operate in a manner similar to the current arrangements for training networks, albeit with a number of modifications designed to enhance performance and minimise costs.

Rather than establishing a multitude of competing networks, the Council believes that a partnership approach, encompassing all key stakeholders and trade associations would work best, eliminating duplication of effort, and maximising the number of SMEs represented. This would see all of the main players in the SME space working together, under the auspices of an existing agency currently funded under the National Training Fund (NTF), or by the Department of Enterprise, Trade and Employment. The agency selected to fulfil this role would be known as the managing authority.

A network manager, appointed by the managing authority, would assume responsibility for the day-to-day running of the network. The network manager would issue a call for submissions from potential providers seeking to supply management development training in response to SME needs. A competitive tendering process would then be applied to source the most suitable, responsive and cost effective providers - both public and private sector providers, as well as third level institutions would all be encouraged to tender to run management development programmes utilising best practice delivery methods.

Once a provider (or providers) has been appointed, the provider in conjunction with the network manager would be responsible for recruiting participants to the programmes run by the Management Development Network - a critical mass of companies/managers would be required to make the network viable. All of the various trade associations would be asked to refer their clients to the network.

Other Functions to be undertaken by the Network

¹¹ In the context of the recommendations in this report, a "Management Development Network" refers to a network entity or structure (housed within an existing state body), within which a number of smaller networks can operate. A detailed description of network operation is outlined in Section 4.



In addition to operating as the channel through which firms, stakeholders and providers interact to ensure provision and demand match, the network will need to undertake a number of additional functions, including:

- **Awareness:** The network will need to raise awareness about the importance of management development and to let firms know what courses are available. Creative approaches must be considered to ensure that the management development message reaches the ears of those who need to hear it. In particular, the role of the various trade associations and sectoral representative bodies, as well as other relevant stakeholders will be critical;
- **Improve Information Flows:** In order to rectify the information deficit, the Council believes that the development of a dedicated management development website is an essential element of a 'one-stop-shop'. As well as providing information on management courses to interested firms and individuals, it is envisaged that any such website would include a diagnostic tool (or Training Needs Analysis (TNA)) which would support organisations in the self-evaluation of their training and developmental needs;
- **Promote a Common Language:** The use of a common language in relation to management development and the benefits which can accrue from participation in such courses will be important - rather than focusing on management development per se, the focus should be on improved profitability, increased sales and export growth which is much more likely to resonate with managers than the academic type language used in many management textbooks;
- **Encourage Best Practice:** The Management Development Network should promote the use of best practice while recognising that a 'one size fits all' approach is not appropriate;
- **Promote Strategic Programmes:** The Management Development Network should promote the take-up of transformational courseware; and
- **Evaluation:** In line with the general move towards greater evaluation of public expenditure, the Council recommends that a rigorous evaluation process be put in place for all State-funded management development provision.

Supply-side Reform

In order to boost overall management capability in Ireland, there is a need to develop all streams of provision, including those which to date have been underutilised. Specifically, the Council would welcome greater involvement of the third level sector in the area of management development. The prevalence of third level institutions throughout the country would address some of the concern about the limited availability of management development courses in many regions outside of Dublin. The Institute of Technologies' *Flexible Learning Initiative* is a prime example of a move towards the type of flexible provision which will be required if the third level sector is to increase its management development offerings.

Research Function to Underpin Management Development

In order to ensure that management development provision reflects best practice on a continuing basis, there is a need to identify a centre for research into management development which can be tasked with undertaking regular research into this issue. The entity chosen to fulfil this research remit might also be required to produce and submit an annual report to the Department of Enterprise, Trade and Employment (DETE). At present, the Irish Management Institute (IMI) seems best placed to fulfil this role, although any decision to award public funding for research purposes should be subject to a competitive tendering process.

Funding Reform

The Council believes that State funding will continue to be required in the short-medium term in order to incentivise participation in management development amongst firms. In terms of how this funding should be utilised, the Council recommends that:

- That the County Enterprise Boards continue to address management development in companies employing up to 10 people. The CEBs are amongst the organisations best placed to engage with firms on the ground - the Red C survey found that a significant proportion of participants in management development had engaged with the various State agencies. The CEBs are also in a position to strengthen the links between Institutes of Technology and firms in the area of management development - this is already occurring though a number of initiatives such as the Enterprise Platform Programmes, LEAP, Enterprise Acceleration Centres;
- Enterprise Ireland's role addressing the needs of HPSUs and Growth Companies be maintained; and
- A new 'one-stop-shop' approach be taken to encourage participation in management development through Management Development Networks.

Costs

The Council recommends that the State's contribution be used to 'prime' the market. The Council proposes that the State's level of subvention for management development networks should be capped at 50 percent of total costs, with equally matched funding being provided by the private sector beneficiaries of the training. Subvention rates could vary according to company size, with higher rates being granted to micro and small companies, and/or by type of programme, with accredited or transformational courses granted higher rates. While the proportion of course costs covered by firms would increase, a more competitive marketplace for management development courses facilitated by the Management Development Network would ensure that the absolute cost of courses falls.

In order to meet the targets set out in the vision, the Council estimates that over 60,000 micro and small firms would need to engage in management development between 2010 and 2020¹². It would seem reasonable to assume that significant progress could be achieved for an investment starting at €10-12 million per annum¹³. This amount could be increased if the level of demand from firms warranted such an increase¹⁴.

It will be necessary to put in place a ring-fenced line of funding specifically for management development so that management development is given a specific focus¹⁵. The *National Training Fund* (NTF), which is designed to support training for those in employment, is the appropriate source for this funding¹⁶.

12 CSO, *Small Business in Ireland*, 2008.

13 This figure is based on (i) the average cost per existing network averaging approximately €200,000; and (ii) the assumption that on average each existing network engages with 100 firms.

14 In the short term at least, this tranche of funding would supplant the allocations given to both Skillnets and FÁS in recent years which, back in 2007, totalled approximately €20m.

15 The *Finuas* initiative which is funded through the National Training Fund provides a precedent for such a funding model.

16 The National Training Fund was established under the [National Training Fund Act, 2000](#), as a dedicated fund to finance a range of schemes aimed at raising the skills of those in employment; providing training to those who wish to acquire skills for the purposes of taking up employment; and providing information in relation to existing, or likely future, skills requirements in the economy. The Fund is resourced by a levy on employers of 0.7% of reckonable earning in respect of employees in Class A and Class H employments.



Finally, in order to ensure that the State's money is being spent effectively, clear targets should be set and regular evaluations of outcomes should be conducted.

Targeted Spend

In the medium term, the Council would also like to see State funding concentrated on those interventions that are more likely to lead to significant productivity and performance improvements amongst firms. Specifically, State funding needs to be more focused on transformation courses that lead to recognised outputs and qualifications. These management courses are generally of longer duration, and linked with the *Business Leadership Skills* outlined in *Chapter Three*. Conversely, there should be reduced levels of State funding made available for courses that are compliance-based or regulatory requirements for firms. This could be incorporated in the form of "tiered" subvention rates that increase with the level of accreditation for a given programme.

The Council also recognises, however, that in order to build the *Smart Economy*, we must first help existing SMEs to survive the current economic downturn. In particular, SME managers are likely to benefit from management education and training courses which contribute to revenue generation, and firm efficiency - while these programmes do not represent the type of strategic, transformational courses that the Council would ultimately like all managers to engage in, they are vital if Irish firms are to survive the downturn.

Implementation

The Council believes that as the home of both the national skills strategy, and the overall enterprise development agenda, DETE is also the natural 'champion' of the management development agenda. This would put the management development agenda at the heart of enterprise and labour market policy. The Minister for Enterprise, Trade & Employment would be a powerful advocate for the promotion of the management development amongst the SME sector, raising firm-level awareness of the benefits of management development. Fora established by the Department, in particular a reconstituted Small Business Forum, could act as a conduit for the advancement of the recommendations.

1. Introduction

1.1 Background

In 2007, the Management Development Council (MDC) was established to advise Government on the adequacy and relevance of management development provision in Ireland and to promote a coordinated approach to building awareness and appreciation in small and medium-sized businesses for the value of, and need for, upgrading leadership and management skills.

Building on the work of the Enterprise Strategy Group¹⁷, the concept of a Management Development Council was first mooted by the Expert Group on Future Skills Needs (EGFSN)¹⁸ and by the report of the Small Business Forum¹⁹, all of which recognised the importance of management skills to the future development and competitiveness of the Irish economy, particularly within Small and Medium Enterprises (SMEs).

1.1.1 Terms of Reference

The terms of reference for the MDC, as set out by the Minister for Enterprise, Trade and Employment identify two strands of work with associated objectives and tasks:

Strand 1

Objectives:

- Establish the profile, adequacy and relevance of management development provision in Ireland.
- Identify good practice management development provision in Ireland and internationally and examine how such models could be extended or rolled out in Ireland.
- Develop action plans to close identified gaps in management development provision in Ireland.

Delivering upon these objectives will involve the following key tasks:

- Profiling the current provision of management development in Ireland. A broad definition of management development will be employed to include formal course provision, mentoring, networking opportunities etc. This will be achieved through a survey of public and private management development provision. The profile of funding of management development will also be established as part of this process.
- In consultation with SME owner managers, report on the relevance and adequacy (coverage) of existing provision. This will involve identifying gaps in current provision and making policy recommendations in relation to State-funded provision and the stimulation of the private provision market.
- Action the second item with reference to good practice in other jurisdictions.

Strand 2

Objective:

- Promote the development of a coordinated approach to building awareness and appreciation in the SME sector for the value of and need for upgrading leadership and management skills.

Delivering upon this objective will involve the following key tasks:

17 Enterprise Strategy Group, Ahead of the Curve - Ireland's Place in the Global Economy, 2004

18 EGFSN, SME Management Development in Ireland, 2006

19 Small Business Forum, Small Business is Big Business, Report of the Small Business Forum, 2006

- Formulate a coordinated plan with associated targets to effect the stimulation of demand for management development in SMEs; identifying any practical responses from the State or private industry to overcoming barriers to participation unique to management development participation;
- Report annually (in a format to be determined in consultation with DETE) on progress in relation to the incidence and effectiveness of management development provision.

It is important to note that the focus of the MDC's work is on Micro, Small and Medium Enterprises. For the purposes of this report, the MDC have opted to use the EU definition of SMEs (using employment criteria only) which categorizes companies with fewer than 10 employees as 'micro', those with fewer than 50 as 'small', and those with fewer than 250 as 'medium'. Additionally, the Council is concerned with the management of all categories of SME managers, whether owner managers, managers employed by an indigenous Irish company or a member of the management team in a foreign owned company.

1.1.2 MDC Membership

The membership of the MDC, announced in May 2007 by the Minister for Enterprise, Trade and Employment for the period to December 2009, comprises representatives of business organisations, education, Government bodies, State Agencies and independent experts (see *Appendix A* for membership of the MDC). Secretariat and research services to the MDC are provided by the Human Capital and Labour Market Policy department of Forfás.

1.2 What is Management Development?

Management refers to the organisation and coordination of the activities of an enterprise in accordance with certain policies and in the achievement of clearly defined objectives. Management development, therefore, is the process by which the management competencies of a manager or a management team are enhanced. For the purposes of this report, the MDC has defined 'Management Development' as:

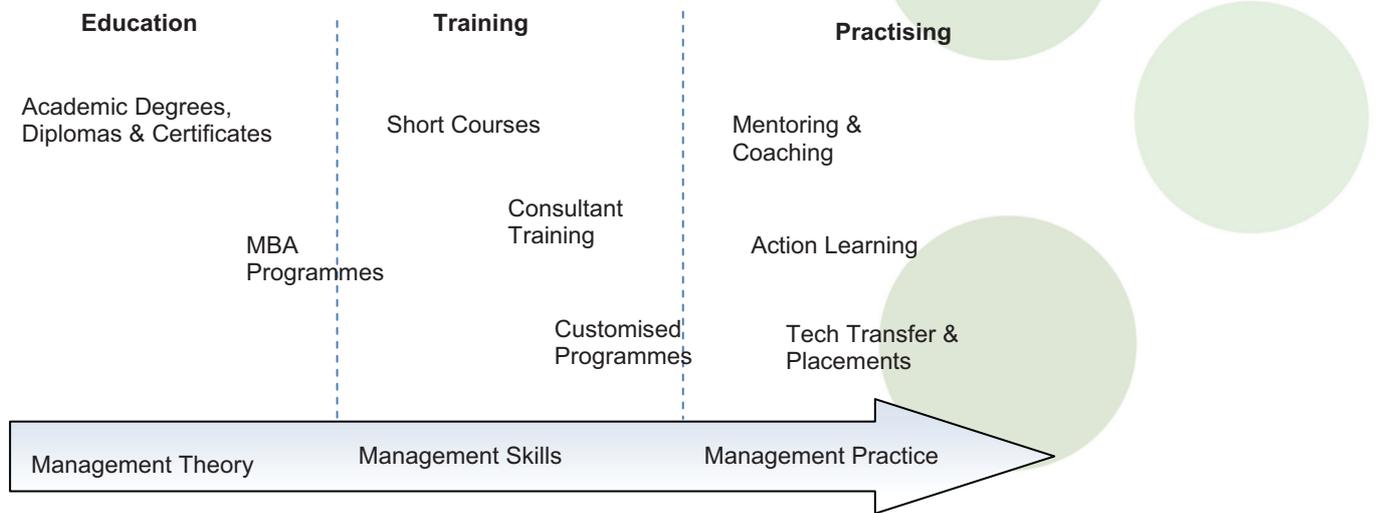
“Any form of training, formal or informal, accredited or non-accredited, which enhances the ability of an SME manager to provide direction, facilitate change, use resources, work with people, achieve results, or manage self and personal skills”.

Management is more of a craft than a science or profession. Unlike in sciences and professional disciplines, there is rarely 'one best way' to manage any given situation; the correct management approach largely depends on context and situation, and, therefore, this definition is wide enough to encompass any form of development which managers might benefit from. As the definition is so wide it is likely that a wide range of solutions will be required to boost the stock of management skills in Ireland, ranging from development designed to improve basic competency levels to programmes which target more strategic elements of management practice.

It is clear that the theory of management and the principles of functional and commercial activities (e.g. marketing, financial management) can be successfully taught in a classroom setting. However, many critical managerial competencies or abilities such as communication skills, relationship building, decision making, and resilience, are not easily developed through lectures or consumption of written material. These less tangible, but critical managerial competences are best developed through experiential learning.

The development of effective and successful SME managers requires the combination of both traditional theoretical learning with experience based learning. *Figure 4* below illustrates the subtle differences between theory based learning, skills based training and experiential (practice based) learning. This does not suggest, however, that theory is absent from training and practice based learning methodology such as action learning. The essence of action learning is to reflect on experience through the lens of theory such that theory provides insights to practice and practice informs and challenges theory.

Figure 4: Management Education, Training and Practice



1.3 The Context of the MDC Report

The sheer number of SMEs active in Ireland ensures that the wellbeing of the entire economy is inextricably linked with the wellbeing of the SME sector. According to the CSO, 81 percent of all industrial enterprises in Ireland in 2005 were small firms employing between 3 and 49 people. In total, 3,575 small firms employed just under 50,000 people (while the remaining 843 medium and large sized firms in the sector employed just over 181,000). In the service sector, 98 percent of firms were classified as small firms (82,000 firms employing almost 380,000). Another 211,000 people were employed in small construction firms²⁰.

While it is difficult to definitively measure the number of managers (either owner managers or managers employed by companies), the same CSO publication also draws on data from the *Quarterly National Household Survey (QNHS)* to examine employment by both firm size and occupation, allowing us to estimate the number of managers working in Ireland. In Quarter 2 of 2007, over 213,000 people in employment in firms employing less than 50 people were classified as *managers and administrators*. The same data, interrogated by employment status rather than occupation, reveals that almost 108,000 people working in firms employing less than 50 employees were classified as *self employed with paid employees* while another 216,600 were deemed to be *self employed without paid employees*. Either measure might be used as a proxy for the number of managers working in small firms in Ireland. Despite the discrepancies in the data and definitions employed, it is clear that management development within SMEs is an issue of critical importance for enterprise development in Ireland.

1.3.1 The Fiscal Environment

The economic environment within which this report has been drafted has changed dramatically since the Council was established. The Council is cognisant of the fact that public funding for training the employed (which includes support for management training) has been significantly reduced with the focus moving to programmes for the unemployed. This process is likely to intensify as the number of job seekers grows and so no absolute assurance can be given that public funding for training those in employment will be available in the medium term. The Council is convinced, however, that

²⁰ CSO, Small Business in Ireland, May 2008.



continued State investment in management development is crucial to Ireland's economic development and believes that the recommendations herein have relevance well beyond the current recession.

1.4 Why Management Development Is Important

The Council believes that investment in management skills is vital from both a business development perspective and from a human capital perspective.

1.4.1 The Business Development Case: Survive & Thrive

At a global level, the available research shows that there is a strong relationship between management practice and business performance. The OECD has found a positive relationship between management development, management practice and the bottom line performance of a firm. According to the OECD study on high-growth SMEs, good management is vital for better performance²¹. Officials in the United Kingdom have noted how “the balance of evidence indicates that formal training and development cuts failure rates by half - all other things being equal” and that “failure rates could fall from one in three in the first three years to one in ten where training was undertaken”²².

In general, firm performance improves as a result of participation in management development primarily through the adoption of more efficient management practices, both in terms of time savings, as well as efficiency gains achieved through the diffusion of better practice and increased levels of innovation throughout all levels of a firm. This could involve mobilisation of previously unused skills in managers, or the implementation of new skills acquired directly from a management development course.

At a national level, survey evidence gathered as part of the Council's research suggests that medium sized firms are more likely to participate in management development courses than micro and small firms. The McKinsey & Co. evidence has shown that medium sized firms in Ireland outperform smaller firms in terms of management practice - it is logical, therefore, to assume that a firm's participation in management development has a direct impact on their management practice.

In Ireland, over the short term, the Council believes that continued investment in management development can help to counteract the impact of the recession and contribute to economic growth. Management development that focuses on issues of immediate concern to SMEs, can allow managers to put in place practices which will assist their firms to survive the current recession. Management skills are crucial for firms adapting their business offerings, and moving into new markets. All of these activities contribute to job retention (it is generally acknowledged that it is easier and more cost effective to maintain existing employment than to create new employment), thus reducing the impact of the recession on unemployment and subsequently on social welfare payments, while at the same time adding to government revenues through income tax, VAT, and corporation tax.

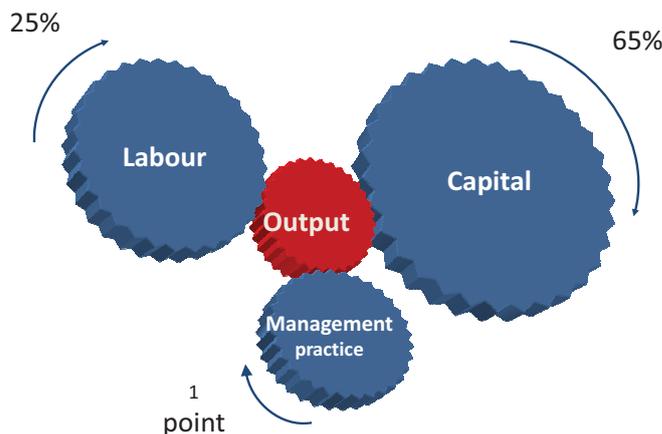
In the longer term, McKinsey & Co. have found that improved management practice is closely correlated with a range of corporate performance metrics, including labour productivity, sales growth and return on capital employed. High-growth SMEs are large net job creators and drivers of economic growth. The findings of the research suggest that a single point improvement in a firm's management practice score is associated with an increase in output equivalent to that produced by a 25 percent increase in the labour force or a 65 percent increase in invested capital (*Figure 5*). This

21 OECD, Management Training in SMEs, 2003

22 SFEDI, “Small Firms Training Impact Assessment”, Executive Summary, SFEDI Centre for Enterprise, 1999

observation holds true even after controlling for a variety of factors, including the firm's country, sector and skill level, ownership type, size, and profitability²³.

Figure 5: Effect of Increased Factor Inputs on Output



Source: *Management Matters in Northern Ireland and Republic of Ireland*, March 2009

Given that SMEs constitute such an overwhelming proportion of total firms in Ireland and account for in excess of 54 percent of private sector employment, it is vital that all of the necessary policy supports are in place to assist these firms to compete internationally and to maintain and grow employment in the years ahead.

1.4.2 The Human Capital Perspective

Management development must also be viewed as a critical element of the Government's strategy to build the *Smart Economy*²⁴ which accords significant focus to the upskilling and human capital agenda. In this regard, the Council believes that management skills represent a subset of the overall skills package required to support future economic development and so see a significant degree of complementarity between the management development agenda, the strategy for economic renewal and the ambitious upskilling targets outlined in the *National Skills Strategy*²⁵. In particular, the Council attaches particular importance to investment in management development that focuses on strategic management and other high level competencies that assist firms to expand and prosper.

23 The MDC, in partnership with Forfás, the Department of Education and Learning (DEL), the Department of Enterprise, Trade and Investment (DETI), Invest Northern Ireland, and InterTrade Ireland commissioned McKinsey & Co. to analyse management practices in the Republic of Ireland and Northern Ireland. The data was analysed with particular focus accorded to firms employing between 50 and 250 employees, in order to address the specific concerns of the MDC. Over 150 Irish-based firms were interviewed and assessed on scale of 1 to 5, based on a standardised "double-blind" interview format. For the first time, a pilot study was conducted to measure management performance amongst tradable service firms.

The final report from this work *Management Matters in Northern Ireland and Republic of Ireland* is available from www.managementdevelopment.ie. It is important to note that the international benchmarks relate only to the manufacturing sector and cover only firms employing between 50 and 5,000 employees. This means that micro and small firms employing less than 50 employees are excluded. Furthermore, a pilot exercise to assess competency in services firms was also undertaken but the data gathered for this exercise is not internationally comparable.

24 Department of the Taoiseach, *Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal*, Government of Ireland, 2008

25 EGFSN, *Tomorrow's Skills: Towards a National Skills Strategy*, 2007



Furthermore, we know that managers who undergo training and development are more likely to send their staff on training programmes. Actions that improve participation in management development can, therefore, have a significant impact on overall levels of education and training across the entire economy.

1.5 Return on Investment

The Council believes that improvements in Irish management practices could potentially generate significant benefits for the Irish economy. Analysis undertaken by McKinsey & Co. provides one measure of the potential returns which can accrue from investment in management development, leading to enhanced management practice. Over the last number of years, McKinsey & Co. have measured and benchmarked management practices in 5,600 manufacturing firms employing between 50 and 5,000 employees across 14 countries, including Ireland. Based on this analysis, it is estimated that bringing the lowest rated two quartiles of firms in the Republic of Ireland up to the average level (as measured by McKinsey & Co. on a scale of 1-5) would increase average management practice scores by one third of a point. This could be worth between €500m-€2.5bn in terms of increased Gross Value Added in the manufacturing sector alone. Failure to invest sufficiently in management development would put this potential windfall at risk.

1.6 Ireland's Current Management Performance

The Council is particularly concerned with two major issues in relation to management skills:

- The level of participation in management development amongst SMEs; and
- The quality of management development provision.

Both of these issues are dealt with in detail in *Chapters Two and Three* of this report. It is important to note, however, that the Council are not interested in these issues for their own end. Rather, the Council is interested in enhancing the quality of management *practice* amongst SMEs (through improved quality of provision and increased levels of participation) in order to boost firm level productivity and profitability, leading ultimately to enhanced international competitiveness and improved living standards for all. Productivity data reveal that in many sectors, Irish SME productivity performance continues to lag the leading performers. In the manufacturing sector, labour productivity performance amongst Irish SMEs ranks generally in the mid-range of EU-27 countries, but is amongst the worst performers of the EU-15 countries. The notable exception to this is the performance of SMEs with 50-249 employees, where Ireland ranks highest (*Table 1*). This may be a reflection of the presence in Ireland of larger MNEs in high value added sectors, and their deployment of good management practices.

Table 1: Manufacturing Sectors (NACE D) - Gross Value Added per Employee (€'000) by Company Size (No. of Employees), 2006

		1 to 9		10 to 19		20 to 49		50 to 249
		2006		2006		2006		2006
1	DEN	72.1	FIN	53.8	NED	60.8	IRL	116.2
2	BEL	62.3	BEL	52.9	BEL	60.6	BEL	74.4
3	AUT	60	GBR	52.5	GBR	57.8	NED	72.5
4	FIN	60	DEN	49.1	FIN	56	FIN	65.6
5	GBR	58.3	AUT	47.9	DEN	55.1	AUT	65.4
6	NED	57.1	NED	47	AUT	53.4	GBR	61.3
7	ITA	53.3	GER	46.5	FRA	50.3	DEN	61.1
8	FRA	45	ITA	44.6	ITA	49.7	ITA	58.7
9	IRL	44.1	FRA	43.5	GER	47.3	GER	55.9
10	GER	43.3	IRL	40.5	IRL	46.1	FRA	52.3

Source: Eurostat

In terms of services, Irish SMEs perform relatively strongly (*Table 2*). Belgium, Finland and Denmark consistently register the highest productivity levels.

Table 2: Services (NACE G, H, I and K) - Gross Value Added per Employee (€'000) by Company Size (No. of Employees), 2006

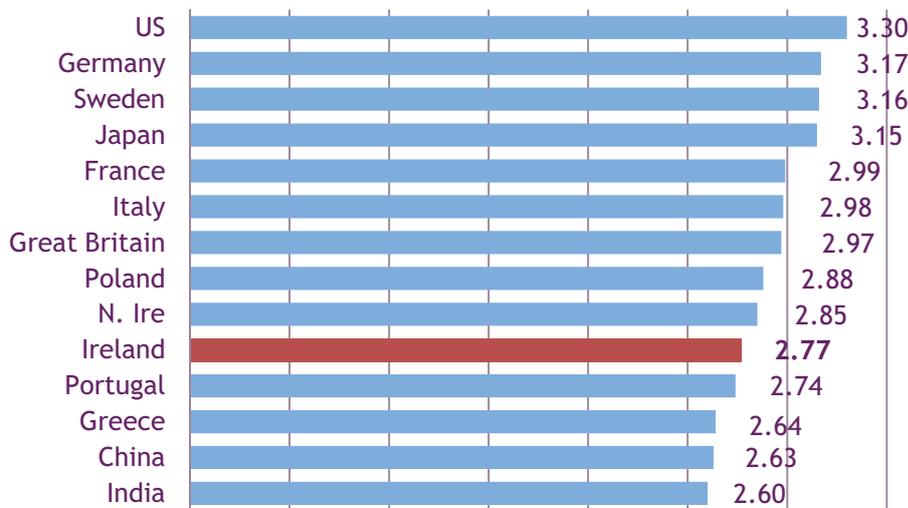
		1	2 to 9		10 to 19	20 to 49		50 to 249		
		2006	2006		2006	2006		2006		
1	IRL	93.85	DEN	71.68	BEL	54.73	BEL	63.05	BEL	69.23
2	GER	86.43	NED	50.63	DEN	52.30	IRL	54.45	AUT	59.73
3	DEN	79.28	FIN	48.00	FIN	51.33	FIN	54.20	GBR	58.78
4	FRA	61.55	IRL	47.33	GBR	48.00	FRA	51.63	FIN	56.95
5	GBR	60.30	GBR	43.20	IRL	45.58	DEN	50.73	IRL	56.10
6	FIN	54.80	FRA	41.90	FRA	45.23	AUT	50.58	DEN	49.88
7	BEL	45.48	BEL	41.35	AUT	44.48	GBR	50.48	FRA	46.73
8	AUT	36.15	AUT	39.15	ITA	41.05	ITA	46.70	ITA	44.53
9	ITA	24.88	GER	35.00	NED	40.35	NED	44.93	GER	44.18
10	NED	N/A	ITA	30.13	GER	39.68	GER	42.78	NED	N/A

Source: Eurostat

Perhaps the most relevant available international comparable data on management practice in SMEs is based on work undertaken by McKinsey & Co. Over the last number of years, McKinsey & Co. have measured and benchmarked management practices in 5,600 manufacturing firms employing between 50 and 5,000 employees across 14 countries, including Ireland²⁶. Based on this work, McKinsey & Co. have concluded that:

- Management practice in the high value manufacturing sector is above average, and ahead of Great Britain (5th out of 14).
- Management practices in all manufacturing sectors in Ireland lag performances amongst similar firms in the highest-performing countries (the US, Germany, Sweden and Japan) - Irish firms are ranked just 10th out of 14 countries.
- Mean performance in Ireland is also below global averages for almost all sectors of manufacturing other than the high value manufacturing sector.
- There is considerable variation in performance by sector and firm size, and firm category. Irish firms employing between 50 and 250 employees are ranked just 12th out of 14 countries.
- Some of these findings are illustrated in *Figures 6 and 7* below. *Figure 6* illustrates Ireland's overall score vis-à-vis other benchmarked countries for all surveyed firms with between 50 and 5,000 employees, while *Figure 7* focuses on the same data for the subset of SME's surveyed.

Figure 6: Mean Management Practice Score by Country, 50-5,000 Employees (1-5)



Source: Management Matters in Northern Ireland and Republic of Ireland, March 2009

26 The MDC, in partnership with Forfás, the Department of Education and Learning (DEL), the Department of Enterprise, Trade and Investment (DETI), Invest Northern Ireland, and InterTrade Ireland commissioned McKinsey & Co. to extend their international analysis of management practices to include manufacturing firms in Ireland and Northern Ireland. The data was analysed with a particular focus accorded to firms employing between 50 and 250 employees, in order to address the specific concerns of the MDC. Over 150 Irish-based firms were interviewed and assessed on a scale of 1 to 5. It is important to note that the survey results refer to manufacturing firms only. The final report from this work Management Matters in Northern Ireland and Republic of Ireland, March 2009, is available from www.managementdevelopment.ie.

Figure 7: Mean Management Practice Score for SMEs by Country, 50-250 Employees (1-5)

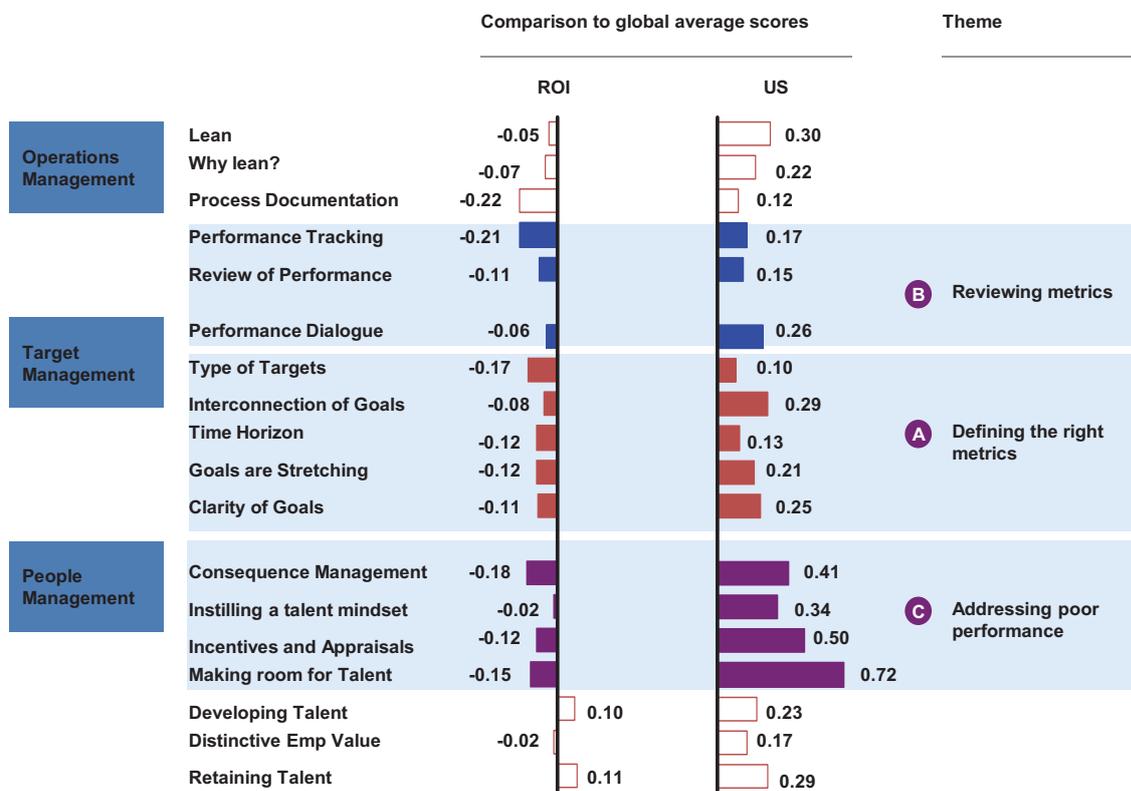


Source: Management Matters in Northern Ireland and Republic of Ireland, March 2009

As well as measuring performance, the McKinsey & Co. study examined the reasons for Ireland's relative underperformance.

- Structural factors account for 38 percent of the gap in management practice between Irish manufacturing firms and firms in the leading performer (the US). These factors include *Size of Firm, Ownership Type, Skills and Qualifications* and the degree of *Labour Market Flexibility* in the economy.
- In Ireland's case, the *Presence of Multinational Enterprise* improves the average score as larger MNEs tend to have better management practices than smaller firms.
- The high proportion of small and/or owner-managed firms in Ireland, many of whom do not engage in management development training, leads to a relatively large proportion of low scoring companies.
- The remainder of the gap between management performance in Ireland vis-à-vis the US relates to other, non-structural factors such as relatively poor operations management and poor target management, indicating that manufacturers have been slow to adopt many of the modern production techniques that have been applied with great success across industry and in other countries.
- Scores in Irish firms for people management are also below average. The implication is that while firms work hard to attract good people, they are far less effective at equipping their employees to deliver improved performance and at motivating them to do their best.
- A detailed examination of the criteria used in the survey to assess management highlights three particular areas where Irish SMEs need to improve their practice (*Figure 8*):
 - Defining the right metrics;
 - Reviewing these metrics; and
 - Addressing poor performance
- Firms in Ireland are poor at defining a balanced set of financial and operational metrics necessary to align the shop floor with the corporate agenda. They are poor at reviewing performance against these metrics, and firms are reluctant to take the necessary corrective actions to tackle poor performance. Further break-outs and explanations of this data are available in the full *Management Matters* report.

Figure 8: Comparison of Management Practice in Ireland & US with Global Average by Theme



Source: Management Matters in Northern Ireland and Republic of Ireland, March 2009

1.7 Vision for Management in Ireland

Having accepted that there is significant scope for improvements in management performance amongst SMEs in Ireland, and recognising that improvements in management practices are associated with large increases in firm level productivity and output as well as national macroeconomic benefits, the MDC has set a vision for management in Ireland.

Whereas the original intent of the Council was to develop mechanisms and supports to facilitate strategic development for business advancement, the current economic situation means that at present, most demand for management development is likely to be for development that will assist businesses to survive the current recession. This Council's vision, therefore, is twofold.

In the first instance, the Council believes that a system is required whereby all current SME managers have access to management development courses which can assist them to survive the present economic downturn. In particular, SME managers are likely to benefit from education and training courses which contribute to revenue generation, firm efficiency and productivity enhancement.

In the longer term, however, the Council fully subscribes to the vision of developing Ireland as a *Smart Economy*. With this in mind, the Council believes that SMEs in Ireland should not just meet best international standards in management practice, but should set these targets.

More specifically, the Council recommends that the proportion of SME's participating in management development increase from:

- 45 percent to 70 percent for micro firms (approximately 53,000 firms);
- 62 percent to 80 percent for small firms (approximately 8,000 firms); and
- 87 percent to 90 percent for medium firms.

These target figures reflect the proportion of firms who expressed intent to participate in management development training when questioned as part of the MDC's Red C Survey, and also build upon the judgement and experience of the Council members.

In addition, the Council recommends that a greater proportion of firms engaging in longer-term, transformational, productivity enhancing courses that will effect a major positive step-change in firm level performance, than the current practice of firms engaging in primarily short term, often compliance related courses.

In order to achieve this, the Council believes that an overhaul of provision is required with new providers being enticed into the market and existing providers demonstrating greater flexibility and relevance in their offerings. At the same time, the Council would like to see a greater appreciation of the value of management development and its potential contribution to economic growth amongst both SME firms and policymakers. Before the Council outlines its recommendations, however, it is necessary to examine and explain the current market for management development in Ireland.

1.8 Report Structure

In line with the Terms of Reference for the MDC, this report aims to establish the profile, adequacy and relevance of management development provision in Ireland, as well as identifying good practice in provision of management development, before developing action plans to close identified gaps in provision. The report, therefore, is structured as follows:

- Chapter Two provides an overview of the market for management development and highlights the roles played by the various stakeholders in the management field. This chapter also examines the demand for management development amongst SMEs, and focuses on a number of metrics including participation rates, expenditure and accreditation. A number of other issues are also considered, such as firm satisfaction with course provision. Finally, the barriers which obstruct participation are considered;
- Chapter Three provides a summary of good international practice in management development provision, based on an extensive literature review and a number of international study visits. This chapter also proposes a competency framework outlining the attributes that either a firm or an individual must possess in order to excel at management;
- Chapter Four outlines the main recommendations, as well as their context. As well as examining in more detail the case for continued State intervention in the market for management development, it also addresses the need to improve information flows, and proposes a number of suggestions to enhance management development participation, improve management practice and ultimately lead to increased firm level productivity.

2. Demand for Management Development in Ireland

2.1 Introduction

This Chapter explores the market for management development in Ireland. Specifically, an overview of market size is provided, along with a brief description of the main stakeholders in the management development sphere. Finally, the results of various studies commissioned by the MDC examining the demand for management development are presented.

2.2 State Agencies and Management Development

Over recent years, the State has dedicated substantial resources to fund in-company training; for example, over €360m was allocated for the human capital elements of the National Development Plan (NDP) between 2000 and 2006. In the most recent NDP (2007-2013), €2.8bn has been allocated for the education and training of those in the workforce.

The Council estimates that, in 2007, over €175 million was spent on various types of management development²⁷. Of this, approximately €33 million was accounted for by State funds, while the remaining €140 million originated from private sources - primarily from companies, with just a small contribution from individuals. In many instances, State funds acted as a catalyst to incentivise matching private sector funds.

When considering the State spend on management development, it is important to note the distinction between funding source and the delivery agent - in many instances, a particular course may be publicly funded but may be delivered by a private provider.

Table 3 below illustrates the approximate total expenditure and participation on State-supported management development programmes over the period 2007 to 2009. It appears that over the period in question, just over €80 million of State money was spent on management development, supporting the training of 158,000 individuals.

Table 3: State Expenditure and Participation²⁸ on Management Development Programmes, 2007-2009

Agency	Estimated State Expenditure on Management Development	Estimated Participants (Individuals)	Per Unit Spend
FAS	€30,835,163	25,937	€1,188.84
Enterprise Ireland	€11,762,692	1,253	€9,387.62
County Enterprise Boards	€21,166,007	74,691	€283.38
Skillnets	€16,686,981	56,444	€295.64
Total	€80,450,843	158,325	≈€508.14

Source: Management Development Council Research, Forfás.

27 This estimate is based on data collected through a Red C survey conducted on behalf of the MDC. Using the median spend on management development by the 292 surveyed firms, and average participation rates in management development by firm size, these figures were grossed up using CSO data on the number of firms employing between 3 and 250 employees in Ireland.

28 In this section, "Participation" refers to a tally of numbers attending each course over a given time period. It is therefore possible, and in many cases probable, that managers attending programmes are counted more than once.

Note: Each agency provided data in relation to their own programmes.

Note: Expenditure and the number of individual participants on all courses are counted over a three year period. Individuals may have participated on a number of courses in this period, and therefore may be counted more than once. FÁS data only includes data up to mid-2009.

As is clear from above, the various State agencies responsible for enterprise and skills development have allocated significant resources towards supporting and stimulating management development within the SME sector. The main programmes and funding channels are described below. The variance in per capita spend is largely explained by the difference in the type and duration of the offerings from each agency; for example, County Enterprise Boards and Skillnets typically offer short duration courses or half day seminars/workshops, while Enterprise Ireland typically offer longer duration, more academically rigorous courses, often in conjunction with leading universities.

2.2.1 Enterprise Ireland

The core mission of Enterprise Ireland (EI) is to accelerate the development of world class Irish companies so that they achieve strong positions in global markets. Enterprise Ireland also provides support to SMEs, including start-up and micro enterprises (< 10 employees), provided that they have the potential to achieve rapid growth and international expansion.

EI has established a Client Management Development and Mentoring Division, which works with industry partners to identify and develop the key management capabilities and the critical workforce skills that are required. The key areas of focus include management skills, sales and marketing skills and technology and innovation skills. Programmes offered by Enterprise Ireland include specific sectoral programmes (e.g. Bakery/Desserts sector management development programmes), general management and leadership development programmes (e.g. MSc. International Business, Leadership 4 Growth, etc.), and seminars (e.g. EnterpriseSTART).

More recently, EI have begun to offer increasing numbers of short duration programmes to address the needs of its client companies. An estimated 200 companies had participated in the eight months to end-August 2009. Table 4 below illustrates the extent of EI's management development related activity. The level of expenditure on management development between 2007 and 2009 has remained around €6m; approximately two-thirds of which is State-funded in a given year.

Table 4: Enterprise Ireland Budget, 2007-2009

	2007	2008	2009 Forecast
Numbers Attending Management Development Programmes	272	215	766
Overall Total Expenditure on Management Development Programmes	€5,881,655	€6,133,171	€5,766,050
Overall State-Funded Expenditure on Management Development Programmes	€3,873,166	€4,059,585	€3,829,941
Estimated Range of State Subvention Levels (%)	70% SME 50% Large	70% SME 50% Large	70% SME 50% Large
Total Number of Programmes	11	13	15
Number of Certified Programmes	5	5	1
Number of Uncertified Programmes	6	8	14

Source: Management Development Council Research, Forfás - data provided by Enterprise Ireland

Note: 2009 Forecasts are extrapolated from actual figures to end-August 2009. Attendance numbers for 2009 include attendance on short courses, on which there were 396 attendees in the year to end-August 2009.

Note: Individuals may have participated on a number of courses in this period, and therefore may be counted more than once.

2.2.2 FÁS

As the national training and employment authority, FÁS' mission is to promote a more competitive and inclusive knowledge-based economy by enhancing the skills and capabilities of individuals and enterprises.

FÁS has expanded its activities in relation to management capability development in recent years. The FÁS Corporate Strategy 2006-2009 recognised the critical importance of management development: “[S]ustaining growth, competitiveness and employability through upskilling the SME workforce is essential for Ireland’s future economic well-being. Training for SME owner/managers in good business management and related skills will help secure further growth in the future”.

Delivery of FÁS funding has fallen into two categories:

- Firstly, FÁS part-funds the participation costs for SME managers attending the courses developed in conjunction with the ‘strategic partners’, including Chambers Ireland, the Small Firms Association and ISME among others. This constitutes the national strategic tier of FÁS involvement. This Strategic Alliance funding was envisaged as a short term arrangement, and is now drawing to a close.
- In addition, at a regional level, FÁS directly coordinates and provides a number of management development courses in functional disciplines with service providers through its sectoral training initiatives. Examples include an accredited Competency Development course in conjunction with the National College of Ireland, and Small Business Development, Productivity and Plato programmes, aided by training consultants.

Table 5 shows that total expenditure by FÁS on management development in 2007 was over €15 million. Recently, there has been a marked decline in FÁS involvement in the management development sphere; due to recent reductions in State funding total expenditure on management development in 2009 is forecast to be a small fraction of what it has been in previous years, having already fallen by a third between 2007 and 2008.

Table 5: FÁS’ Management Development Training Budget, 2007-2009

	2007	2008	2009 Forecast
Numbers Attending Management Development Programmes	12,207	8,678	5,052
Overall Total Expenditure on Management Development Programmes	Not Captured	Not Captured	<i>Not Captured</i>
Overall State-Funded Expenditure on Management Development Programmes	€15,012,334	€10,322,829	€5,500,000
Estimated Range of State Subvention Levels (%)	40%-75%	25%-75%	25%-75%
Total Number of Programmes	1,018	831	160
Number of Certified Programmes	706	661	156
Number of Uncertified Programmes	312	170	4

Source: Management Development Council Research, Forfás - data provided by FÁS

Note: Individuals may have participated on a number of courses in this period, and therefore may be counted more than once.

2.2.3 City & County Enterprise Boards

The 35 City and County Enterprise Boards (CEBs) provide financial and non-financial supports and assistance to indigenous micro enterprises (<10 employees) in their respective regions. Their focus is primarily on micro enterprises operating in the manufacturing and internationally traded services sectors. The CEBs fund their activities through the Entrepreneurial and Capability Development sub-measures of the Regional Operational Programmes.

In addition to the funding of externally-delivered training courses, the CEBs provide a range of soft supports, including mentoring, entrepreneurship promotion (particularly in schools) and management development. Training interventions are heavily weighted towards owner managers. Although the numbers participating in management development courses are set to increase in 2009, the overall level of expenditure and the State contribution are both forecast to fall slightly (Table 6).

Table 6: City & County Enterprise Boards' Management Development Training Budget, 2007-2009

	2007	2008	2009 Forecast
Numbers Attending Management Development Programmes	23,030	23,931	ca.28,000
Overall Total Expenditure on Management Development Programmes	€8,665,712	€9,041,796	ca.€9,000,000
Overall State-Funded Expenditure on Management Development Programmes	€6,932,570	€7,233,437	ca.€7,000,000
Estimated Range of State Subvention Levels (%)	80%	80%	80%
Total Number of Programmes	2,160	2,168	n/a
Number of Certified Programmes	119	111	n/a
Number of Uncertified Programmes	2,041	2,057	n/a

Source: Management Development Council Research, Forfás - data provided by CEBs

Note: Individuals may have participated on a number of courses in this period, and therefore may be counted more than once.

2.2.4 Skillnets

Skillnets is an enterprise-led training organisation that assists firms to form subsidised training networks. It is funded through the National Training Fund. Since its establishment in 1999, Skillnets has supported over 150 training networks, encompassing more than 10,000 enterprises and providing training for over 50,000 people. The Training Networks Programme (TNP) is Skillnets' core area of activity. The TNP supports networks of enterprises to engage in training through 'Learning Networks'. These Learning Networks, (referred to as 'Skillnets') are led and managed by the enterprises themselves.

Presently, a wide range of in-company training is eligible for Skillnets support, provided certain criteria are met; Skillnets do not have a specific management development remit. Nevertheless, a significant proportion of many of the training networks funded through Skillnets contain an element of management development training. The percentage of management-related content varies within each Skillnet. Table 7 below provides an estimate of the extent of Skillnets management development-related activity over the period 2007-2009. Total expenditure on management development is expected to fall from a peak of over €10million of total expenditure in 2008, to €6.3million this year.

Table 7: Skillnets' Management Development Training Budget, 2007-2009

	2007	2008	2009 Forecast
Numbers Attending Management Development Programmes	16,938	24,237	15,269
Overall Total Expenditure on Management Development Programmes	€8,133,150	€10,255,327	€6,344,715
Overall State-Funded Expenditure on Management Development Programmes	€5,066,952	€7,178,729	€4,441,300
Estimated Range of State Subvention Levels (%)	50% - 75%	46% - 80%	46% - 80%
Total Number of Programmes	2,769	3,491	3,233
Number of Certified Programmes	581	733	679
Number of Uncertified Programmes	2,187	2,758	2,554

Source: Management Development Council Research, Forfás - data provided by Skillnets

Note: Individuals may have participated on a number of courses in this period, and therefore may be counted more than once.

Skillnets also operated the Accel Programme, which was funded through the European Social Fund and the National Training Fund, and which focused on supporting the training of people in employment (in-company training). The programme aimed to assist employers and workers to rapidly improve, realign or revise their skills base. As with the Training Networks Programme, Accel was designed to support training within groups of companies.

2.2.5 Other Agencies

Other State agencies involved in either management development provision or funding include Fáilte Ireland (the National Tourism Development Authority) which is a significant funder of in-company training, focused on the hospitality sector, and Shannon Development (a government owned regional development company dedicated to promoting and developing the Shannon Region of Ireland), which dedicates significant resources to training and development.

While overall there has been a recent surge in State expenditure on management development training over the period 2007-2009, it is also clear that expenditure on, and numbers attending, courses in 2009 is set to be considerably lower than in previous years.

2.3 Management Development Providers

The following sections provide a brief overview of some of the key management development providers operating in Ireland.

2.3.1 The Higher Education Institutes & Management Development

Higher education institutions (HEIs) have an important role in the provision of management development.

(i) Universities

Approximately 1,700 individuals completed accredited 'management programmes' in Irish Universities in 2006. This definition of management programmes incorporates IT focused management programmes, such as 'Management Information Systems'. Applying a more narrow definition of management, which includes only those programmes which relate to the management of an enterprise, approximately 1,400 students graduated with qualifications focused on management. Universities offer a wide range of management related courses, of which a sample are listed in *Appendix C*. It is worth noting that while most of the undergraduate degree programmes are delivered on a full-time basis, many diploma programmes are delivered part-time.

(ii) Institutes of Technology

There are 14 Institutes of Technology (IoTs) in Ireland. The IoTs offer both undergraduate and postgraduate programmes in a wide range of management areas. In 2006, 3,194 people completed accredited IoT management courses in 2006. Of these, 2,760 completed programmes directly related to the running of an enterprise.

As with universities, the IoTs provide academic full-time and part-time management programmes. For example, Sligo IT in conjunction with ISME offers a dedicated certificate programme on Management Development at HETAC Level 7²⁹. In general, the majority of IoT management courses are often sector-specific (e.g. BSc in Construction Management; BSc in Printing Management; Bachelor of Business in Recreation & Leisure Management; and Higher Certificate in Business in Front Office Management), or concentrate on one particular area of management. For example, the Certificate in Personnel Management is offered by a number of IoTs.

SME Development Programmes

In addition to these full-time management programmes, many IoTs operate and deliver *Enterprise Platform Programmes* which specifically focus on assisting start-up companies. Enterprise platform programmes are typically one year programmes which incorporate elements such as financial assistance, training, mentoring, networking and the provision of incubation facilities. Some IoTs also include formal, accredited training into their platform programmes (e.g. Waterford IT allows programme participants to complete a post-graduate diploma in Enterprise Development).

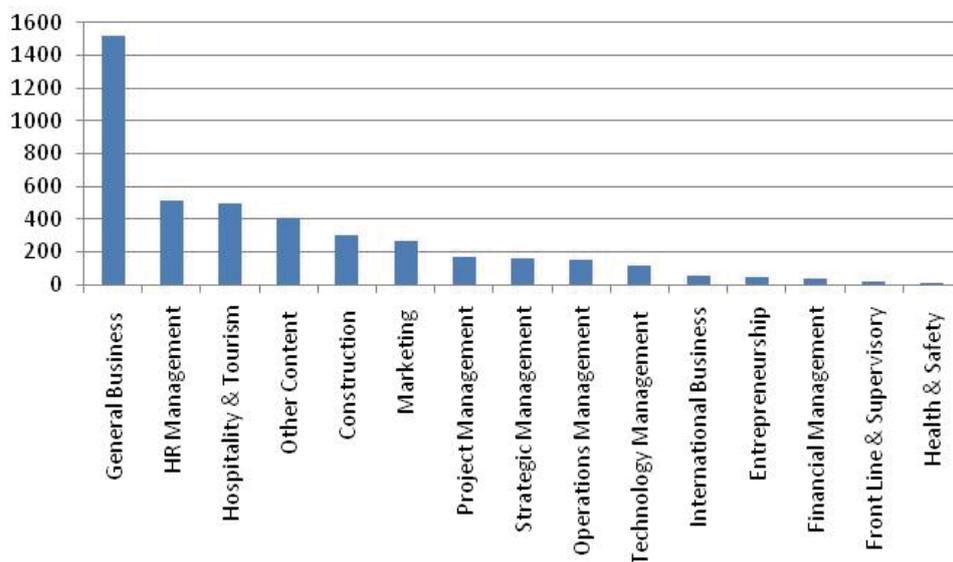
The IoTs also provide facilities for the delivery of many professional qualification programmes such as those in Accountancy (IACA, ACCA, CIMA, etc.), Project Management and Marketing.

2.3.2 HEI Course Provision by Subject

In the HEIs, graduates in general Business Management Courses accounted for one third of total graduates in 2007. This was, far and away, the largest category of graduates, as illustrated in *Figure 9*. The second most popular subject choice was the area of human resource management which accounted for just over one tenth of all HEI management graduates. The more specialised, transformational type courses (such as Strategic Management and Operations Management) each only accounted for a small proportion of all management graduates.

²⁹The National Framework of Qualifications (NFQ) is a system of ten levels and is used to describe the Irish qualifications system. All framework awards have an NFQ Level (1-10) which provides information about the standard of learning and an NFQ Award-Type which provides information about the purpose, volume and progression opportunities associated with a particular award.

Figure 9: HEI Management Graduates by Subject Area, 2007



Source: Management Development Council Research

2.3.3 Private Providers of Management Development

There are approximately 300 private businesses of varying size that are engaged in the provision of some form of management development in Ireland at present. These private providers also target different market segments with some such as the private colleges targeting a similar market to the HEIs, with others specialising in the provision of short courses or executive training.

There are currently between 15 and 20 private colleges providing business and management education programmes, including Dublin Business School, Independent Colleges, and Griffith College. In addition, other organisations such as the Open University are active in this field. Recent years have seen a notable expansion in the number of private higher education institutions in Ireland.

The majority of private colleges in Ireland provide courses that lead to a recognised qualification by either HETAC, the Irish universities, various professional bodies or, to a lesser extent, UK universities. In particular, professional bodies such as the ACCA, PMI (Project Management Institute), ICM (Institute for Commercial Management), and ILM (Institute for Leadership & Management) play a particularly important role in the recognition of privately provided management development.

In 2005, approximately 2,000 awards were made by these colleges for programmes in the area of management, with a further 1,400 awarded in the area of business, and 400 in the area of accounting. While many of these colleges offer full-time day courses, most specialise in part-time, evening and distance learning programmes targeting working professionals. An example of courses that the colleges offer is listed in *Appendix D*. The vast majority of courses offered by these colleges and institutes are privately funded. Private colleges and institutions are not in receipt of State funding, nor are participants' fees subsidised akin to those described in the previous section.

In addition to the private colleges referred to above, a wide range of private companies exist who specialise in executive training and management development. The number of companies operating in this sphere means that the format of course delivery, the cohorts targeted, the content provided and the existence (or otherwise) of accreditation of courses can vary considerably among providers.

For example, it is possible to find a private provider who offers a tailor-made, on-demand course to meet the needs of managers in small firms in specific areas such as time management, or

management styles. Equally, some providers will offer particular courses on a scheduled basis; such courses often target groups of individual managers. There are also a number of private providers who offer one-to-one coaching in executive and leadership skills, focused primarily on the skills and career development needs of the individual manager. The majority of private providers offer general management programmes. Other common programmes include strategic management, HR management, sales management and marketing management.

These private companies also provide management development training on behalf of the public sector - many organisations in receipt of State funding with use private providers (identified via competitive tendering) to deliver training (e.g. FÁS, Skillnets and the CEBs).

2.4 Demand for Management Development

The following sections examine in detail the level and nature of demand amongst SMEs in Ireland for management development. The analysis also explores the barriers to participation from the perspective of the firm. The findings presented in this section are based on a number of inputs³⁰:

- A survey of 500 SMEs conducted on behalf of the Council by Red C Market Research;
- A series of six workshops facilitated by Forfás and 3rd I Business Services, and attended by representatives from approximately 50 SMEs;
- Interviews with a number of SMEs who had either recently engaged in management development or who were currently unengaged; and
- Submissions received by the Management Development Council from SMEs, providers and other relevant actors.

It is clear, based on the overall size of the market, that there is a substantial level of demand for management development in Ireland. The Council also believes that while there is both room and need to further expand the market, significant progress has been made over recent years. As a direct result of the funding made available through the strategic alliances, and other State-funded mechanisms, the number of SMEs and individuals participating in management development has increased.

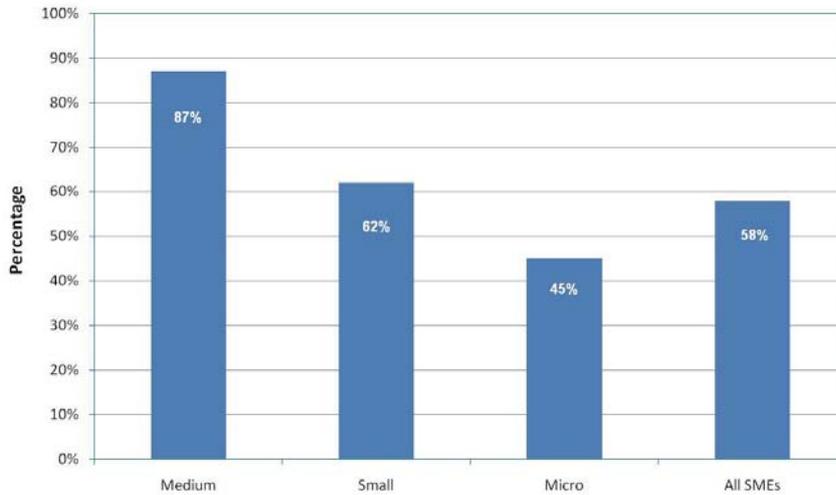
2.5 Engagement and Participation in Management Development

As illustrated in *Figure 10*, approximately 58 percent of SMEs undertook some management development over the period 2005-2007. The vast majority (87 percent) of medium-sized companies engaged in some form of management development over these years. The rate of engagement, however, is much lower amongst micro-sized companies (45 percent) and small firms (62 percent)³¹. Interestingly, one-sixth of companies had participated in training or education programmes which the Council would define as management development without actually realising - these companies did not identify with the term “Management Development”.

³⁰ Unless otherwise indicated, all of the statistics presented in the remainder of this chapter are sourced from the Red C survey referred to above.

³¹ Companies with fewer than 10 employees are classified as ‘micro’, those with fewer than 50 as ‘small’, and those with fewer than 250 as ‘medium’.

Figure 10: SME Engagement in Management Development by Firm Size, 2007

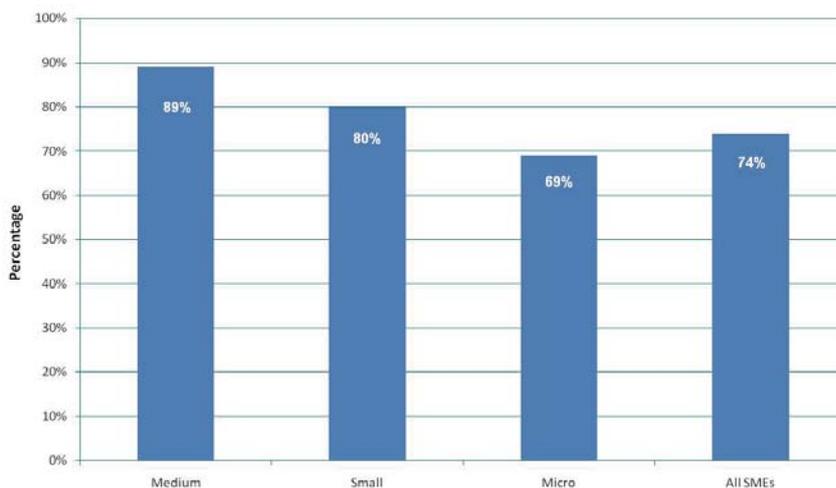


Source: Red C Market Research

There is, however, a divergence between the numbers of firms who intend to participate in management development, and those who actually follow through and in fact do so.

- Despite the relatively high proportion of firms who do not participate in management development, almost three-quarters of the SME survey population of 500 intended to participate over the next three years (*Figure 11*); and
- Medium-sized firms are much more likely (89 percent) than small firms (80 percent) and micro-sized firms (69 percent) to claim they will invest in MD in the next three years.

Figure 11: Intention to Invest in Management Development, 2007

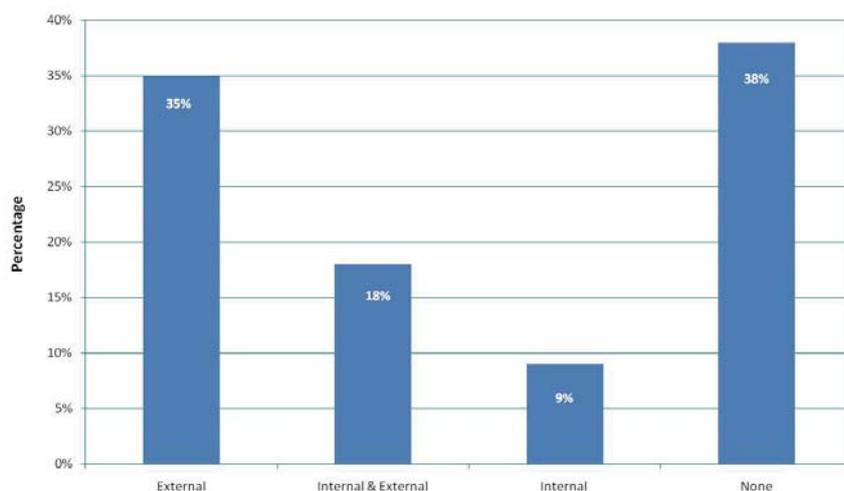


Source: Red C Market Research

2.5.1 Internal and External Management Development

Almost 35 percent of SMEs engage in some form of external management development, while around 25 percent engage in internal development of managers with 18 percent of all SMEs engaging in both internal and external management development (*Figure 12*)³². Analysis by firm size reveals that the larger the firm, the more likely it is to engage in *both* internal and external development. Companies that use both internal and external training are likely to disseminate internally the knowledge and practices gained through external training and development³³.

Figure 12: Internal and External Management Development



Source: Red C Market Research

- 43 percent of external courses undertaken over the three years to 2007 by SMEs were State-subsidised;
- In terms of SME awareness about the availability of State funding, 66 percent of external-only management development users were aware of the availability of State subsidies, while 73 percent of those who use both internal and external management development were aware of State subsidies.

2.6 Expenditure on Management Development

According to the Council's research, 36 percent of management development participants surveyed³⁴ claimed to have had a budget available for management development in 2007.

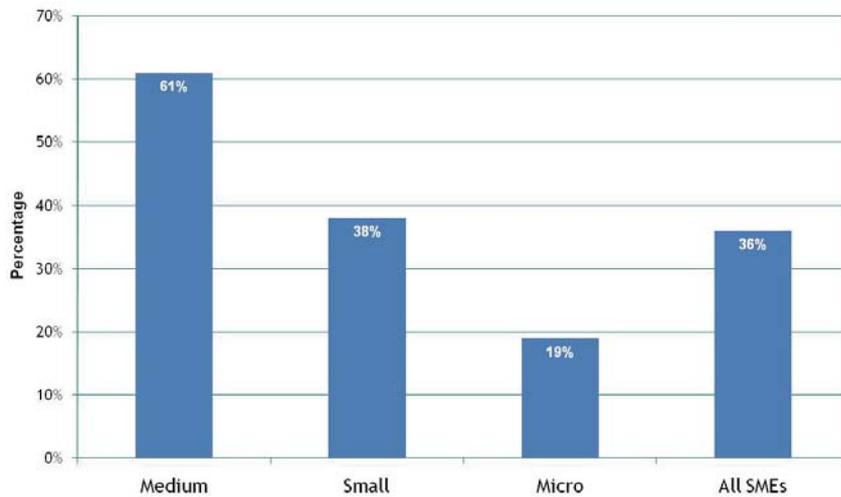
- Large companies show a higher likelihood of having a budget in place. 61 percent of medium-sized companies had a budget in place for management development, compared with 38 percent of small companies and 19 percent of micro-sized companies (*Figure 13*);
- Of those who provided data, the mean budget in 2007 was €16,000; the median budget was €7,500 in 2007.

32 Internal training is defined as 'On the job training provided by internal staff' and external training is defined as 'Training, mentoring, coaching etc provided by an external expert, trainer or consultant'.

33 75 percent of companies that engage in internal and external training are disseminating internally the knowledge gained through external training.

34 A total of 292 companies out of 500 SMEs (58 percent) took part in some form of management development.

Figure 13: Percentage of SMEs with Management Development Budget by Company Size, 2007

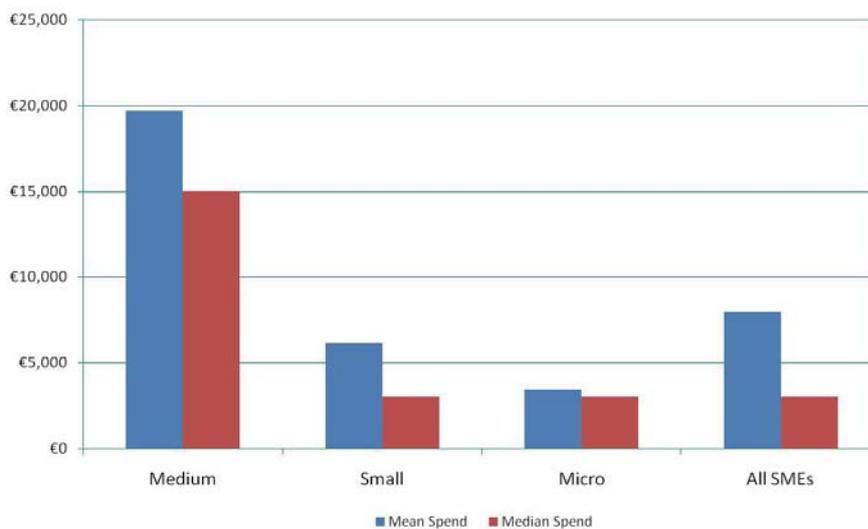


Source: Red C Market Research

Once again, in terms of actual spend, there is a difference between firm intentions and actual follow-through:

- Actual spend on management development among all SMEs undertaking management development for 2007 shows an average expenditure of €8,000 per firm, with a median spend of €3,000;
- Those undertaking both internal and external development and large companies are spending the most, with small companies spending the least; and
- Just over a quarter of firms did not know how much they spent on management development, and a further 10 percent spent nothing on management development in 2007. In light of this, the median spend figures in *Figure 14* below are a better indication of engaged firms' commitment to management development.

Figure 14: SME Actual Expenditure on Management Development by Firm Size, 2007



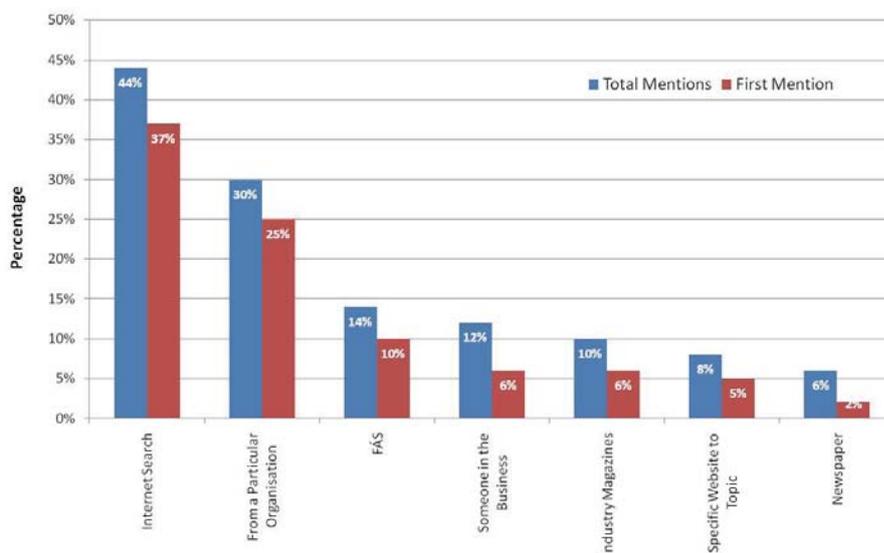
Source: Red C Market Research

2.7 Awareness of Management Development

While some SME managers are familiar with the range of management development training and supports available, a significant number have limited awareness of the types of courses and support that is available.

- In terms of where SMEs source information on management development, most respondents indicated that the most common source is the internet (44 percent) (Figure 15). Training providers, and/or business development organisations were second most common sources accessed (30 percent)³⁵.
- Workshop participants frequently cited a State enterprise development agency, or business representative organisation as a source of information, but were often unaware of the management development opportunities offered by more than one organisation. For example, a manager would be aware of City/County Enterprise Board programmes, but unaware of Skillnets, FÁS, Chambers or SFA programmes (and vice-versa).

Figure 15: Sources of Information for SMEs' on Management Development



Source: Red C Market Research

Word of mouth from other business managers is also a critically important information source and determinant of choice of programme. While 'asking other business people' was not the top response cited when sourcing information on future programmes, it was the most commonly cited as the source for programmes already undertaken. This was echoed by participants, who stressed that talking to other business managers was the most convincing source of information on programmes.

Just over half (54 percent) of SMEs were aware that there is State funding available for management development. The level of awareness is lower amongst micro enterprises (42 percent), and greatest amongst medium-sized enterprises (83 percent). The level of awareness of State supports is lowest amongst those who do not engage in management development (38 percent).

³⁵ A distinction was made in the survey between those sources mentioned in the course of the participant's response, and those that were mentioned first by the participants. This is reflected in Figure 15.

2.8 Course Content, Delivery and Duration

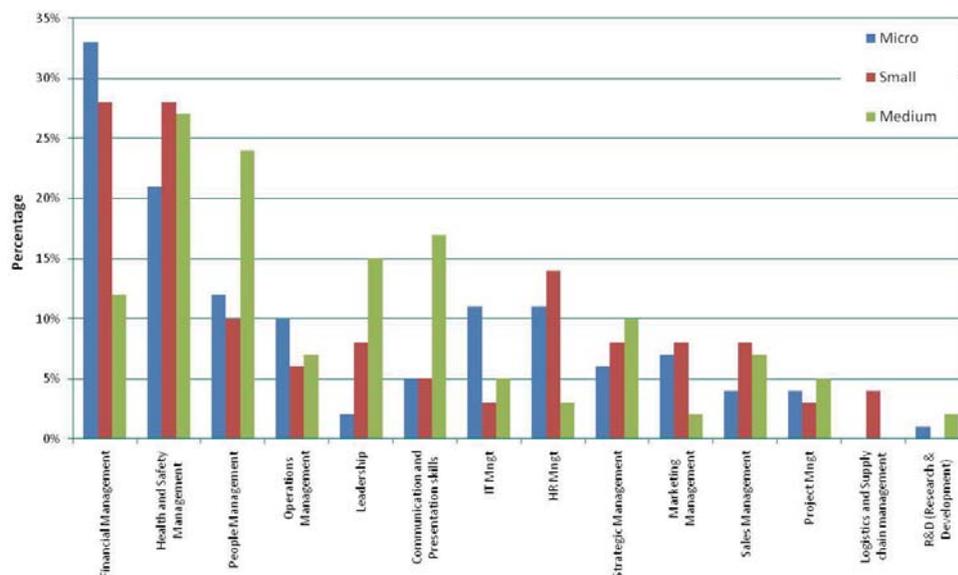
A wide range of courses are encompassed under the banner of management development - in some instances it may be difficult to differentiate between entrepreneurship and management courses (for start-up or owner managed firms any attempt to differentiate may be a moot point since the manager and the owner are one and the same people).

Nevertheless, the evidence shows that Financial Management and Health & Safety courses are the main content areas of both internal and external programmes. This indicates SMEs focus their training and development efforts on short-term compliance and survival issues, (such as cash-flow, health & safety), rather than on medium to long-term strategic business issues.

It is worth noting the differences in programmes attended when segmented by firm size (*Figure 16*).

- Managers of medium-sized firms are more likely to engage in leadership, people management and presentation/communication skills programmes than small and micro enterprises.
- Conversely, micro firms are more likely to engage in programmes on IT management, financial management and HR management & employment law. This disparity most likely reflects the reality that in micro enterprises, managers are responsible for multiple functions.

Figure 16: Course Uptake by Subject and Firm Size, 2007



Source: Red C Market Research

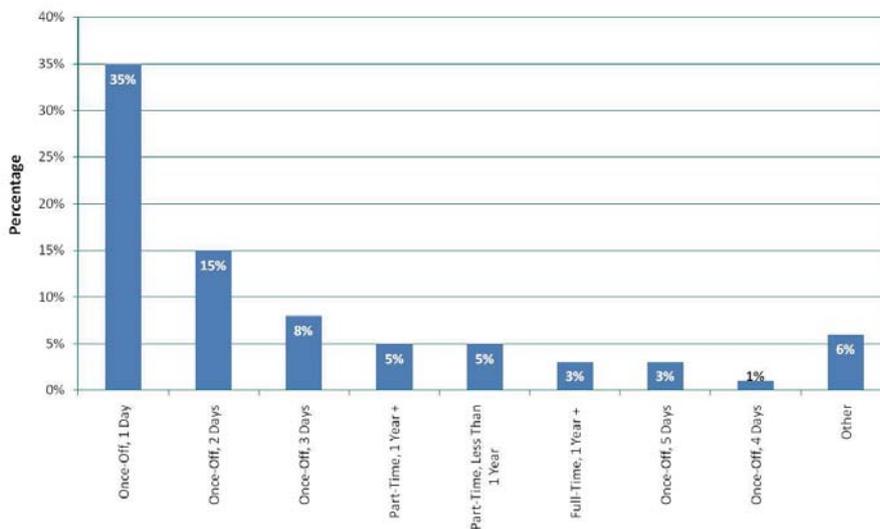
The low level of engagement in strategic, leadership, operations, and marketing and sales management courses is a cause for concern. It would appear that the attention of many managers is on short-term 'firefighting' issues, rather than on the long-term growth of their business. This is reflected in more recent anecdotal evidence, which suggests that as a result of the deepening recession, firms are increasingly demanding courses which will help them to survive the current tough economic climate, rather than looking for courses which have a more long term strategic focus.

When asked to identify areas of management which need improvement in the day-to-day running of their business, operations management was the most frequently mentioned (34 percent), followed by strategic management (13 percent) and then financial management (11 percent). This demonstrates that there is a gap between the programmes that SMEs are currently undertaking and the programmes that SMEs feel they need to undertake to improve their business.

With respect to course delivery, the survey revealed significant commonalities in relation to the format of management development programmes undertaken by SMEs:

- 84 percent of programmes attended were delivered in a classroom or off-site;
- 73 percent of programmes attended were delivered 9am - 5pm weekdays;
- 50 percent of programmes attended were once off sessions delivered over 1 - 2 days;
- Just under one-fifth of courses undertaken were delivered over a number of months, with several days a month devoted to training; and
- Less than one-tenth of courses were delivered over a period longer than 12 months, either on a part-time or full-time basis (*Figure 17*).

Figure 17: External Courses by Duration and Delivery Mode, 2007

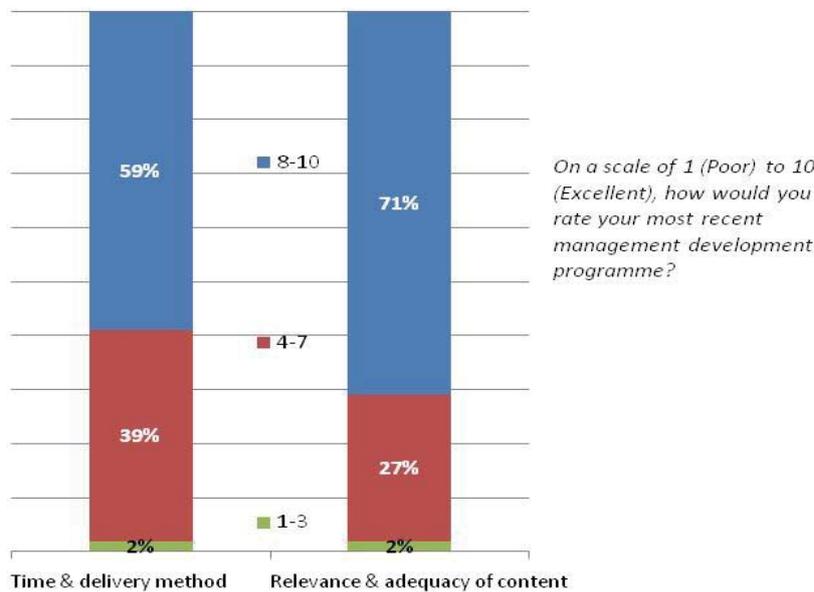


Source: Red C Market Research

2.9 SME Satisfaction with Content and Delivery

At an aggregate level, SMEs that have recently engaged in management development have responded positively to the programmes that they have undertaken. For example, approximately 90 percent of SMEs surveyed stated that they believed that the benefits derived from management development programmes undertaken have outweighed both the time and financial cost of participation (*Figure 18*).

Figure 18: Satisfaction with Content and Delivery



Source: Red C Market Research

While there was very little difference in the overall level of satisfaction between firms of different size, micro-sized firms registered slightly lower satisfaction than medium-sized enterprises. However, despite the high level of satisfaction with current provision cited by the firms surveyed by Red C (that were engaged in management development), the SMEs who participated in subsequent workshops run by the Council expressed more mixed views on the relevance and adequacy of provision.

Three issues in particular were raised frequently by participants:

- *Inexperienced or poor quality tutors* - Many SME managers were critical of programmes where the content was delivered lecture style, with little opportunity for interactive discussion, either with the tutor, or with other programme participants. Also, managers were critical of tutors who had little or no experience of working in enterprise, or in an SME.
- *A lack of applied learning* - SME managers are critical of overly academic, theory-based programmes which do not demonstrate the application of theory in a practical, real world, SME business context.
- *A lack of programmes tailored to stage of development* - Managers are critical of programmes that include managers from enterprises of varying size, sector, stage of development, and growth aspiration. For example, managers cited difficulties where content was aimed for managers of large corporations, or for start-up entrepreneurs, despite the programme being marketed to businesses of all sizes and stage of development.

2.9.1 Accreditation

Accreditation is more important for SME employees than for SME owner-managers. There is a perception among SME managers that accreditation could mean superfluous content on a course. However, all else being equal, SME managers would choose an accredited course over a non-accredited course, as accreditation can be an indication of quality. SMEs surveyed expressed the view that assessment requirements should be very practical and relevant to the businesses engaged.

2.10 Barriers to Management Development in Ireland

Throughout all of the Council's engagement with SMEs, a number of factors were repeatedly cited as the key barriers to SME management development. These were:

- A lack of appreciation for the need for and benefits of management development, particularly among non-engaged SMEs. Individuals may not fully appreciate the true value of acquiring an education (or in this case, investing in management skills), due to either lack of awareness, risk aversion (i.e. there are not definitive guarantees that the returns to the individual will be as significant as presumed) or as a result of the uncertainties about the future state of the labour market. Although it would appear rational to invest in order to reap the rewards in the future, the long-term nature of returns from this investment can result in underinvestment;
- A perceived lack of relevance of programmes to the needs of micro and small firms;
- Confusion amongst potential customers over the range and quality of the courses on offer, as well as a lack of certainty over the content of the various courses and the competencies which participants would acquire.
- Limited regional access to relevant management development courses;
- Financial cost - human capital is not particularly suited to deferred consumption, nor have capital markets developed sufficiently to offer widespread finance for education and training in return for such intangible collateral as the future earnings which are likely to accrue from the education and training; and
- Time constraints.

The workshops organised by 3rd I Business Services (comprised largely of firms which have engaged in management development) allowed for a more detailed explanation of the barriers identified in the Red C survey. In particular, the issues of time constraints and the costs of programmes were explored in some depth.

2.10.1 Time Constraints as a Barrier

The issue of time constraints appears somewhat contradictory when one bears in mind that SMEs indicated satisfaction with, and even preference for, programmes delivered during the week, off-site, 9am-5pm. Participants articulated a preference for programmes during standard working hours and weekdays, as it would not impact on their family and personal life. Furthermore, the issue of time constraints is multi-faceted, and reflects the fact that SME managers struggle to find time to:

- Identify their training needs;
- Plan and identify suitable and relevant training /development programmes; and
- Scheduling training and development.

Participants stressed that if they perceived a programme to be of significant benefit to their businesses performance, they would find the time to participate, irrespective of how busy they were.

2.10.2 Cost as a Barrier

The extent to which cost is a significant barrier to management development varies between firms, and depends on the type of programme. For example, many managers felt that the short programmes, seminars and mentoring programmes supported by government agencies were very reasonable, while some other programmes were cited as being quite expensive. Some SMEs indicated that they required management training which was not available through State-funded providers, or was ineligible for subsidy.

Many firms who stated that cost is an issue were unaware of, or ineligible for, State funding or State-funded provision. Overall however, as with the issue of time, the workshop participants frequently

indicated that if they believed there is a significant benefit or Return on Investment (ROI) from a programme, they would find the funds to participate.

The research suggests that neither time constraints, nor the cost of programmes are straightforward barriers to management development. Rather, it appears that managers undertake a mental 'cost-benefit' analysis of programmes; weighing up the potential benefits of engaging in a programme, against the admission fee and the cost of being away from their work.

2.10.3 Differences between Engaged and Non-Engaged SMEs

There were notable differences in the perception of barriers to management development between engaged and non-engaged SMEs.

- For those firms engaged in management development, time constraints were highlighted as the single most important barrier to existing and further investment (66 percent).
- Other key barriers raised by engaged firms include the availability of local courses, (39 percent) and the cost of programmes (35 percent).

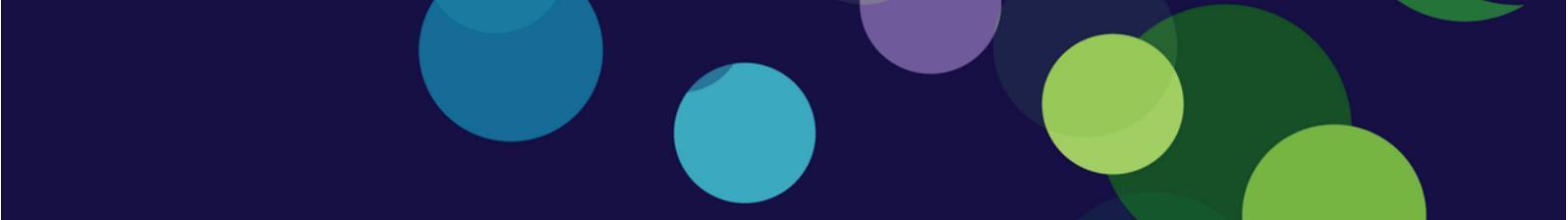
For those firms not engaged in management development, the key barrier appears to be a lack of perceived need.

- Over 45 percent of firms cited this reason for not engaging, with a further 15 percent stating they would hire additional staff if they did not have the management competences required in-house.
- The second most common reason cited by firms for not undertaking management development was a lack of time (30 percent). Other barriers mentioned include the cost of programmes (8 percent) and availability of programmes (6 percent). There were no significant differences by firm size.

2.10.4 Other Barriers

While the key barriers identified through the research have been highlighted above, a number of other barriers are also noteworthy:

- *Bureaucracy of State-Funded Provision* - Several participants cited issues with the paperwork and complex eligibility criteria associated with accessing State funding or State-funded provision;
- *Awareness and Information* - Many workshop participants demonstrated a lack of awareness of the range of supports, programmes and agencies providing and supporting Management Development. Furthermore, many expressed frustration regarding difficulties accessing information on publicly and privately provided programmes. Most participants felt that better publicity about what was available was needed; in particular, they felt that the information on management development training should be available from one source;
- *Relevance of programmes available* - A small number of workshop participants and a minority of companies in the survey raised concern about difficulties identifying management development programmes which were relevant to their needs. This is slightly contradictory to results of the Red C survey which found that the majority of enterprises engaged in management development were satisfied with the content of programmes they had attended. The concerns about difficulties finding relevant programmes may reflect an issue about awareness and access to information, and/or reflect the reality that many managers have had mixed experiences in the programmes they have undertaken; and
- *Regional Access* - Concern was expressed by some firms that course provision was not adequately regionally dispersed. For firms located in the regions, the distance which must be travelled to attend courses represents an additional penalty on top of existing time and financial costs. Firms on the West coast, in particular, feel that there were not enough courses available and that they often have to travel to Dublin to participate in programmes.



Finally, it is important to note that while awareness of courses, costs and time factors are all barriers to participation, there is a recognition that a large number of courses are available - at least one submission to the Council expressed the view that “the current volume of management development programmes available is adequate to meet the needs of SME managers, yet the take up of these programmes can be disappointingly low”. Therefore, it is possible that the volume of management development programmes is adequate but, due to the barriers listed above, SME managers are not engaging in sufficient numbers.

3. Good Practice in Management Development

3.1 Introduction

So far, this report has examined recent and current trends in demand and supply of management development in Ireland and has, where possible, compared Irish SME performance with performances amongst similar firms in a number of our key international competitors. This chapter examines good practice in management development provision based on a number of inputs:

- An extensive literature review;
- A series of workshops with SMEs;
- Discussions with management development providers; and
- A series of international study visits³⁶.

The Council has drawn out the key points from this analysis for SMEs and outlined seven different elements which constitute best practice in terms of provision. It is clear that a number of programmes available in Ireland already display many, if not all, of these characteristics. The challenge, however, is to significantly broaden the number of programmes that share these characteristics. This will increase participation in management development by SMEs by ensuring that the programmes delivered are relevant to the needs of the SME sector.

The second half of this chapter then identifies the key skill sets or competencies that will help SME managers to improve their business performance and to take their business to the next growth phase.

3.1.1 Flexibility to Tailor Management Development Programmes to SME Needs

In so far as it is possible, programme content should be tailored to meet SME needs. Tailoring programme content to meet SME needs ensures a greater level of participant buy-in and SME participation, and can ultimately produce high quality learning outcomes. For example, if many participants have a basic understanding or experience of the subject matter, the tutors should be empowered to tweak content delivery to focus on more advanced aspects. Similarly, if participants wish to place greater emphasis and depth on a particular area of the programme, the tutor should be able to adapt the programme accordingly.

The practicalities of managing a programme while building in such flexibility are clearly a challenge. A pre-programme assessment is one method of attaining information on participants' backgrounds and relevant knowledge/experience. Such pre-programme assessments are sporadically utilised in Ireland, but are common elsewhere³⁷.

For example, Baruch College in New York administers a pre-programme questionnaire to participants on their CPD courses. This allows them to understand the sectoral and business make-up of participants. Content is then tailored to match. Participants are also advised if the Tutor has concerns about the relevance and appropriateness of the programme relative to the participants' needs. This helps to minimise the number of unsatisfied or disgruntled programme participants.

³⁶ Members of the Management Development Council visited both New York and Finland as part of the research for this report. Both Finland and the United States rank highly in all of the available international benchmarks of management practice. Both countries also perform well in the more general measures of participation in Lifelong Learning.

³⁷ Examples in an Irish context include ISME, who administer pre-programme questionnaires, and the IMI who undertake pre-programme assessment of managers attending certain programmes (e.g. BDP).

Example: Plato Networks

Plato Ireland is a confidential business support forum for owner managers of SMEs. Through a partnership with large "parent" companies and enterprise development agencies, Plato provides SME's with facilitated group learning, specialist expertise and advice, networking opportunities, business development training, and cross border activities. Each Plato region has several groups, each with 10 to 12 owner managers facilitated by a "group leader" from a "parent" company. The groups meet monthly, and guest speakers are invited to provide additional information and training. The members of each network determine the agendas and themes for their meetings, and agree the nature of guest speakers.

3.1.2 Practitioner Delivery

The feedback from the SME workshops and findings from the international study visits, strongly recommends that management development programmes incorporate delivery by individuals who are industry practitioners, and/or by individuals who have experience of management in an enterprise. For example, programmes on sales and marketing should be delivered by those who are currently working in, or who have gained extensive experience of working in the field of sales and marketing. Similarly, programmes on general management should be delivered by individuals with experience of managing their own business.

Participants prefer to have content delivered by an individual who can transfer the content and information in 'their language', and to have someone who they can pose 'real-world' problems and questions to. This does not necessarily mean that programme structure and design is determined by the practitioner delivering the programme, but rather that courses combine an appropriate mix of the theoretical and the practical. For example in the US, many Higher Education Institutions run continuing professional development programmes for managers, where the core theoretical content has been provided by the academic faculty, but the delivery of the content and programme is by a practitioner.

In the end a combination of both skill sets is desirable since those with a theoretical understanding only, struggle to relate to practitioners, and practitioners with no theoretical understanding of their subject can relay war stories about what they did and what worked in a particular context but struggle to generalise. The best case scenario for the delivery of management development programmes, therefore, is delivery by those with a combination of practitioner experience and a depth of knowledge in their area of expertise including a theoretical understanding.

Example: American Management Association

In the US, the American Management Association (AMA) operates a wide range of management development seminars and classroom programmes on project management, sales & marketing, financial management, strategic management, human resource and people management, etc. Programmes are delivered multiple occasions each year in multiple locations around the US. While the core programme content for a programme is designed by the AMA and standardised, the delivery is by practitioners, who tailor its delivery to meet the audience's needs, provide real world context to the theory, and share experience and advice on the topic.

3.1.3 Application of Learning to Business Issues

Participants in the SME workshops stressed the need for applied learning to enable them to effect change in their workplace and the operation of their business - a message which is echoed in published literature.

One of the most successful means of ensuring the application of knowledge to a business issue is through a company project. In this context, programme participants use their business as a case study for the application of their learning, which is then presented for assessment. For example, in a marketing programme, participants could have to undertake an analysis of their companies marketing strategy and document it for assessment. Or in the case of a short course on people management, participants may undertake a short exercise at the end of the session to outline what specific actions they will perform differently to apply the new learning in their workplace.

In Ireland, there are a number of programmes which clearly incorporate this, for example:

- TCD MSc in International Business;
- IMI Business Development Programme; and
- Fáilte Ireland Management Development Programme.

In each of these cases, a project or thesis must be undertaken to examine or address an issue facing their business, drawing upon their learning during the programmes. In addition, CEB training for micro owners and managers is based on application of learning to business issues.

3.1.4 Mixing Classroom with Coaching and/or Mentoring

Participants in SME workshops articulated a demand for programmes which combine classroom based learning with follow up coaching and/or mentoring. The objective of this coaching or mentoring would be twofold;

- Firstly, it would allow the participating managers to get support and guidance in implementing the classroom learning when back in their workplace, and
- Secondly, it provides an incentive to participating managers to immediately apply the learning, in advance of a 'check-up' by the coach or mentor.

The mentoring and coaching can be undertaken by the programme tutor, or by a third party contracted to provide coaching/mentoring services. A number of courses in Ireland already employ the use of mentors. Examples include:

- Enterprise Platform Programmes;
- Strategic Management Development Training run by the CEBs;
- Gearing for the Future Programme offered by ISME;
- Business Development Programme offered by the Irish Management Institute; and
- Leadership 4 Growth offered by Enterprise Ireland.

Despite the apparent desire amongst SMEs to engage with mentors, it has been reported that many providers are finding it difficult to acquire sufficient mentors to meet demand. The use of EI's existing mentor panel by other agencies is considered in greater detail in *Chapter 4*.

3.1.5 Strong Peer-Learning Component

A sentiment reiterated at the SME workshops and in published literature is the need for programmes to have a significant peer learning element. The wealth of knowledge and experience amongst managers attending programmes should be leveraged to allow for the illustration of concepts, practical demonstration and broader sharing of information, experience and advice between participants. The underpinning logic for this is that managers like to learn from the experiences of other managers, and enjoy the opportunity to network and form contact with other companies.

3.1.6 Use of ICT Platforms

Many of the more successful domestic and international programmes use ICT platforms (online resources, podcasts, video streaming, online assessments, etc.) in the delivery and support of programmes³⁸. These technologies facilitate:

- Participation by reducing the need for physical proximity and somewhat allowing for learning at times which best suit the participant. This is particularly relevant given the regional spread of SMEs and the time-related difficulties many experience in relation to accessing development opportunities.
- Post-programme support by allowing for supporting materials to be made available and for online communication between participants and with the Tutor.

It should be noted that best practice suggests that the most successful approach to using ICT platforms in management development programmes is as a supplement to the classroom learning (referred to as ‘blended’ learning).

To date, relatively little use of ICT platforms has been made in management development programmes in Ireland, with some noticeable exceptions (see example below). The use of blended and fully online learning is far more advanced in the US.

Example: Fáilte Ireland & the American Management Association

The Fáilte Ireland Management Development Programme incorporates online theory courses on strategy and marketing which are complemented by group classroom sessions and on-site mentoring.

The American Management Association has recently launched a range of ‘Blended Learning’ programmes, whereby participants undergo an online pre-seminar assessment to gauge their level of knowledge, attend a classroom seminar, undergo a post-seminar online assessment, and have online access to further information and learning resources for several months following the programme.

3.1.7 Quality Assurance

International evidence and literature suggests that the most successful programmes have some form of quality assurance or recognition that signals to the market that the programme is of a minimum approved quality.

While the message from SMEs is that they are not generally concerned about awards and accreditation for programme completion, they do seek information about the quality of providers and programmes available. In essence, they seek some form of assurance of the quality of the product they wish to invest in.

The most common signal of quality to the market in Ireland is HETAC/FETAC accreditation. In the management development sphere there is significant variation in the level of accreditation even within State-funded provision (the majority of FÁS courses led to an accredited award, whereas a minority of Skillnets and CEB courses, for example, were accredited).

³⁸ It is worth noting that ICT based delivery may not be appropriate for all SMEs since not all firms will have access to or have the range of skills to fully engage with the ICT platform.



International research suggests that in the absence of course/programme accreditation, the brand of an institution plays an important role in signalling to the market the quality of programmes. In this context, it would appear prudent for Management Development providers to work towards gaining accreditation of their programmes and/or developing a differentiated, solid brand for their institution. Accreditation would also benefit individual managers employed within SMEs, making them more employable.

Example: Branding in the US

In the United States, Universities, Colleges, Professional Bodies and Private providers all compete fiercely for participants on their management development programmes. Many of the short-programmes offered by Continuing Professional Development Units and Private Training Bodies are not accredited by the State Authorities; however, the institutions leverage the brand of their institution to signal the quality and reliability of programmes. For example, the CPD units of Cornell and NYU leverage the prestigious brands of their parent University and Business Schools, the AMA leverages the brand of their Nationwide and International scale.

3.2 Implications for Management Development in Ireland

It is important to note that, while many of the illustrative examples above involve medium term and long term programmes, many of the principles apply equally to short (i.e. 1-2 day) programmes. The Council appreciates that the employment of best practice techniques on a wider scale has cost implications - many of the elements outlined above would add to the cost of delivery. For example, EI's Leadership for Growth programme delivered by Stanford and Duke CE is rightly regarded as being of the highest quality. However while this programme ticks all the boxes relating to best practice, it is an expensive course to run and can reach only a small number of specifically targeted companies.

As noted previously, just 36 percent of SMEs currently have a budget in place for management development, and so clearly the level and quality of intervention contained in the Leadership for Growth programme will not be available across the board to all SMEs. A balance needs to be struck, therefore, between encouraging best practice delivery where appropriate and ensuring that some form of Management Development remains accessible to the range of SMEs who seek it. If available, State funding might best be deployed to close the gap between the cost of best practice provision and the spend that SMEs are prepared to devote to management development.

3.3 Characteristics of a Good Manager

A large body of academic research has been undertaken in an attempt to outline the competencies and characteristics of a 'good manager' (i.e. one who observes the highest standards of management practice). Rather than reiterate the arguments and findings of all of the authors and experts reviewed by the Council over the course of their work, the following sections instead build upon this work, and provide a summary list of key managerial competencies (divided into three distinct categories³⁹). Thereafter, the Council proposes a framework designed to capture and illustrate these competencies for SMEs and providers alike, thus facilitating a dialogue between both parties, and ultimately leading to enhanced and more relevant provision of management development training and education.

³⁹ This list is based on work published by Cordona & Chinchilla (1999). This work defines management competencies as 'observable and habitual behaviours that enable a person to succeed in a management role'.

3.3.1 Strategic Competencies

Strategic Competencies are associated with a manager's strategic capacity and the relationship with the company's external environment. These include:

- *Business vision* - identifying opportunities, and potential forces that impact on the company's performance;
- *Problem solving skills* - identifying the key features of a complex situation or problem and the ability to synthesize and make decisions;
- *Resource management* - use of the available resources in the fastest, most economic and most efficient manner to obtain the desired results;
- *Customer orientation* - responding promptly and effectively to customers' suggestions and needs;
- *Effective networking* - developing and maintaining a broad network of relationships with key individuals within the company and in the industry; and
- *Negotiation* - securing the support and agreement of key individuals and groups that can influence the particular area of responsibility.

3.3.2 Executive & Leadership Competencies

Executive and Leadership Competencies comprises the following basic competencies:

- *Communication* - effective, using both formal and informal procedures, and providing specific data to back up observations and conclusions;
- *Organization* - assigning objectives and tasks to the most suitable people, and monitoring task fulfilment;
- *Empathy* - paying attention to other people's concerns, and respecting their feelings;
- *Delegation* - ensuring that the members of the team have the decision making capacity and resources they need to meet their objectives;
- *Coaching* - helping collaborators to discover areas for improvement and to develop their skills and professional capabilities; and
- *Teamwork* - fostering an atmosphere of collaboration, communication and trust among the members of the team, and stimulates them towards the achievement of common goals.

3.3.3 Personal Effectiveness Competencies

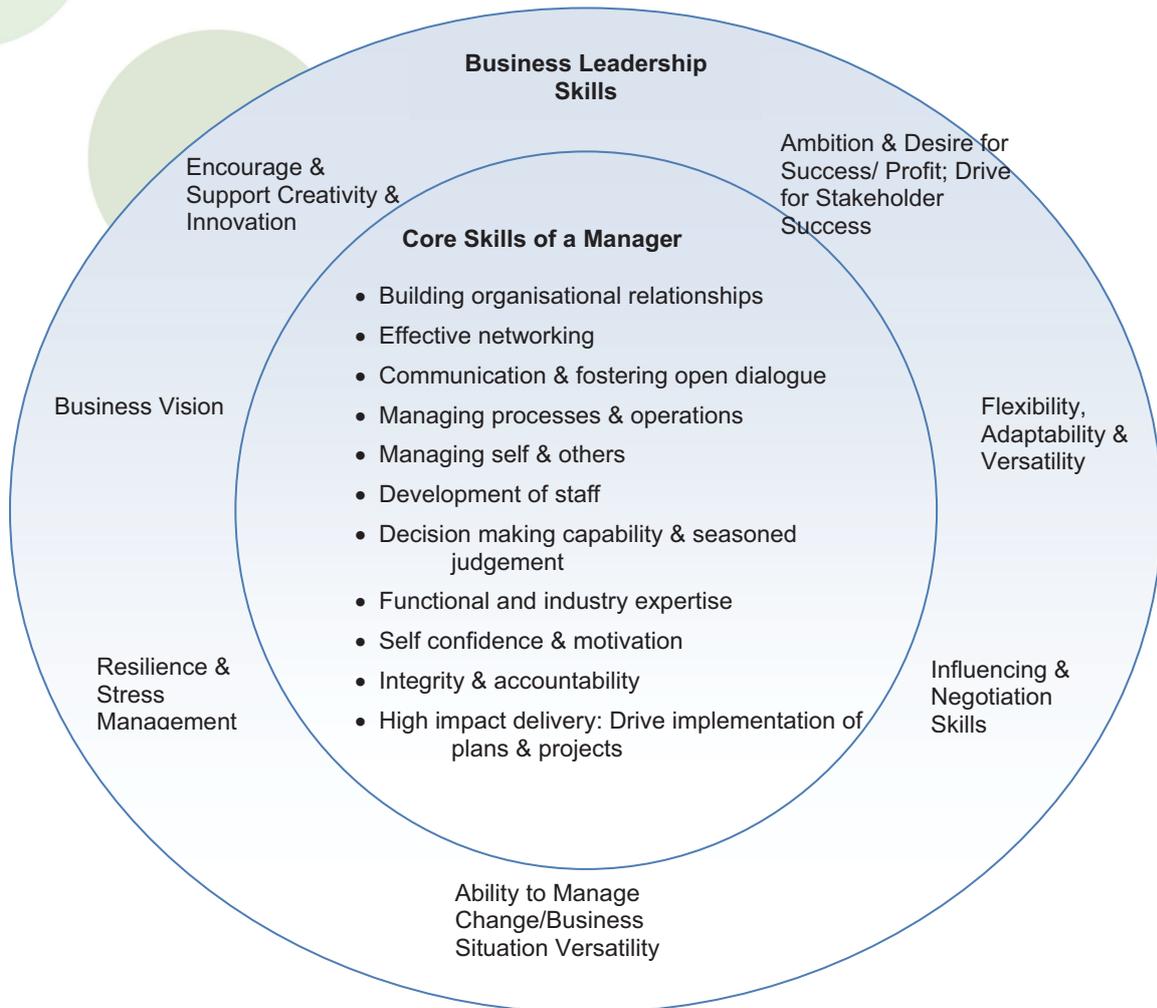
Personal Effectiveness Competencies refer to a person's basic habits with respect to oneself and one's environment; they enhance the effectiveness of the other two groups of management competencies (strategic and leadership). These include:

- *Proactiveness* - characterised by initiative, creativity and personal autonomy;
- *Charisma* - characterised by optimism, self-motivation and enthusiasm;
- *Self-governance* - characterised by self-discipline, concentration and self-control;
- *Self-management* - in particular, the management of time, stress and risk;
- *Integrity* - characterised by credibility, fairness and honesty; and
- *Personal Development* - the ability to know, criticise and change oneself.

3.4 MDC Management Competency Framework

Based on the competencies above, the MDC has developed a visual framework to capture the specific attributes a manager should attain, and which management development provision should aim to instil in its participants. This framework is illustrated in *Figure 19* below.

Figure 19: Key Skills, Attributes and Knowledge for SME Managers/SME Management Team

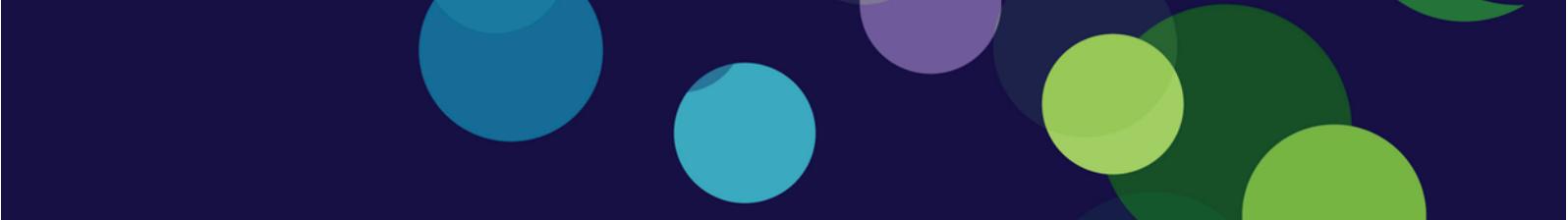


Business Management Knowledge

In addition to role related technical knowledge, all managers should have at least a **working understanding** of the following areas:

	Financial acumen	Sales	Marketing
HR management	Project management	Procurement and supply chain management	
Corporate governance & compliance		Contract and employment law	Strategic Management

The purpose of this framework is to allow managers and entrepreneurs to identify the key skills sets required to effectively manage their companies, and ultimately to link these competencies with specific management development courses/modules. *Appendix B* outlines in greater detail the actual subjects that relate to these competencies, and provides an indicative list of the providers currently offering these subjects.



The list of subjects will have different degrees of relevance for individual managers and/or SMEs depending on a variety of factors, including the company's stage of development, the sector they are engaged in, and growth aspirations of the owner or management team.

In *Chapter 4* the need to disseminate this information is discussed. The framework illustrated above and the subject matter underneath each competency would best be disseminated through a website.

Furthermore, the framework needs to be made applicable to SMEs and managers by linking it with a *Training Needs Analysis (TNA)* tool which might also be hosted on the proposed website. Such a tool would allow firms to identify areas that need to be improved in their management practices, and link these areas to specific competencies. Thereafter, individual managers or SMEs could source training to address their identified needs. This also is discussed further in *Chapter 4*.

4. Analysis and Recommendations

Summary of Council Recommendations

- A **national system** for management development should be put in place in order to boost productivity, innovation and competitiveness amongst Irish SMEs. Integral to this is reform of: (1) demand-side of the market; (2) supply-side of the market; and (3) State funding. There is also a need to identify a ‘champion’ for a management development system and wider agenda. The Council believes that as the home of both the national skills strategy, and the overall enterprise development agenda, DETE is also the natural ‘champion’ of the management development agenda.
- Demand-side reforms include:
 - Participation in relevant management development programmes amongst SMEs not currently catered for by either the CEBs or EI should be promoted through the development of networks of managers;
 - This approach should achieve a *multiplier effect* engaging a large number of SMEs through a combination of ‘bottom-up’ firm-led activity and ‘top-down’, target-driven activity, and should lead to a sustainable improve improvement in SME management capabilities;
 - The network approach should be a *demand-led* method of increasing SME participation in management development and should *leverage significant matching private sector funding*; and
 - The network should be *one-stop-shop* for management development, helping firms at all levels of engagement, from identification of need, through sourcing suppliers, facilitating participation, and finally evaluating the outcomes of each programme.
- Supply-side reforms include:
 - The third level sector should play a greater role in the area of management development particularly in the area of continuing and professional development;
 - Management Development programmes should promote and reflect the use of international best practice, as outlined in this report; and
 - A centre of research should be identified to underpin the ongoing development of best practice in management, and in management development programme delivery.
- Funding proposals include:
 - Private companies already provide most of the funding for management development without recourse to the State and the Council would like to see this continue;
 - Imperfections in the market and the returns to the State from investment in management development justify State intervention. State funding will continue to be required in the short-medium term in order to incentivise participation in management development amongst firms;
 - The County Enterprise Boards should continue to address management development in companies employing up to 10 people;
 - Enterprise Ireland’s role dealing with HPSUs and Growth Companies should be maintained and
 - The State should provide a funding allocation starting at €10-12 million per annum to fund management development networks, and this amount could be increased if levels of demand warranted such an increase. The National Training Fund should be used to fund management development networks.

4.1 Background & Current Performance

As already noted in the *Introduction*, an improvement in management practices amongst SMEs in Ireland could yield significant returns. The preceding chapters have identified some of the challenges facing policymakers, providers and SME managers. This chapter sets out some actions designed to address these challenges.

The Council has outlined an ambitious vision for management practice in Ireland - that managers in Ireland would not just meet best international standards, but would in fact set these standards. More specifically, the Council would like to see the proportion of SME's participating in management development, particular in transformational and strategic courses to increase from:

- 45 percent to 70 percent for micro firms (approximately 53,000 firms);
- 62 percent to 80 percent for small firms (approximately 8,000 firms); and
- 87 percent to 90 percent for medium firms.

These target figures reflect the proportion of firms who expressed intent to participate in management development training when questioned as part of the MDC's Red C Survey, and also build upon the judgement and experience of the Council members.

In addition, the Council would like to see a greater proportion of SME firms engaging in longer-term, transformational, productivity-enhancing courses that will affect a major positive step-change in firm level performance, than the current practice of firms engaging in primarily short term, often compliance-related courses.

There are a number of barriers limiting participation amongst individuals and companies in management development. The main barriers identified include:

- A lack of appreciation for the need for and benefits of management development, particularly among non-engaged SMEs. Individuals may not fully appreciate the true value of acquiring an education (or in this case, investing in management skills), due to either lack of awareness, risk aversion (i.e. there are not definitive guarantees that the returns to the individual will be as significant as presumed) or as a result of the uncertainties about the future state of the labour market. Although it would appear rational to invest in order to reap the rewards in the future, the long-term nature of returns from this investment can result in underinvestment;
- A perceived lack of relevance of programmes to the needs of micro and small firms;
- Confusion amongst potential customers over the range and quality of the courses on offer, as well as a lack of certainty over the content of the various courses and the competencies which participants would acquire;
- Limited regional access to relevant management development courses;
- Financial cost - human capital is not particularly suited to deferred consumption, nor have capital markets developed sufficiently to offer widespread finance for education and training in return for such intangible collateral as the future earnings which are likely to accrue from the education and training; and
- Time constraints.

The recommendations outlined in this chapter are designed to address each of these barriers, and are intended ultimately to allow Ireland Inc. to achieve the vision outlined by the Council.

4.2 Importance of Investment in Management Development

Chapter One identified the significant potential rewards that an improvement in average management performance might yield - both in terms of combating the immediate effects of the recession and contributing to a restoration of economic growth, not to mention the €500m-€2.5bn



increase in GVA identified by McKinsey & Co. which could accrue from an improvement in management practices amongst Irish manufacturing enterprises.

In order to achieve the vision set out above, and achieve the returns outlined in *Chapter One*, the Council believes that significant investment in management development will be required. While there is no doubt that much of the responsibility for improving management practice lies with private individuals and firms, the Council also believes that State funding will play a crucial role in improving the stock of management skills in Ireland.

Before setting out the mechanisms through which the Council believes the State should intervene in the market for management development, the following section sets out the precedent for such State intervention.

4.2.1 The Role of the State in Education and Training

There is pretty universal agreement on the economic value of investing in the skills of individuals - a number of recent landmark reports have specifically highlighted the need to continuously develop the stock of human capital in Ireland in order to boost our international competitiveness. Most notably perhaps, the report of the Enterprise Strategy Group⁴⁰ stated that:

"Knowledge creation and diffusion are at the core of economic activity. Knowledge is embodied in people, and it is the quality of the human resource that will determine the success or otherwise of firms and economies in the years ahead. It is people who create knowledge, and it is people who disseminate, adapt and use data, insights, intuition and experience to create distinctive value."

Specifically, the ESG highlighted world class skills, education and training as an area in which, with the appropriate policies and support, Ireland could obtain a competitive advantage vis-à-vis key competitor countries.

This belief in the need for and value of training was taken up by the Expert Group and formed one of the essential elements of the National Skills Strategy (NSS)⁴¹. The Expert Group pointed out that given the likely make-up of the labour force in 2020, the most effective way to improve Ireland's skills profile over the medium term was to target those currently active in the labour force, both employed and unemployed⁴².

The NSS went beyond simply acknowledging the importance of investment in education and training, and explicitly identified a role for the State in the funding of in-employment training based on the existence of a market failure for investment in education and training, and the returns which would accrue from such investment.

Since the publication of the Strategy, the principles set out therein (including the role of State funding) have been accepted and adopted by a range of stakeholders and have also been integrated into policy documents as diverse as the various Social Partnership agreements and the National Development Plan. More recently, the *Smart Economy* document⁴³ emphasised that:

"In the modern economy, a particular focus needs to be on efforts to increase participation in lifelong learning by providing opportunities for education and training, in order to facilitate required upskilling and reskilling."

That document, which provides a blueprint for the evolution of the Irish economy over the coming years, also makes a commitment on behalf of the State to "provide training to people in

40 Enterprise Strategy Group, 'Ahead of the Curve, Ireland's Place in the Global Economy, Forfás, 2004

41 Expert Group on Future Skills Needs, *Tomorrow's Skills: Towards a National Skills Strategy*, Forfás, 2007

42 It was estimated that approximately 1.4 million people currently engaged in the labour force would still be active in 2020.

43 Department of the Taoiseach, *Building Ireland's Smart Economy - A Framework for Sustainable Economic Renewal*, 2008

employment”. The Council believes that this commitment should include a commitment to fund management development for SMEs, since management skills represent a subset of in-employment skills.

4.2.2 Addressing the Barriers to Management Development

While there are undoubted benefits for individual firms to participate in management development training, imperfections in the market prevent them from doing so. Given the potential returns on investment in management development, State intervention in the market is justified. The Council does not believe, however, that the State should support all forms of management development for all enterprises. Instead the State should intervene in the market to address the barriers outlined above.

Essentially, the rationale for State intervention in the market for provision of management development training is built upon the belief that:

- (i) The current take-up of management development amongst SMEs is sub-optimal, due to the barriers listed above;
- (ii) Ireland is building towards a *Smart Economy* - investment now in management development will have a long term positive impact on the economy as a result of improved skills levels, increased expertise, and enhanced productivity levels. The Council believes that the positive externalities which will accrue as a result of State investment will be crucial to the development of the *Smart Economy*;
- (iii) Through targeted investment in management development, the State can shape the types of management courses undertaken - a significant proportion of management development activity undertaken in Ireland is compliance-related, covering areas such as financial management and health and safety. Whilst these courses are no doubt instrumental to the legal functioning and survival of a business, they are often favoured by customers over more strategic, step-change courses that potentially deliver longer term productivity gains, in areas such as strategic management, leadership, operations management, and sales management⁴⁴. State funding can be used to change attitudes and ensure more firms engage in more strategic training;
- (iv) There is a need to target the ‘hard-to-reach’ cohort of firms who traditionally do not engage in management development - the evidence in *Chapter Two* clearly demonstrated much lower participation in management development amongst micro and small firms compared with medium sized firms.

44 The survey undertaken by Red C Market Research for the MDC suggests that compliance-related financial management and health and safety Management Development courses were undertaken by 26 and 25 percent respectively of SMEs participating in Management Development. Meanwhile, productivity-improving courses in operations management, presentation and communication skills, strategic management were each undertaken by eight percent of respondents; leadership skills by seven percent; and IT management, marketing management and sales management each undertaken by six percent.

The data also shows that while management development training, leading to improved management performance, offers benefits to all firms, regardless of size and stage of development, a higher proportion of medium-sized firms attended management development courses most closely associated with sustained productivity enhancement than small or micro-sized firms. This suggests that micro and small firms are not necessarily engaging in the type of management training which would yield the greatest returns.

4.3 Achieving the Council's Vision

Given the importance that good management practice plays in sustaining economic growth, the Council feels that it is vital that the State maintain a level of funding for management development, notwithstanding the current economic recession. The MDC believes, however, that the key issue in enhancing participation rates in management development and ultimately boosting productivity levels in Irish SMEs is ensuring that the structure of the market is optimal and sustainable. This will facilitate an increased participation rate over time. In order to effect real long term change, the Council believes that a ***national system for management development*** must be put in place, and that both supply and demand must be tackled in parallel. An overhaul of provision is required, with new providers being enticed into the market where opportunities arise and existing providers demonstrating greater flexibility and relevance in their offerings. At the same time, the Council would like to see a greater appreciation of the value of management development and its potential contribution to economic growth amongst both SME firms and policymakers.

To achieve this, a new national framework should focus on reform in three key areas:

- **Demand-side** - increasing awareness of, and incentivising firms' participation in, management development;
- **Supply-side** - the quality and provision of management development programmes; and
- **Funding** - the role and level of State funding, and the mechanisms through which it may be channelled into management development.

While the Council believes that structural reforms will provide a significant impetus to increase participation in management development, such reforms alone will not be sufficient to achieve the step change envisaged in the Council's vision. In addition to ensuring that the market is structured in an optimum manner, the Council believes that a number of other supporting actions are required, including the dissemination of management development information, awareness creation and education about the merits of management development, and the promotion of best practice delivery. Each element of reform is considered in detail in the following sections.

4.3.1 Demand-Side Reform - Increasing SME Participation and Awareness

In order to stimulate increased demand for management development in an efficient manner, the ideal approach should represent a 'one-stop-shop' - helping firms at all levels of engagement, from identification of need, through sourcing suppliers, facilitating participation, and finally evaluating the outcomes of each programme. In determining an approach that is most likely to encourage SMEs to participate in management development, the Council has identified a number of guiding principles:

- An approach which creates a multiplier effect is required - state funding must leverage additional private sector funding, and encourage an ever larger number of SMEs to participate in management development programmes;
- A demand-led approach which reflects the needs of SMEs should be encouraged;
- For many SMEs (particularly those without an internal human resource function), it is difficult to identify management development needs and to source appropriate training. An approach which incorporates a diagnostic tool to identify firm specific management development requirements, and which also assists firms to identify the relevant type of development is more likely to encourage participation;
- As illustrated by the Red C survey findings, many SMEs that intend to participate in management development never actually follow through on this intention. There is a need, therefore, to

assist such firms to actually procure appropriate management development training and to gather all information relevant to the proposed training (relating to accreditation, for example);

- Certain SMEs are more likely to engage in management development than others. In order to achieve a significant step-change in participation rates, interventions should deliberately target a prescribed proportion of hard-to-reach SMEs - the evidence from *Management Matters in Northern Ireland and Republic of Ireland* finds that Ireland has a large share of underperforming firms relative to leading countries, and that improvements in the score of these firms would have a significant impact Ireland's overall performance.
- The needs of SMEs in the regions should be accorded particular attention. The evidence collected shows that face-to-face interaction with SME managers is more likely to yield positive results in terms of participation. This face-to-face interaction (and direct selling of management development courses) is more likely to succeed as part of a wider discussion about firm needs, rather than as an exclusive stand-alone conversation relating to management development;
- An approach which is outcomes-focused, with appropriate monitoring of targets and other relevant metrics is desirable; and
- The approach taken must be sustainable from a public finances perspective - over time, the private sector must assume increasing responsibility for investment in management development, once the market has matured.

4.3.1.1 A Management Development Network

The Council believes that a network approach to management development meets all of the key criteria outlined above. Essentially similar to existing training networks, a Management Development Network would represent:

- A practical solution to achieving the **multiplier effect needed** to engage a large number of SMEs through a combination of 'bottom-up' firm-led activity and 'top-down', target-driven activity undertaken by the network manager;
- A **demand-led** method of increasing SME participation in management development training that differs substantially from the current supply-led system;
- A solution that can **leverage significant matching private sector funding** leading to a multiplier effect - the more the State invests, the more private sector funding will be leveraged; and
- The network manager would operate as a **'one-stop-shop'** tasked with overseeing the promotion of the management agenda, and responsible for improving information flows and the development of an appropriate diagnostic tool. The network manager would also be in a position to undertake direct 'face-to-face' selling of management development programmes to firms, which was highlighted in the Red C survey as of the utmost importance in securing SME engagement. The manager would also be expected liaise with successful managers in his or her region or sector, with a view to delivering a practical voluntary mentoring component to management development activity.

4.3.1.2 Operating a Management Development Network

The Council envisages a Management Development Network that would operate in a manner similar to the current arrangements for training networks, albeit with a number of modifications designed to enhance performance and minimise costs.

Rather than establishing a multitude of competing networks, the Council believes that a partnership approach, encompassing all key stakeholders and trade associations would work best, eliminating



duplication of effort, and maximising the number of SMEs represented⁴⁵. This would see all of the main players in the SME space working together, under the auspices of a managing authority - this role should be undertaken by an existing state agency currently funded under the National Training Fund (NTF), or by the Department of Enterprise, Trade and Employment. Under the Management Development Network, a number of individual sub-networks could be established as appropriate. The Council also recommends the creation of larger networks than might traditionally have been the case - such a move would reduce costs and is in line with current thinking in Skillnets (e.g. the *Finuas* network - see *Networks in Practice* textbox).

The first action of the managing authority would be to appoint a network manager (or managers) responsible for the day-to-day running of the network. The network manager would issue a call for submissions from potential providers seeking to supply management development training in response to SME needs. A competitive tendering process would then be applied to source the most suitable, responsive and cost effective providers - both public and private sector providers, as well as third level institutions would all be encouraged to tender to run management development programmes.

Once a provider (or providers) has been appointed, the provider in conjunction with the network manager would be responsible for recruiting participants to the programmes being run by the Management Development Network - a critical mass of companies/managers would be required to make this viable. The various trade associations, including the CEBs, would also be asked to refer their clients to the Management Development Network. Furthermore, the trade associations have an important role to play through their regular dialogues with SMEs - this is an opportunity for them to emphasise the importance of management development to firms, and also to provide information to members on management development training opportunities available from the various providers.

The Council has identified a number of principles which should be applied to the proposed Management Development Network:

- All management training delivered through the Management Development Network should be in response to a clearly identified and defined training need;
- The network manager should ensure that training outcomes are consistent with programme objectives;
- Systematic evaluation of programmes is essential - this point is elaborated upon later in this chapter; and
- Firm-specific analysis of training needs is required to ensure that appropriate programmes are developed.

⁴⁵ This concept is similar to the 'Development Partnership' model which was a requirement to access funds under the EU EQUAL Programme. Essentially no one organisation could make an application for funding - a number had to come together and the idea was that that would be beneficial in itself in breaking down barriers and allowing them to work together on future activities.

Networks in Practice - The Finuas Networks Scheme

The partnership approach to training has already been tried. The Finuas Networks Programme, established in 2009 as a result of the Expert Group on Future Skills Needs' report *Future Skills and Research Needs of the International Financial Services Industry*, is dedicated to delivering training and addressing specific skills needs in the International Financial Services sector - while not SME-specific, the model utilises many of the features recommended herein.

Training delivered via these networks is strictly for those in employment in the financial services sector; predominantly in the areas of banking and capital markets; investment management and insurance. An initial €1m of funding has been provided from the National Training Fund in 2009, matched by an equal contribution from the private sector.

Each of the four networks under the *Finuas* umbrella has a dedicated manager, and the networks are led by a voluntary steering group comprising representatives of member companies. The role of each network manager is shaped and determined by the steering group. There is no rigid requirement for network affiliation; for example, network branding is on a sectoral/occupational basis for one (Law Society); another is on a geographic basis (Munster). The largest of the four networks, the Summit network, comprises the Irish Business and Employers Confederation (IBEC), Financial Services Ireland (FSI), the Federation of International Banks in Ireland (FIBI), the Irish Banking Federation (IBF), the Irish Funds Industry Association (IFIA), the Dublin International Insurance & Management Association (DIMA), the Federation of Aerospace Enterprise in Ireland (FAEI) and the Irish Association of Investment Managers (IAIM), and it is this partnership approach that the Council wishes to emulate.

The Finuas scheme is expected to cost €2m in 2009. The "management costs" component (including overheads, salaries, audit, evaluation and administration costs) is expected to account for between 10 and 15 percent of the expenditure. This is lower than the management costs of a typical large network, which is currently approximately 20 percent.

To overcome the perception that a Management Development Network (for either training or management development) would be an artificial creation, there must be a combination of "bottom-up" (firm-led) and "top-down" (procedure-driven) activity within the network. A network manager would be responsible for both the recruitment of participants into the Management Development Network, the development of programmes and the sourcing of a training provider. The network manager oversees the development and roll-out of management training and is responsible for direct interaction with firms. This face-to-face selling aspect has been identified by the MDC as a crucial tool for successful engagement by SMEs. A manager should also be close-to-market and have an innate understanding of the sector or region in question - the regional aspect would also be a positive response to feedback that current provision is too Dublin-centric. This way, the network manager could ensure that duplication is avoided and that sufficient scale is achieved.

Networks rely on competitive tendering processes to source the best and most suitable providers - this would also contribute to the cost effectiveness of the model. The bargaining power of a network enables tailored courses to be delivered at a more competitive rate than would be the case if companies sought the training alone. Providers can offer lower fees if there is a higher volume of clients for each course, tailored or not. In recent months, competition between providers has intensified while the potential client base for training has shrunk somewhat since the onset of recession. Details of the potential costings and funding requirements for a management development network are outlined in section 4.3.3.

4.3.1.4 Other Functions to be undertaken by the Network

In addition to operating as the channel through which firms, stakeholders and providers interact to ensure provision and demand match, the Management Development Network will need to undertake a number of additional functions, each of which is outlined below. The Council would envisage the



network manager undertaking as many of these functions as possible during the initial rollout phase - failure to progress the awareness agenda, for instance, would reduce the likelihood of the initiative succeeding.

Awareness and Education

Management development must be viewed as part of a wider context of upskilling and as an important catalyst for other types of upskilling - the EGFSN have consistently reported that managers who undergo training and development are more likely to send their staff on training programmes. Therefore, the Council believes the management development agenda is inextricably linked with the implementation of the *National Skills Strategy* and the delivery of the Government's *Framework for Sustainable Economic Renewal*.

The various surveys undertaken by the Council have clearly indicated a lack of awareness amongst many firms about either a) the value of management development, or b) their own management development needs. In addition, many companies may not be fully aware of the range of programmes that are available. If the network approach is to succeed, then SMEs and managers must be educated about the merits of participation.

Given the tight fiscal environment at present, budgets are limited. Therefore, creative approaches must be considered to ensure that the management development message reaches the ears of those who need to hear it. In particular, the role of the various trade associations and sectoral representative bodies, as well as other relevant stakeholders will be critical. These organisations should use every opportunity to talk to their membership about the management development agenda and thus ensure that the message reaches as wide an audience as possible.

Any promotional strategy relating to management development must aim to enhance awareness amongst individuals and SME firms about the benefits of management development - the use of case studies highlighting the returns to investment in management development is particularly recommended. Similarly, the use of testimonials from previous participants in management programmes should be considered. Careful consideration should be given to the terminology used in promoting training and development amongst enterprises. Emphasis should be placed on commercial and related benefits.

Issues such as the development of a common brand for management development initiatives, regardless of the agency, trade association or private provider running the course, should be considered as an additional mechanism of promoting awareness.

In addition to the use of media channels and the use of trade associations etc. to disseminate the management development message, it must also be recognised that the single most important element in convincing SMEs to engage in management training will continue to be face-to-face dialogue between individual managers and management development champions (be they providers, intermediaries, State Agencies or the network manager).

Improve Information Flows

Poor flows of information between the various actors in the management development space (notably between providers and SMEs) are at the root of many of the issues outlined. In order to rectify this information deficit, the Council believes that the development of a dedicated management development website is an essential element of a 'one-stop-shop'.

As well as providing information on management courses to interested firms and individuals, it is envisaged that any such website would also fulfil other functions and would address other issues of concern to the MDC. A website should, therefore:

- Act as a tool to stimulate demand for management development (through the use of case studies and testimonials for example);
- Include a diagnostic tool (or training needs analysis (TNA)) which would support organisations in the self-evaluation in their training and developmental needs. This should be modelled on existing TNA tools which are already in use - examples of general skills diagnostic tools are

available as are tools specifically designed with management development in mind (for example the SFA, through their *National Centre of Excellence*, have already developed and rolled out such a tool⁴⁶).

- Promote the use of a common language in relation to management development and the benefits which can accrue from participation in such courses - rather than focusing on management development per se, the focus should be on improved profitability, increased sales and export growth, all of which are more likely to resonate with managers than the academic type language used in many management textbooks;
- Promote the use of best practice while recognising that a 'one size fits all' approach is not appropriate;
- Provide relevant information about accreditation and promote the development of accredited courses while recognising that accreditation is not a substitute for an effective quality assurance system;
- Encourage interactions between enterprise and providers. This dialogue should enhance the development of courses and materials ensuring that they are relevant to firm needs;
- Promote the take-up of transformational courseware; and
- Build upon the Management Development Council's management competency framework (outlined in *Chapter Three*) which can provide firms and individual managers with a clear guide to the skills required to 'manage' and the subjects which they would have to study to acquire these competencies.

Evaluation

In line with the general move towards greater evaluation of public expenditure, the Council recommends that a rigorous evaluation process be put in place for all State-funded management development provision. In particular, firm-level metrics such as sales/revenue, employment and exports both before and after a firm has participated in any management development programme should be captured. As well as ensuring improved value for money, such a system would also assist policymakers to measure Ireland's progress towards achieving the vision outlined previously. Any such evaluation exercise must also recognise that the benefits which accrue from such investment may not either tangible or immediately visible.

Evaluation, however, should not create a barrier to potential participants, especially those 'difficult to reach' participants. It would need to be done in a way that would be seen as beneficial to the participant's and not to be seen as cumbersome paperwork and red tape. The information could be gathered as part of the course content where participants are supported in the gathering and reporting of the information and where it is also possible for the owner manager to complete confidentially.

4.3.2 Reforming Supply

In order to boost the overall stock of management capability in Ireland, there is a need to develop all streams of provision, including those which to date have been underutilised. Specifically, the Council would welcome an expansion in the role of the third level sector in the area of management development. The prevalence of third level institutions throughout the country would address some of the concern about the limited availability of management development courses in many regions

⁴⁶ See www.centreforexcellence.ie for further information. It is intended to maintain this site in 2010.

outside of Dublin. In addition, it is important that measures are taken to ensure that the content and delivery of management development programmes reflect international best practice.

4.3.2.1 Third Level Institutions

The Council believes that the IoT and university sector needs to play a greater role in professional and continuing education in all disciplines, not just in the sphere of management development. It is noted that the Minister for Education and Science has established a high level strategy group to review the operation of the higher education sector and to engage in a process of formulating a comprehensive vision for the sector and developing a strategic roadmap that will enable the system to respond to the continually evolving demands of Irish society and the economy, including the skills development needs of the enterprise sector. The Council supports this work, and also acknowledges the ongoing work taking place under the banner of the IOTI's *Flexible Learning Initiative* (see box below). The results of this initiative are likely to have a major positive impact on the range of courses offered on a continuing and part-time basis.

IoT Flexible Learning Initiative

Work is already underway in the IoT sector to provide more flexible learning opportunities to potential part-time students. In keeping with current government and market needs, the IoT's and DIT are committed to mainstreaming supported flexible learning within and between their institutes as an innovative and complementary mode of delivery. This flexible learning system aims to expand the courses offered on a flexible basis and is leading to many additional courses being offered on a part-time basis. Ultimately, this initiative should see an increase in the number of people in the workforce engaged in education and development.

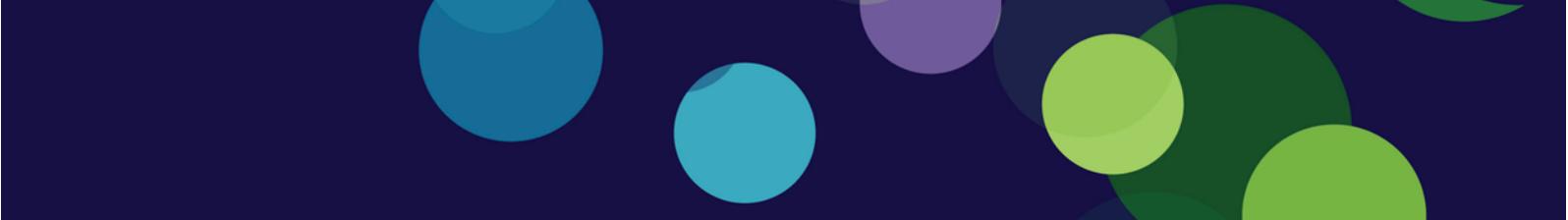
It is also worth noting that there are a number of other initiatives underway which are designed to foster industry/HEI engagement in developing work force skills.

The *Roadmap for Employment Academic Partnerships* (REAP) is a collaborative project, involving eight Higher Education Institutional partners, for the research, development and validation of a Higher Education /Employment Partnership Model and Roadmap. It will identify learning needs within workplaces, and develop a comprehensive plan for partnership between employers and HEI's.

In the *Education in Employment* initiative, there are nine partners, led by CIT. The focus of this project is on offering relevant education and progression opportunities to those already "in employment" rather than those preparing "for employment" and to provide access routes for the non-traditional student - this may have direct relevance for many owner-managers. The growth in "non-traditional" student numbers and in particular the desire of companies, industry sectors and individuals to upgrade qualifications and skills is increasing the demands on the third-level education sector to provide efficient, flexible and user-friendly routes to these qualifications. This must be achieved in a manner which retains the confidence of the individual learners, employers and awarding institutions

For many institutions, the move into the professional development and continuing education sphere is a new development and, given the important role that the IoTs can play in developing Ireland's *Smart Economy*, the State should continue to assist the Institutes to develop courses and other flexible learning offerings as required through the *Strategic Innovation Fund* (SIF). Over time, the expectation would be that professional development offerings become at least self-sustaining in terms of finance.

In terms of positioning the third level sector's prospective management development offerings, the Council believes that each institution must tap into the local enterprise base. In the IoT sector, every institute employs a designated *Industry Liaison Manager* (ILM) whose task it is to act as a bridge between the college and enterprise. This direct access to the enterprise base means that ILMs in each institute are perfectly placed to ensure that course design and delivery reflect the management development needs of firms in their region. Already, progress is being made at regional



level in rolling out management development courses on a part-time basis. The MDC believes, however, that enhanced coordination is required between the various institutions in order to ensure that there is greater visibility for the IoTs' offerings in this space, and to support the ramping up of provision. As a first step in improving coordination, the Council recommends that the Industry Liaison Managers forum develop a strategy to enhance cooperation and coordination in the area of management development.

The IoT's have been the beneficiaries of significant State funding to help establish business incubation centres. These centres, together with the associated staff such as centre managers, industrial liaison managers and Heads of Development have become focal points primarily for new business start up programmes. The Management Development Council would like to see this grouping of expertise also become the focal point for a wider engagement with workforce education and, in particular, management development capability building⁴⁷.

4.3.2.2 Best Practice

In line with the conclusions in *Chapter Three*, the relevant actors should promote the use of best practice provision while recognising that a 'one size fits all' approach is not appropriate (i.e. certain best practice elements will not be appropriate for all programmes). The issue of cost must also be borne in mind when promoting best practice. A balance must be struck between maximising participation in, and output from, management development programmes and the need to ensure that optimum delivery mechanisms are employed - any drive to utilise best practice must not impact negatively on cost such that the majority of SMEs are excluded from participation.

An issue of particular interest to the Council is the use of mentors as an efficient and effective manner of disseminating best practice. There is a need to further develop a network or panel of voluntary, experienced mentors throughout the country who can liaise with all of the relevant Stage Agencies, funding bodies and management development participants on an ongoing basis - such a panel of volunteer mentors would be particularly useful in an era of constrained public finances. The practicality of using Enterprise Ireland's existing Mentor Programme for this purpose should be considered - EI already facilitate the CEBs to use their panel for management development purposes. Mentors on the panel should have specific SME-based experience.

Finally, in relation to the issue of accreditation, the Council believes that while accreditation may be important for certain categories of managers, and should be encouraged where feasible, accreditation should not act as a barrier to prospective participants engaging in any management development training. Linked with the issue of accreditation is the need to develop a system of *recognised prior learning* (RPL) as a stimulus to increasing management development participation, but also as a contributor to the national upskilling agenda.

4.3.2.3 A Research Function to Underpin Management Development

In order to ensure that management development provision reflects best practice on a continuing basis, there is a need to identify a centre for research into management development which can be tasked with undertaking regular research into this issue. Such a centre would be responsible for conducting research into the competency framework, ensuring that it remains up to date and relevant. Similarly, such an entity might be tasked with ensuring that delivery methods remain appropriate and with measuring Ireland's overall management performance and/or the returns to

⁴⁷ A recent Forfás report *The Role of the Institutes of Technology in Enterprise Development - Profiles and Emerging Findings*, June 2007, found that all Institutes now have incubation centres which provide a combination of mentoring, networking and office support to tenants.



State investment. The entity chosen to fulfil this research remit might also be required to produce and submit an annual report to the Department of Enterprise, Trade and Employment (DETE).

It would be necessary to ensure that the output from any publically funded research be fed into the system - and that both public and private providers have access to the findings. Further, this research must relate specifically to the SME sector and must be produced in a manner that is both accessible and understandable to SMEs. At present, the Irish Management Institute (IMI) seems best placed to fulfil this role, although any decision to award public funding for research purposes should be subject to a competitive tendering process.

4.3.3 Funding Reform

The Council believes that State funding will continue to be required in the short-medium term in order to incentivise participation in management development amongst firms. In terms of how this funding should be utilised, the Council recommends that:

- The County Enterprise Boards continue to address management development in companies employing up to 10 people. The CEBs are amongst the organisations best placed to engage with firms on the ground. The CEBs are also in a position to strengthen the links between Institutes of Technology and firms in the area of management development - this is already occurring through a number of initiatives such as the Enterprise Platform Programmes, LEAP, Enterprise Acceleration Centres etc.
- Enterprise Ireland's role addressing the needs of HPSUs and Growth Companies be maintained; and
- The Management Development Network as previously outlined be established to encourage participation in management development amongst SMEs not catered for by either the CEBs or EI. This would include micro firms who could be referred to the network by their local CEB.

The Council acknowledges, however, that private sector funding will continue to be essential and will account for the majority of the annual spend on management development.

In the medium term, the Council would also like to see State funding concentrated on those interventions that are more likely to lead to significant productivity and performance improvements amongst firms. Specifically, State funding needs to be more focused on transformation courses that lead to recognised outputs and qualifications. These management courses are generally of longer duration, and linked with the *Business Leadership Skills* outlined in *Chapter Three*. Conversely, there should be reduced levels of State funding made available for courses that are compliance-based or regulatory requirements for firms.

The Council also recognises, however, that in order to build the *Smart Economy*, we must first help existing SMEs to survive the current economic downturn. In particular, SME managers are likely to benefit from education and training courses which contribute to revenue generation, and firm efficiency - while these programmes do not represent the type of strategic, transformational courses that the Council would ultimately like all managers to engage in, they are vital if Irish firms are to survive the downturn.

4.3.3.1 Funding Requirement for a Management Development Network

The Council proposes that the State's level of subvention for the Management Development Network should be capped at 50 percent of total costs, with equally matched funding being provided by the private sector beneficiaries of the training. Subvention rates could vary according to company size, with higher rates being granted to micro and small companies, and/or by type of programme, with accredited or transformational courses granted higher rates. While the proportion of course costs covered by firms would increase, a more competitive marketplace for management development courses enabled by a network structure would ensure that the absolute cost of courses fell.

The exact level of funding required to meet the targets set out in the Council's vision is dependent on a number of factors, including the type of training being provided, the number and size of firms participating, the percentage of matched private sector funding sought, and the proportion of 'new' provision incorporated in the network's activities. Market forces and the resultant level of demand will also impact on the level of funding required. The Council believes, however, that once the initial start-up phase is completed, and a number of courses and the required course materials have been developed, the cost per programme is likely to be reduced (existing programmes which demonstrate good practice should be built upon to minimise costs). Based on CSO data, there are approximately 85,000 companies employing between 3-49 people in Ireland. In order to meet the targets set out in the vision, the Council estimates that over 60,000 micro and small firms would need to engage in management development between 2010 and 2020⁴⁸. It would seem reasonable to assume that significant progress could be achieved for funding starting at €10-12 million per annum⁴⁹ initially, and that this amount could be increased if levels of demand warranted such an increase. In the short term at least, this tranche of funding would supplant the allocations given to both Skillnets and FÁS in recent years which, back in 2007, totalled approximately €20m⁵⁰.

It will be necessary to put in place a ring-fenced line of funding specifically for management development so that management development is given a specific focus⁵¹. The *National Training Fund (NTF)*, which is designed to support training for those in employment, is the appropriate source for this funding⁵². In order to ensure that the State's money is being spent effectively, regular evaluations of outcomes should be conducted. This could also serve to measure progress made towards meeting the Council's vision.

4.4 Implementation

With respect to oversight of the new structure and ownership of the wider management development agenda, the Council believes that DETE, as the home of both the national skills strategy, and the overall enterprise development agenda, is best placed to fulfil this role. Essentially, 'ownership' of the agenda by DETE would put the management development agenda at

48 CSO, *Small Business in Ireland*, 2008. These figures exclude firms employing less than three people. It is assumed that the bulk of management development undertaken by such firms will occur through the County Enterprise Boards. Similarly, firms employing greater than 50 employees are excluded - the increase in participation sought at this level is marginal: 87 percent of medium sized firms participated in management development according to Red C. Further, the available CSO data does not differentiate between medium and large firms. It is important to note that the figures for participation in management development captured by the Red C survey refer to any form of development over the previous three years. In the case of the Council's vision, participation in management development refers to a more substantive level of engagement.

49 This figure is based on (i) the average cost to the state per existing network averaging approximately €200,000; and (ii) the assumption that on average each existing network engages with 100 firms. This does not include the cost of maintaining a network once its initial allocation of State funding has been spent - it is assumed that at that stage, firms should appreciate the value of investment in management development sufficiently to invest in their own training without the need for further State subvention. As awareness of the benefits of management development grows, the Council would like to see an increasing share of investment in management development being made by firms and individuals. A network approach to management development is designed to leverage private sector funding, and over time, the State subvention rate for support management development networks can be gradually reduced as participation rates improve. The figure of €10-12 million is slightly less than the combined average annual spend of approximately €16 million on management development by Skillnets and FÁS (see *Table 3*). The network model is designed to achieve better outcomes with fewer inputs.

50 A detailed breakdown of State funding is outlined in Section 2.2.

51 The *Finuas* initiative which is funded through the National Training Fund provides a precedent for such a funding model.

52 The National Training Fund was established under the [National Training Fund Act, 2000](#), as a dedicated fund to finance a range of schemes aimed at raising the skills of those in employment; providing training to those who wish to acquire skills for the purposes of taking up employment; and providing information in relation to existing, or likely future, skills requirements in the economy. The Fund is resourced by a levy on employers of 0.7% of reckonable earning in respect of employees in Class A and Class H employments. The projected accumulated NTF fund surplus for end 2008 is €181.2 million; the projection for the surplus at the end of 2009 is €204.7 million. The MDC acknowledge that the NTF surplus is set against Ireland's borrowing requirements and that were any of this surplus to be spent, this would adversely impact the Exchequer Balance.



the heart of enterprise and labour market policy. The Minister for Enterprise, Trade & Employment would be a powerful advocate or ‘champion’ for the promotion of the management development amongst the SME sector, raising firm-level awareness of the benefits of management development. In practical terms, ownership of the management development agenda could be reflected in the Department’s *Annual Output Statement* which could report on expenditure and participation data on an annual basis.

Fora established by the Department, in particular a reconstituted Small Business Forum, could act as a conduit for the advancement of the implementation process.

A world class system of management development, both in terms of programme content and programme accessibility will ensure that Ireland’s small business sector will thrive, by enabling SME owner managers to lead their companies towards greater productivity, productivity and expansion. Implementation of the recommendations in this report will enhance managerial capabilities, and thus ensure continued growth and prosperity in this sector.

Appendix A - Membership of the Management Development Council

Professor Frank Roche (Chairperson):	Deputy Principal of UCD's College of Business and Law
Ms. Patricia Callan:	Director Small Firms Association
Mr. David Cronin:	CEO, Wild Geese Group
Mr. Pat Hayden:	Department of Enterprise, Trade and Employment
Ms. Briga Hynes:	Kemmy Business School, University of Limerick
Mr. Martin Lynch:	Assistant Director General Services to Business, FÁS
Mr. Tom McCarthy ⁵³ :	CEO, IMI
Mr. Ivan Morrissey:	Business Information Systems - IS Laboratory Manager & Lecturer, UCC
Mr. Alan Nuzum:	CEO, Skillnets
Mr. Liam O'Brien:	Managing Director, BT Business ⁵⁴
Mr. Liam O'Donohoe:	Senior Manager, Client Manager Development Division, Enterprise Ireland
Ms. Anne O'Leary:	Head of Business and Enterprise Sales, Vodafone Ireland
Mr. Sean O'Sullivan:	Seabrook Research Limited
Ms. Gail Power:	UK & Ireland Online Sales and Operations Manager, Google ⁵⁵
Ms. Eilis J. Quinlan:	Managing Director, Eilis J. Quinlan & Co
Mr. Eamon Ryan:	CEO, Limerick City Enterprise Board
Mr. Ian Talbot ⁵⁶ :	CEO, Chambers Ireland

Secretariat

Similar to other advisory groups supported by Forfás, the Management Development Council was supported by the secretariat in Forfás who managed the work of the Council and undertook the research upon which this report is based.

Mr. Martin Shanahan:	Manager, Science, Technology and Human Capital Division, Forfás
Ms. Marie Bourke:	Manager, Human Capital and Labour Market Policy Department, Forfás
Mr. Conor Hand:	Senior Policy Analyst, Forfás
Mr. Paul Connolly:	Policy Analyst, Forfás

⁵³ Tom McCarthy replaced Mr. Tim Wray, former Registrar at IMI, in September 2009.

⁵⁴ Liam O'Brien left this post in mid-2009.

⁵⁵ Gail Power left this post in mid-2009.

⁵⁶ David Bourke and Rachel MacGowan also represented Chambers Ireland during the Council's tenure.

Appendix B - Linking Competencies and Subjects

Managers often face the difficulty not only of identifying their own skills needs, but also of locating courses and modules that will facilitate their skills development. The framework outlined in *Chapter 4* was developed following an extensive literature review of academic sources and publications produced by best-practice providers (in particular the American Management Association). In addition, extensive consultations were held a number of Council members.

In developing its own competency framework, the American Management Association distinguishes between management and leadership competencies. Generally, managers at all levels require some combination of the two, but as managers progress, the need for leadership competencies increases⁵⁷. In the MDC's framework, management skills include more operations-based skills, specific to particular functions of the business; leadership skills are more associated with self-mastery and the strategic direction of the business.

The purpose of this framework is to allow managers and entrepreneurs to identify the key skills sets required to effectively manage their companies, and ultimately to link these competencies with specific management development courses/modules. The following also provide, where relevant, an indicative list of providers for each course. This list of subjects will have different degrees of relevance for individual managers and/or SMEs depending on a variety of factors, including the company's stage of development, the sector they are engaged in, and growth aspirations of the owner or management team.

Notes:

- The lists below are for *illustrative purposes only*; they merely provide a sample of what is offered by a number of providers in Ireland and the US; the lists are not exhaustive, nor are they intended to provide a census of available courses.
- The course components listed are those that are delivered in a Continuous Professional Development context; a sample of Irish Third Level offerings is listed in Section 3.4 of the Draft Report.
- A significant number of sub-competencies listed are applicable to more than one area; these are denoted with an asterisk.
- Some sub-competencies are identified as being delivered in a single dedicated module; others are delivered in conjunction with other sub-competencies in a single module - this varies by provider and subject area.
- Courses are either organised or directly delivered by CEB, EI, IMI, AMA or Private Providers. "ISME MD" refers to the Management Development Certificate offered by ISME in conjunction with Sligo IT. "US 3rd Level" refers to Continuing Learning offerings from NYU, Columbia University, Cornell University and Baruch College.

57 Tobin D.R. & Pettingell M.S. (2008): The AMA Guide to Management Development, American Management Association, p29.

Business Management Knowledge

		CEB	EI	IMI	ISME MD	Private	AMA	US 3rd Level	
Financial Acumen	Understanding the Numbers	x	x						
	Accounting	x			x				
	Cash Flow	x			x				
	Ratio Analysis*	x			x				
	Costing/Pricing	x				x			
	Financial Planning	x							
	Investment Appraisal	x							
	Raising Finance			x					
	Credit Control			x					
	Corporate Cash Management						x		
	Legal Requirements*			x					
	Understanding Strategic Financial Drivers	x							
	Bookkeeping	x							
	Taxation	x							
	Payroll				x				
	Financial Aid			x					
	Financial Reporting*	x							
	M & As*			x					
	Valuation			x					
	Restructuring			x					
	MBOs			x					
	VAT & Self-assessment	x		x					
Internal Auditing							x		

		CEB	EI	IMI	ISME MD	Private	AMA	US 3rd Level
Sales	Sales Planning				x			
	Customer Care	x						
	Small Business Sales	x	x					
	Sales Techniques	x		x		x		
	Cold Calling and Sales Presentation*	x						
	Territory and Time Management for Salespeople							x
	Sales Management	x						

	Cultivating Customers for Company Growth*		x	x	x			
	Maximising Sales*	x	x	x				
	Professional Selling			x				
	Strategic Sales Negotiations*						x	

		CEB	EI	IMI	ISME MD	Private	AMA	US 3rd Level
Marketing	Marketing Essentials	x						
	Small Business Marketing	x						
	Promoting your Business via Internet	x						
	Cold Calling and Sales Presentation*	x						
	Identifying Sales Leads	x		x				
	Market Research			x				
	Cultivating Customers for Company Growth*		x	x	x			
	International Marketing, within which: <i>Strategic Positioning</i>	x		x				
	<i>Sales Strategy and Market Selection</i>			x				
	<i>Channel Management</i>			x				
	<i>Consumer and Buyer Behaviour</i>			x				
	<i>Doing Business Overseas</i>			x				
	Measuring and Maximising Marketing Rol							x
	Pricing Strategies*							x
Planning and Developing New Products							x	
Competitive Intelligence								x

		CEB	EI	IMI	ISME MD	Private	AMA	US 3rd Level
HR	Employment Policies and Procedures*	x			x			
	Employment Law*	x		x				
	Finding and Retaining Staff			x	x			
	Performance Management*	x		x				
	Motivating Staff			x		x		
	Disciplining and Coaching Staff			x				

	Understanding the Corporate Governance Challenge								x
	Import/Export Procedures and Documentation								x

		<i>CEB</i>	<i>EI</i>	<i>IMI</i>	<i>ISME MD</i>	<i>Private</i>	<i>AMA</i>	<i>US 3rd Level</i>
Procurement & Supply Chain Mgt.	Supply Chain Management		x	x				
	Logistics Capability		x					
	Quality Management Systems		x					
	Targets, Objectives and Customer Requirements		x					
	Inventory Management Techniques						x	
	Operations and Control*				x			
	Customs Requirements		x					
	Import/Export Procedures and Documentation						x	
	Productivity Opportunities		x					
	Changing Market Needs		x					
	Measuring Performance			x				
	Logistics and Manufacturing			x				
	IT and Logistics			x				
	Value-Added Logistics			x				
	Outsourcing and Buyer-Supplier Relationships			x				

		<i>CEB</i>	<i>EI</i>	<i>IMI</i>	<i>ISME MD</i>	<i>Private</i>	<i>AMA</i>	<i>US 3rd Level</i>
Contract & Employment Law	Employment Law*	x		x				
	Contract Law*					x		
	Redundancy					x		
	Termination of Employment					x		
	Collective Legislation					x		

		<i>CEB</i>	<i>EI</i>	<i>IMI</i>	<i>ISME MD</i>	<i>Private</i>	<i>AMA</i>	<i>US 3rd Level</i>
Strategic Management	Business Strategy in a Day	x						
	Strategic IT*			x				
	Innovation	x						
	Effective Leadership Skills		x	x		x		

	Strategic Sales Negotiations*								x
	Business Strategy and Ethics*								x

		<i>CEB</i>	<i>EI</i>	<i>IMI</i>	<i>ISME MD</i>	<i>Private</i>	<i>AMA</i>	<i>US 3rd Level</i>
Ability to Manage Change;	Stress Management*		x	x				
Business Situation Versatility	Technological Change*		x					
	Why Change Efforts Can Fail			x				
	Personal Reactions to Change*			x				
	Managing the Change Process*			x				
	Managing Complex Change Initiatives*							x
	Creativity, Innovation and Change*			x				
	Risk and Change Management*							x

		<i>CEB</i>	<i>EI</i>	<i>IMI</i>	<i>ISME MD</i>	<i>Private</i>	<i>AMA</i>	<i>US 3rd Level</i>
Ambition and Desire for Success/Profit;	Leadership and Motivation*			x				
Drive for Stakeholder Success	People Skills for Managers*			x				
	Mastering the Science of Human Motivation			x				
	High Performance Leadership*		x	x				
	High Impact Decision Making*						x	
	Strategic Agility and Resilience*						x	
	Entrepreneurship and New Venture Creation							x
	Risk and Change Management*							x

		<i>CEB</i>	<i>EI</i>	<i>IMI</i>	<i>ISME MD</i>	<i>Private</i>	<i>AMA</i>	<i>US 3rd Level</i>
Resilience and Stress Management	Stress Management*	x	x	x				
	Time Management*	x	x	x		x	x	x
	Chaos Management*						x	
	Strategic Agility and Resilience*						x	

	Dealing with Conflict*	x						
	Leading with Emotional Intelligence*					x		x
	Risk and Change Management*							x

		<i>CEB</i>	<i>EI</i>	<i>IMI</i>	<i>ISME MD</i>	<i>Private</i>	<i>AMA</i>	<i>US 3rd Level</i>
Flexibility, Adaptability and Versatility	Stress Management*	x	x	x				
	Time Management*	x	x	x		x	x	x
	Chaos Management*						x	
	Strategic Agility and Resilience*						x	
	Personal Reactions to Change*				x			
	Managing the Change Process*				x			
	Managing Complex Change Initiatives*							x
	Dealing with Conflict*	x						
	Leading with Emotional Intelligence*				x			x
Risk and Change Management*								x

		<i>CEB</i>	<i>EI</i>	<i>IMI</i>	<i>ISME MD</i>	<i>Private</i>	<i>AMA</i>	<i>US 3rd Level</i>
Encouraging and Supporting Innovation	Technological Change*	x	x					
	Innovation Process Management*				x			
	IT Leadership				x			
	Leading Virtual and Remote Teams*							x
	Creativity, Innovation and Change*				x			
	Strategic Management of Technological Innovation							

Appendix C - Examples of University Courses

- **Research Masters / PhDs (NFQ 10):** All Universities offer research postgraduate degrees in business and management. The programmes usually involve a small number of formal classes and self-directed research by the individual.
- **Masters of Business Administration (MBA) Programmes (NFQ 9):** These are typically offered one year full-time, and two year part-time for individuals with several years' work experience. The programme usually combines classroom learning, mini projects and consultancy, case study analysis and a dissertation. The programme cost is typically ranges from €22,000 up to €29,000.
- **Master of Business Studies and Master of Science (NFQ 9):** These represent the bulk of the postgraduate programmes relating to management. A wide variety of specific programmes are covered under these awards, such as
 - MSc in Business Management (DCU)
 - MSc in Strategic Management (TCD)
 - MBS in Management Consultancy (UCD)
 - MBS Strategic Management and Planning (UCD)

The programmes are commonly offered on a full-time and part-time (2 year) basis, and incorporate both coursework with a dissertation. Fees typically range from €6,000 to €12,000.

- **Postgraduate and Higher Diplomas (NFQ 8&9):** Many universities offer a small number of postgraduate diplomas, which primarily involve classroom learning. Examples include:
 - PG Dip in Management (TCD)
 - PG Dip in Supply Chain Management (UCC)
 - PG Dip in Entrepreneurship Management (UL)

These can vary between one year full-time and two year part-time programmes, with typical fees ranging from €3,000 to €8,000.

- **Undergraduate Degree, Diploma and Certificate Programmes (NFQ 6, 7 & 8):** The majority of undergraduate programmes in the commerce field have little 'management' content. Nevertheless, a number of 'management' focused undergraduate programmes are available, such as:
 - Diploma in Family Business Management (UCC)
 - Diploma in Sports Management (UCD)
 - Degree in Management Science (TCD)
 - Degree in Production Management (UL)

Appendix D - Examples of Courses from Private Colleges

Dublin Business School

Part-time evening courses:

BA (Hons) Business Management

BA (Hons) Business Management (HRM)

BA (Hons) Business Management (Leisure & Recreation Management)

Independent Colleges

Diploma in Human Resource Management

Diploma in Marketing, Advertising & PR

Diploma in Project Management

CMIT (College of Management & IT)

FETAC Level 6 Certificate in Business Management

ABC Diploma in Business Practice

ASET Certificate in Business Management

Certificate in Business Planning

HSI Business School

Certificate in Entrepreneurship and SME Business Management

ICM Diploma in Management Studies

ICM Diploma in Selling and Sales Management

ICM Diploma in Human Resource Management

It is also worth noting the variety of delivery channels employed by these private colleges. Various programmes are offered in different ways, including full-time, part-time evening, part-time block release, traditional distance learning and e-learning. For example:

- Hibernia college offers programmes entirely on-line;
- BPP College offers some specific programmes in both classroom and distance learning format;
- The Project Management Institute of Ireland offers programmes either in class or online;
- CMI offers a choice on many programmes of weekday evenings or Saturday mornings.

Other Institutions

A number of other HEIs not already classified above are noteworthy in terms of their management development programmes. These include:

- The Open University
- The Irish Management Institute

- 
- The National College of Ireland

The Open University offers a wide range of business and management programmes at postgraduate and undergraduate levels through traditional distance learning. Programmes include:

- BA (Hons) Leadership and Management
- Foundation Degree in Leadership and Management
- Diploma in Business Studies
- Certificate in Business Studies
- Professional Certificate in Management

In addition to attaining qualifications, the Open University allows individuals to take individual courses (e.g. in marketing, accounting, management, etc.) of interest/relevance to them, and build credit towards a BA/BSc Open Degree. In addition, the Open University offers non-credit CPD programmes for business managers online. Examples include:

- Managing performance through people
- Managing organisational performance
- Applying strategic thinking
- Marketing in practice
- Finance for non-financial managers
- Improving your negotiation skills

The National College of Ireland and Irish Management Institute are not-for-profit institutions which deliver business and management programmes, both independently and some supported by State agencies such as FAS.

Appendix E - Glossary of Acronyms

CEB:	County Enterprise Board
CSO:	Central Statistics Office
DETE:	Department of Enterprise, Trade & Employment
EGFSN:	Expert Group on Future Skills Needs
EI:	Enterprise Ireland
FDI:	Foreign Direct Investment
FETAC:	Further Education and Training Awards Council
GVA:	Gross Value Added
HEI:	Higher Education Institutions
HETAC:	Higher Education and Training Awards Council
HPSU:	High Potential Start Up
IMI:	Irish Management Institute
IoT:	Institute of Technology
ISME:	Irish Small & Medium Enterprises Association
MDC:	Management Development Council
NDP:	National Development Plan
NSS:	National Skills Strategy
NTF:	National Training Fund
OECD:	Organisation for Economic Cooperation and Development
QNHS:	Quarterly National Household Survey
RPL:	Recognised Prior Learning
SFA:	Small Firms Association
SIF:	Strategic Innovation Fund
SME:	Small & Medium Enterprise



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