

# **Summative Evaluation of the IDEA-SME Program**

*Evaluation report  
Action Plan*

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# List of Acronyms

<b>FORD(Q)</b>	Federal Office of Regional Development (Québec)
<b>TB</b>	Treasury Board
<b>CAC</b>	Consulting and Audit Canada
<b>CED</b>	Canada Economic Development (Agency), formerly FORD (Q)
<b>IRIP</b>	Interregional Intervention and Partnership Branch
<b>ROB</b>	Regional Operations Branch
<b>ASD</b>	Alternative Service Delivery
<b>REEQ</b>	Rural Enterprises – Eastern Québec
<b>SCQF</b>	Special Coastal Québec Fund
<b>IG</b>	Intermediary group
<b>IDEA-SME</b>	Innovation, R&D and design; Market development and exports; Entrepreneurship and business climate for small and medium-sized enterprises
<b>IRDD</b>	Innovation, R&D and design
<b>RSI</b>	Regional Strategic Initiative
<b>ISO</b>	International Organization for Standardization
<b>OPM</b>	Ongoing performance measurement
<b>NPO</b>	Non-profit organization
<b>SME</b>	Small and medium-sized enterprises
<b>R&amp;D</b>	Research and development

# Executive Summary

## 1. Context and Program description

In the context of a strategic repositioning aimed at giving priority support to SMEs, the Agency obtained approval for the IDEA-SME program from the TB in March 1995. In line with the terms and conditions for approval of this program, the purpose of this paper is to assess the overall performance of the work carried out to date.

## 2. Overall results

A close review of the main evaluations, studies, surveys and audits of the program was carried out, and a consolidation was completed. The following results were noted:

### 2.1 In terms of output

- In quantitative terms, the number of files processed between 1995-1996 and 1999-2000 was 4,195. Of that number, 2,894 files (69.0%) received financial assistance, while 1,301 (31.0%) received no financial contribution. Average annual growth in the number of files was 32.0%. Over the five-year observation period, files rejected by the Agency, as a percentage of all files receiving no financial assistance, progressed as follows: 1995-1996 ÷ 29.8%, 1996-1997 ÷ 28.7%, 1997-1998 ÷ 29.8%, 1998-1999 ÷ 44.7% and 1999-2000 ÷ 34.5%.
- Over the five years for which the program was observed, \$244.8 million was approved under the IDEA-SME program.
- Of the \$244.8 million approved between 1995-1996 and 1999-2000, 53.8% consisted of repayable contributions. Over this five-year period, average repayable contributions per file were \$91,011, whereas the average non-repayable contributions per file were \$80,107.
- In all, for the five-year observation period, 1,615 enterprise files and 1,279 organization files were offered financial contributions.
- In terms of files for which a financial contribution was received, the IDEA-SME areas of activity over the past five years were used on average as follows: (i) Market development – 48.3%; (ii) Entrepreneurship and business climate – 34.5%; and (iii) IRDD – 17.2%. However, 1999-2000 highlights a gradual trend by the program to use two areas of activity, with IRDD rising to 23.4% and Entrepreneurship and business climate to 38.6%.

### 2.2 In terms of impact

- It is clear that IDEA-SME was beneficial for a significant number of enterprises and organizations in terms of identification and development of new markets in Canada and elsewhere, development and marketing of new products, technological innovation and so on.

- During the five-year observation period, it emerges that IDEA-SME enterprises averaged 29 employees. According to the available data, the program helped create an annual average of four jobs per enterprise and maintain six jobs in the enterprises it supported.
- Enterprises that received a financial contribution from IDEA-SME increased their spending on market development and R&D from 1995-1996 to 1998-1999. In fact, expenditures more than doubled over that period.
- Enterprises in the secondary sector used IDEA-SME the most, despite a slight downturn between 1997-1998 (64.8%) and 1998-1999 (61.0%) and a levelling-off since. A constant upward trend has been seen since 1997-1998 (29.6% to 37.0%) in the tertiary sector for enterprises that received a financial contribution.
- The major beneficiaries of IDEA-SME are enterprises with sales between \$0.5 and \$5.0 million, while those benefiting the least from the program, in line with the goals of IDEA-SME, are enterprises with sales of more than \$20.0 million.

### **2.3 Management results**

- Surveys conducted with program clients (enterprises and organizations), both those who received financial assistance and those who did not, reveal that the main expectations concern the time involved in obtaining an answer from the Agency under the program. Subsequently, they give priority to the program's ability to meet applicants' specific needs, and to the accessibility and fairness of the program. These concerns have increased over the past three years, and appear to have an impact on the overall perception of the services offered. The Agency is aware of this situation and is in the process of making improvements to its management in order to cater more closely to its clients' expectations.
- Applicants are virtually unanimous in recognizing the professionalism and courtesy of the Agency's professionals. It is also interesting to note that over the past three years an average of 85.0% of applicants who were unable to obtain financial assistance under the program say they wish to do business with the Agency again. During 1999-2000, it should be noted that survey respondents were harsher in terms of their overall evaluation of the program. However, the available information is not sufficient to explain the reasons behind this observation.
- According to survey respondents who received a financial contribution under the program, between 1995-1996 and 1998-1999, an average of more than 90% of IDEA-SME enterprises and organizations said they would not have carried out their projects without the assistance provided under the program. For their part, an average of more than 49% of enterprises and organizations, which received no financial assistance, did not implement their projects.

## **3. Lessons learned**

### **3.1 Economic results**

There is no doubt that IDEA-SME has achieved significant economic results in terms of enterprises' employment and profitability levels. However, the program will have to be reinforced so as to define clearer

objectives and measurable results as soon as projects are carried out. Also, it will be important to ensure that project mandates as a whole are in line with the objectives targeted by IDEA-SME and the Agency's objectives, especially when these projects appear to bring little by way of economic spin-offs. It will also be necessary to continue ensuring continuity and more systematic monitoring of results achieved, so as to be able to adapt to enterprises' changing needs and generate greater economic impact.

### **3.2 Service delivery**

Clients' level of satisfaction with regard to the services received under IDEA-SME is high, whether they are served directly by the Agency or through its partners. On the other hand, the results obtained for 1999-2000 pointed to a dip in the satisfaction level. These observations seem to demonstrate that, while generally speaking clients are satisfied, there is always room for enhancing the thrust and delivery of certain services in order to meet more closely the expectations of targeted clients. Some of the services offered by Agency partners will also have to be made better known, so as to raise these partners' profile and allow them greater involvement to support the clientele targeted by the program.

### **3.3 Management practices**

One major point limiting the performance of every project is the lack of any framework for their ongoing performance measurement (OPM) whereby measurable results can be identified and a process for gathering performance information can be implemented. The lack of ongoing monitoring also deprives the Agency of documented arguments for or against the renewal of support for projects. Reinforcement of management practices also has to be extended to the Agency's key partners.

To meet these imperatives, the Agency in 1999-2000 and 2000-2001 offered all its managers and advisors OPM training, and quarterly follow-up of projects was instituted. Evaluation training for regional economic advisors was also given, with a view to integrating results-based management even further from the planning stage onward.

### **3.4 Partnership management**

Partnership management is closely linked to the involvement of local resources, essential for optimizing co-operation with local stakeholders. In this context, revision of the IDEA-SME management framework must continue to give pride of place to consolidating existing partnerships and, eventually, to seeking new strategic linkages with local organizations, as well as with certain public institutions. In this regard, the Agency consulted its main partners for the renewal of its IDEA-SME management framework. This was essential if the Agency was to maintain a climate of confidence and a spirit of cooperation with its partners and clients. .

## **4. Program Rationale**

### **4.1 Appropriateness**

The general objectives of IDEA-SME remain topical in Québec. The program's different areas of activity cater to a diverse range of needs for SMEs by supporting projects of different types leading to exploration of paths with respect to innovation and new technology. However, the program appears to cater more closely to the concerns of SMEs and organizations in the major urban centres. Also, to meet specific needs and focus more closely on Québec's economic development, the Agency has introduced other initiatives (RSI, SCQF, etc.) that make it possible to support any other development potential and to act through complementary

activities reflecting the needs of Québec SMEs. The dynamics of IDEA-SME must therefore continue to be able to adapt to changes as they occur.

## **4.2 Merit**

The services offered by the IDEA-SME program cater to the needs of SMEs throughout Québec. Therefore, it is important for the program to continue to adapt to regional realities. IDEA-SME has a positive impact on employment, and on investment in the development of new markets and R&D. Moreover, to meet the regions' more specific needs, the Agency will continue to strengthen the RSI program and other initiatives in rural regions, in order to complement the IDEA-SME program in niches where it appears less well adapted to the regions' special features.

## **4.3 Overall assessment**

The overall assessment that may be made of IDEA-SME leads to the conclusion that: (i) the assistance provided to SMEs plays an essential incentive role in the implementation of projects; (ii) real positive spin-offs are observed on employment and clients' sales; (iii) despite certain elements which can be improved, the services offered by the Agency provide a high level of satisfaction; (iv) improvements can be made to promotion of certain services, making processes leaner, and results-based management; and (v) partnership with IGs is a challenge that will require the reinforcement of participatory management and information circulation.

## **5. Paths of Improvement**

While the assessments show overall that IDEA-SME has achieved attractive performance and results, it is important for the Agency to continue to reinforce the program's global performance. To that end, a number of paths have been proposed. These concern: (i) clarification and systematic reinforcement of the definition of objectives; (ii) definition and standardization of indicators; (iii) maintenance of Agency working groups which guide and reinforce program performance on a periodic basis; (iv) standardization and reinforcement of reporting systems; (v) standardization of the ongoing monitoring of program project evaluations; and (vi) making administrative management processes and practices leaner with respect to files, including file processing times.

## **6. Conclusion: Outlook**

After five years, it is worthwhile noting that the program has assumed considerable importance within the Agency and among Québec SMEs. It is very clear that it has achieved a level of maturity and credibility that makes IDEA-SME indispensable for the Agency and Québec SMEs. However, continuing its improvement will involve building on its successes. So, while the work foundations must continue to be reinforced rather than altered, it is important for the monitoring/evaluation framework to be specified and closely linked to the program's policies and management practices, and it will have to depend on increased involvement and participation by partners and clients.

# 1. Context

The Innovation, R&D and design; Development of markets, Exports; And Entrepreneurship and business climate for Small and Medium-sized Enterprises (IDEA-SME) program received Treasury Board (TB) approval on March 30, 1995 (#822683). Among the conditions for approval of the program was the requirement for Canada Economic Development (hereinafter called the Agency or CED) to: (i) develop an evaluation framework for the program; and (ii) evaluate the program as at March 31, 2000. This summative evaluation aims to meet this second condition<sup>1</sup>.

## 2. Program Description

### 2.1 Background

In January 1995, the federal government approved the Agency's<sup>2</sup> plan for a strategic repositioning. It recognized that this was an opportunity to make the dynamism and development of small- and medium-sized businesses (SMEs) the Agency's primary focus in order to exploit the economic potential of each of the region of Québec. To that end, the following priorities were identified:

- Reinforce the Agency's leadership with respect to federal economic intervention in Québec; act as federal provider for programs and services for SMEs and consolidate its regional advocacy role in order to ensure that federal policies and programs benefit Québec's regions and SMEs.
- Ensure greater harmonization of federal/provincial activities, notably by targeting federal action in fields where the federal government can bring *value added*.
- Develop an entirely renewed, more closely targeted range of services, as well as emphasizing partnership with other government departments and local stakeholders, reducing financial assistance associated with capital costs, and making increased use of repayable contributions.

The Agency's added value was defined by its ability to “adapt” and “regionalize” federal policies and services for SMEs so as to make them more accessible and effective. In that perspective, the Agency acquired the following functions:

- regional advocacy concerning federal policies and programs affecting SMEs and harmonization with provincial measures;
- integration of federal services for SMEs;
- design and delivery of additional services geared to each region.

The approach justifying intervention from the Agency involved either of the following two premises:

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<sup>1</sup> Since the first version, the paper has evolved in response to the different comments received by Agency managers. In particular, it was decided to add available data for 1999-2000 and to integrate them into the analyses.

<sup>2</sup> At the time, the Federal Office of Regional Development - Québec (FORD(Q))

- resolution of specific problems on which there is a social or political consensus, particularly in terms of: (i) market decline; (ii) income redistribution; and (iii) economic stabilization;
- meeting of a need or opportunity for action conducive to the emergence of conditions favourable to the realization of certain events.

These roles and the approach favoured were the concrete expression of the leadership the Agency wished to assume with regard to regional economic development. This translated, among other things, into an organizational decompartmentalization where advisors had to adopt the vision of a federal network facilitating access to the services offered, and into the establishment of alliances for the implementation of joint strategies for export services.

Information and know-how, as preferred development tools for SMEs, were another aspect of the Agency's new direction. The new strategy emphasized actuating the regions' economic development potential by facilitating the realization of SMEs' business opportunities, without however neglecting the efforts to be invested in development of a more dynamic business climate, particularly where constraints remain.

The desire to do things differently translated into the introduction of business plans, regionalized budgets and opportunities for implementing special action plans. These tools enabled the Agency to adapt its delivery of services and activities more closely to the regional contexts of its areas of activity. This approach fostered, on an ongoing basis, the integration in the regions of the corporate functions of economic analysis and communication, thereby enriching the roles of the regional offices and leading to the development of greater synergy of activities.

The success of these efforts required the adoption of proactive attitudes and approaches in: (i) identification of problems and opportunities requiring intervention; (ii) development of products and services to be offered; (iii) the nature of the partnership agreements to be implemented; and (iv) other areas. In that context, IDEA-SME was a program for projects that are able to meet its criteria and objectives. It was one tool among others for facilitating Agency advisors' work so as to enable them to respond properly to SMEs' needs and expectations. Also, this new approach was to be accompanied by a significant change in relations with clients. The traditional relationship based on a review of *entitlement to assistance* was to give way to a more *personalized* and *committed* relationship, focussed on pursuing the information and services required by clients. This overall approach was encased in a quality system<sup>3</sup>, that all the stakeholders concerned were required to follow. The relationship with clients, partners and local organizations was therefore also changed, moving toward a relationship of associates wishing to work together on common projects or joint action plans.

The Agency's mission translated this thrust clearly:

The Agency, through its commitment to providing its clients with services adapted to their needs, supports development of the economic potential of the regions of Québec and the creation of sustainable employment by fostering a business climate that enables SMEs to prosper and grow.

## 2.2 IDEA-SME Program

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<sup>3</sup> The quality system was gradually introduced from 1997 onward.

Currently, the IDEA-SME program complements and extends the non-financial services provided by the Agency to its target clientele, SMEs. The program's general objective is to:

Help SMEs in all Québec regions increase their business opportunities and thus participate more actively in exploiting the development potential of those regions, in the spirit of the objectives set out in the enabling legislation with respect to regional development in Québec.

The program is built around three areas of activity: (i) Innovation, R&D and Design (IRDD); (ii) Market development; and (iii) Entrepreneurship and business climate. The program is delivered through four types of services: (a) dissemination of information and economic facilitation; (b) consulting services; (c) access to funding; and (d) financial support. Finally, the program leads to the implementation of complementary activities that help reinforce the attainment of objectives and targeted results.

Specific rules stand as benchmarks for program management and operation. These concern:

- clients – SMEs, especially small and mid-sized enterprises;
- sectors – reflecting regional realities;
- partnerships – aimed at reinforcing the delivery and diversity of access to the assistance provided by the program, through other public organizations or intermediary groups (IGs);
- proposal evaluation criteria – aimed at ensuring that projects contribute to the program's objectives and targeted results;
- contributions – repayable in the case of projects submitted by SMEs or projects or activities of a commercial nature submitted by non-profit organizations (NPOs) and non-repayable in the case of other projects or activities submitted by NPOs.

### **3. Program Results**

In order to gain a better overall understanding of the results of the program, a close review was conducted of the main evaluations/studies/surveys/audits carried out since its inception. These results were then consolidated so that a quantitative and qualitative assessment of the different documents consulted could be presented.

#### **3.1 Short-term results – Outputs**

Quantitative observations can be used to present the IDEA-SME program in terms of a number of parameters. Data concerning outputs come from two separate sources: (i) annual performance surveys summarizing the main outputs of the IDEA-SME program; and (ii) the findings of different studies conducted with respect to IDEA-SME using miscellaneous samples observed during the completion of specific mandates. The information yielded by these different analyses highlights the following elements:

### 3.1.1 Number of files

Observations concerning the number of files reveal the following:

- The Agency processed, during the five-year program observation period (1995-1996 to 1999-2000), a total of 4,195 project files<sup>4</sup> across Québec. Of these, 1,266 files (30.2%) were processed by the Montréal office<sup>5</sup> and 1,834 files (43.7%) by the Metropolitan Montréal area (Laval, Longueuil and Montréal).
- Similarly, the number of files for which letters of agreement were issued with a view to proposing a repayable or non-repayable financial contribution<sup>6</sup> was 2,894, or 69.0% of files submitted. Of these, 809 contribution proposals (28.0%) were made to SMEs-NPOs in the Montréal region, and 1,167 proposals (40.3%) in Metropolitan Montréal.
- The number of files with respect to which no financial contribution was offered<sup>7</sup> was 1,301 (31.0%) for Québec as a whole, 457 (10.9%) for Montréal and 667 (15.9%) for Metropolitan Montréal.
- Figure 1 highlights the changes from 1995-1996 to 1999-2000 in the number of files, broken down according to whether or not they received a financial contribution. These data reveal the following:
  - < Over the first three years of the observation period, the number of files processed rose continuously, for an annual average of 70.4% a year.
  - < Between 1997-1998 and 1998-1999, the number of files processed fell by 17.4%. This observable decline ties in with the Agency's global strategy, which focused a large proportion of its efforts on the Regional Strategic Initiatives (RSI) program, thereby implicitly offering new paths more closely geared to promoters in the regions. Subsequently, from 1998-1999 to 1999-2000, the number of files processed began to grow again, moving up by 1.2%.
  - < Over the five years covered by the evaluation, it may be seen that the percentage of files receiving a financial contribution fell from 86.6% (1995-1996) to 80.1% (1996-1997), 74.0% (1997-1998), then 60.2% in 1998-1999 and finally 55.7%.
  - < It should also be noted that the number of files rejected as a percentage of all files for which no financial contribution was offered evolved as follows: 1995-1996 ÷ 29.8%, 1996-1997 ÷ 28.7%, 1997-1998 ÷ 29.8%, 1998-1999 ÷ 44.7% and 1999-2000 ÷ 34.5%.

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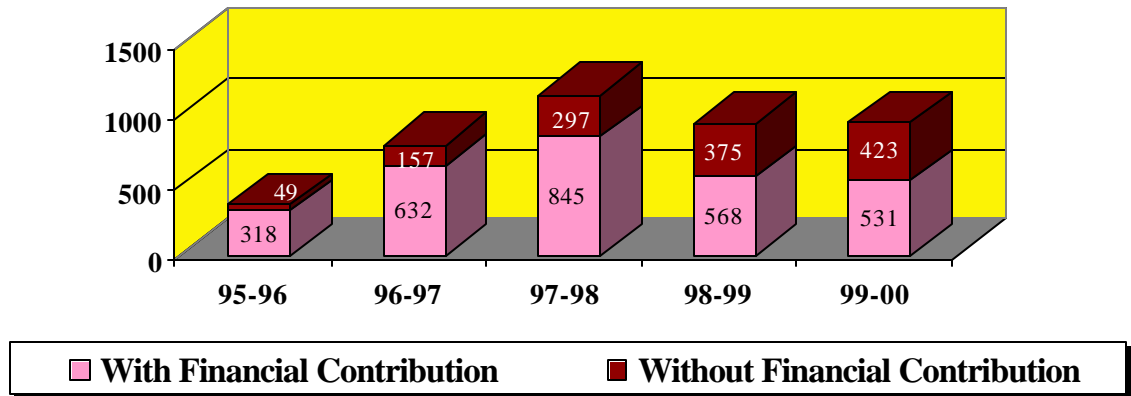
<sup>4</sup> The number of files processed does not take into account files being analysed at the time of the annual compilation, since these are processed the following year.

<sup>5</sup> Files do not include catalyst projects, IRIP and ROB.

<sup>6</sup> Files receiving a financial contribution are those which were analysed and approved by the Agency and for which a letter of agreement was sent and was signed by the promoter.

<sup>7</sup> Files receiving no financial contribution fall into three categories: (a) files rejected by the Agency before or after analysis, and (b) files withdrawn by the promoter prior to analysis by the Agency, following the offer of a contribution from the Agency, or (c) cancelled by the Agency. Files not offered any financial contribution do not include files being analysed.

Figure 1: Evolution in the Number of Records/Clients Over the 1995-1996 to 1999-2000 Period



### 3.1.2 Financial contributions

Information concerning the amount of financial contributions leads to the following observations:

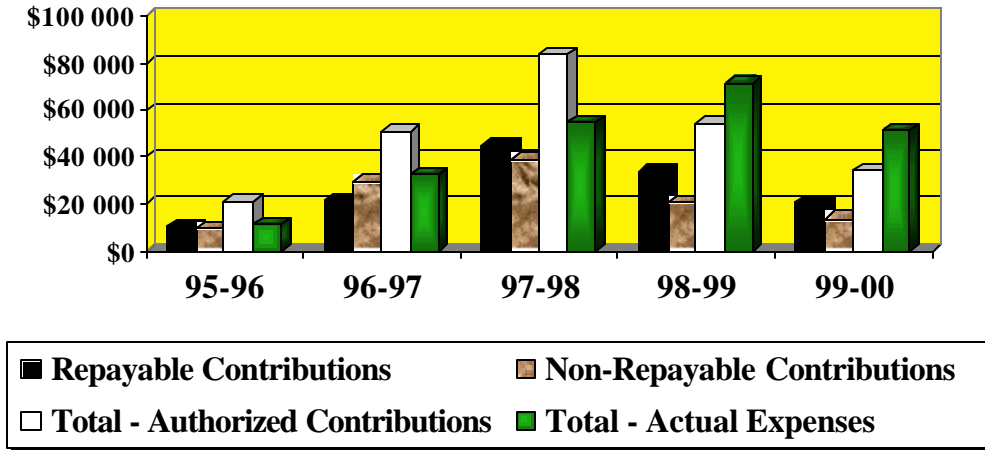
- Contributions for a total of \$244,820,598 were approved under the IDEA-SME program between 1995-1996 and 1999-2000. Of this, 53.8% (\$131,612,818) comprised repayable contributions. The balance of \$113,207,780 (46.2%) consisted of non-repayable contributions.
- Average repayable contributions went from \$101,218 in 1995-1996 to \$81,189 in 1999-2000, while average non-repayable contributions fell from \$54,780 in 1995-1996 to \$50,195 in 1999-2000. These data reveal that the average amount of repayable contributions declined by 4.0% a year, whereas non-repayable contributions moved down by 1.7% a year over the same period. Over the period as a whole, repayable contributions averaged \$91,011 per file, while non-repayable contributions averaged \$80,107.
- Figure 2 on the following page presents, using the same categories, trends in IDEA-SME financial contributions from 1995-1996 to 1999-2000, and highlights the following factors:
  - < The fluctuations and variations that affected the number of files and the contributions approved over the last five years exhibit similar trends, namely, substantial growth from 1995-1996 to 1997-1998, followed by a significant drop from 1997-1998 to 1998-1999<sup>8</sup> and a slight decrease in 1999-2000.
  - < Over the five-year observation period, contributions approved overall rose from \$20.9 million (1995-1996) to \$84.1 million (1997-1998), then fell to \$54.5 million in 1998-1999 and \$34.5 million in 1999-2000. This represents annual average growth of 13.1%, whereas the period from 1997-

<sup>8</sup> The drop recorded in 1998-1999 ties in with the Agency's strategy of concentrating a significant proportion of its efforts on the RSI program.

1998 to 1999-2000 was marked by a 58.9% decline in funds approved under the IDEA-SME program.

- The percentage of financial contributions assigned to Greater Montréal (Montréal, Laval and Longueuil) stood at 65.7% for the period from 1995-1996 to 1999-2000.

Figure 2: Evolution of IDEA -SMEs Financial Contributions between 1995-1996 and 1999-2000 - (in thousands of \$)



### 3.1.3 Breakdown of clientele

The data concerning clientele provide information on the breakdown of clients who submitted applications and what happened to those applications. The following observations are made:

- Table 1 presents data concerning the number of files/clients soliciting assistance under IDEA-SME, and reveals the following:
  - < On average, more than 62.1% of projects submitted by enterprises received a financial contribution, while more than 68.5% of projects submitted by organizations were approved. Overall, the average percentage of projects approved was 64.8%<sup>9</sup>.

<sup>9</sup> Owing to the way in which data were compiled over the first three years of observation of IDEA-SME, it is not possible to break down the number of files being analysed at the end of each fiscal year by enterprise and organization. So it is not possible to establish accurately the ratio of enterprises and organizations, taken separately, which were offered contributions during the period covered.

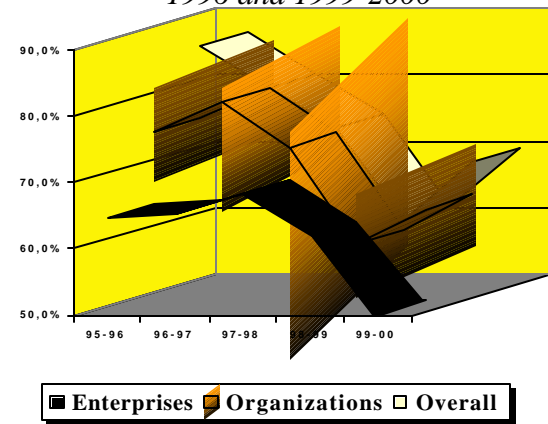
**Table 1: Breakdown of files/clients by whether or not they received a financial contribution under IDEA-SME**

<b>Files/Clients processed</b>	<b>95-96</b>	<b>96-97</b>	<b>97-98</b>	<b>98-99</b>	<b>99-00</b>	<b>Total</b>
<i>Enterprises</i>						
<i>Receiving a financial contribution<sup>1</sup></i>	197	411	469	273	265	1615
<i>Not receiving a financial contribution<sup>2</sup></i>	<u>107</u>	<u>217</u>	<u>220</u>	<u>167<sup>4</sup></u>	<u>273</u>	<u>984</u>
<i>Total - Enterprises</i>	304	628	689	440	538	2599
<i>Organizations</i>						
<i>Receiving a financial contribution<sup>1</sup></i>	121	221	376	295	266	1279
<i>Not receiving a financial contribution<sup>2</sup></i>	<u>39</u>	<u>55</u>	<u>137</u>	<u>208<sup>4</sup></u>	<u>150</u>	<u>589</u>
<i>Total - Organizations</i>	160	276	513	503	416	1868
<i>Overall</i>						
<i>Receiving a financial contribution<sup>1</sup></i>	318	632	845	568	531	2894
<i>Not receiving a financial contribution<sup>2</sup></i>	146	272	357	375	423	1573
<i>Being analysed<sup>3</sup></i>	<u>97</u>	<u>115</u>	<u>60</u>	<u>0</u>	<u>0</u>	<u>272</u>
<i>Net total – No contribution</i>	49	157	297	375	423	1301
<i>Total – Overall</i>	367	789	1142	943	954	4195
<b>Notes:</b>						
<sup>1</sup> Files approved by the Agency for which a financial contribution was offered and was accepted by the promoter under IDEA-SME.						
<sup>2</sup> Files rejected by the Agency before or after analysis; withdrawn by the promoter before or after analysis or cancelled by the Agency, also including files being analysed.						
<sup>3</sup> Files on which no decision had been made by the Agency at the end of the fiscal year. The information is not available broken down by enterprise and NPO.						
<sup>4</sup> The way in which data is compiled was altered during 1998-1999, so the breakdown of files with no contribution by enterprise and organization has had to be estimated, based on data from each regional office for 1998-1999.						

- < Over the years, the percentage of projects submitted by enterprises for which a financial contribution was offered and was accepted by the promoter went from 64.8% to 68.1% in 1997-1998, then down to 49.3% in 1999-2000. Over the same period, organizations saw the percentage of projects submitted for which a financial contribution offered was accepted rise from 75.6% to 80.1% between 1995-1996 and 1996-1997, then move to 58.6% in 1998-1999 and 63.9% in 1999-2000. Figure 3 on the following page illustrates this situation.

< For the period from 1995-1996 to 1999-2000, files submitted to the Montréal office represented 33.0% of projects submitted by enterprises and 18.0% of projects submitted by organizations as a percentage of all projects submitted across Québec. In the case of Metropolitan Montréal, these data rose respectively to 48.0% for enterprises and 27.2% for organizations over the same period.

Figure 3: Evolution of the Percentage of Cases Accepted Between 1995-1996 and 1999-2000

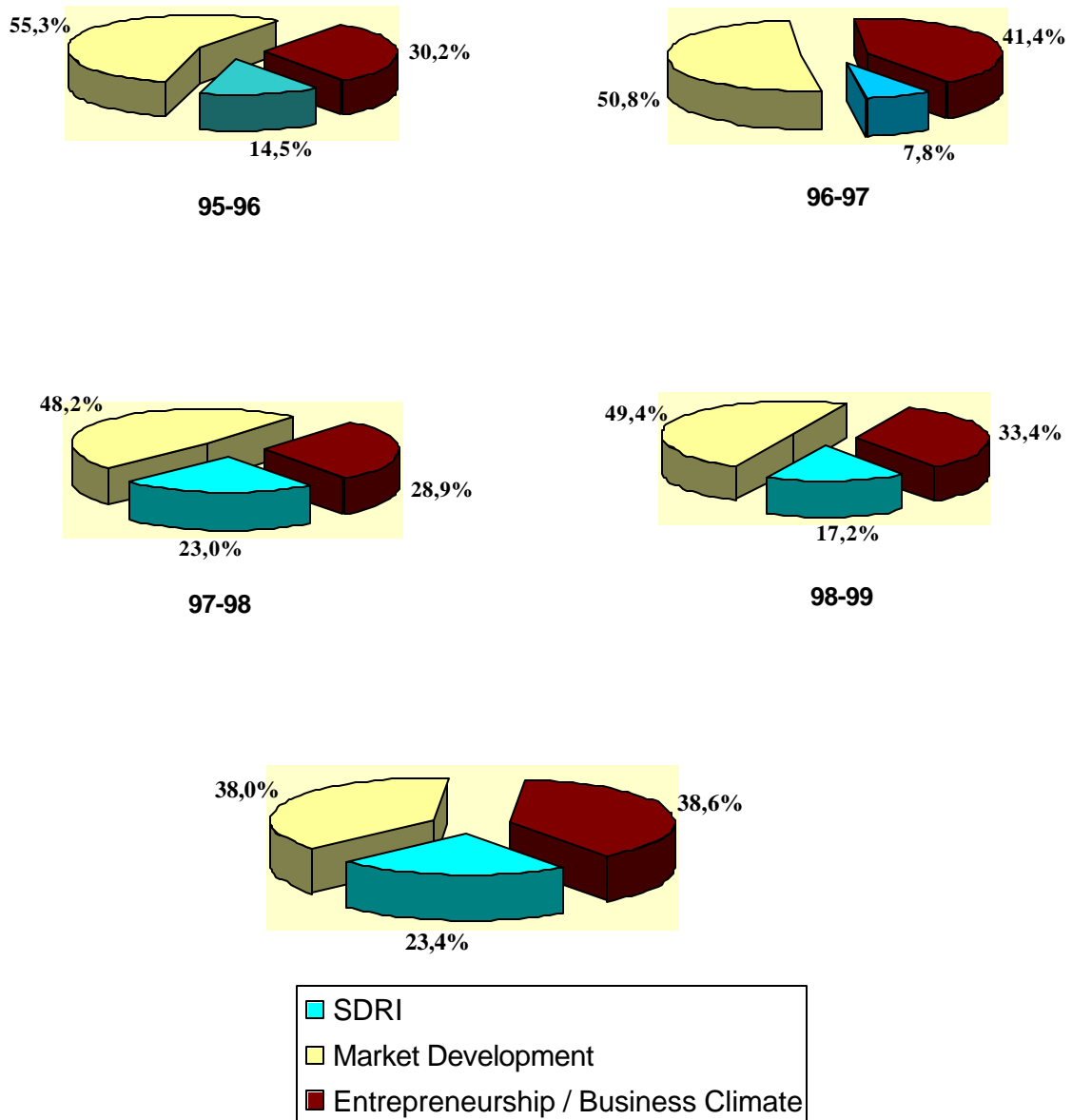


### 3.1.4 Breakdown by area of activity

Figure 4 illustrates the breakdown of files for which a financial contribution was accepted by the promoter, by IDEA-SME area of activity.

- The IRDD area of activity was used the least throughout the five years of the program. With an annual average of 102.0 projects, it represents an average of 17.2% of files throughout the observation period.
- As to Entrepreneurship and business climate, the average number of projects was 198.8, representing an average share of 34.5%.
- The Market development area of activity represents an average of 276.6 projects a year since the program began. This was the most popular area of activity with IDEA-SME clients, with an average of 48.3%. Nonetheless, it should be noted that for the first time in 1999-2000, with 202 projects funded, it ranked a close second to Entrepreneurship and business climate (205 projects).
- The extent to which the areas of activity were used during the five-year observation period was marked by significant fluctuations posted by IRDD and Entrepreneurship and business climate. While steadier use of the Market development area of activity was seen for the first four years of the observation period, 1999-2000 saw an increase of more than 11.4% in the number of projects under Market development over 1998-1999, whereas the IRDD area of activity saw its projects increase by 6.2% and Entrepreneurship and business climate rose by 5.2% that year.

Figure 4: Breakdown of the Number of Cases Having received Financial Assistance with Regards to Orientations for all of IDEA - SMEs



**Nota:** For fiscal years 1995-1996 and 1996-1997, the program had a category called “Other” that was integrated to the “Market Development” line.

## **3.2 Medium-term results – Impact**

### **3.2.1 Spin-offs for clients**

A number of studies and analyses were carried out to understand the impact of IDEA-SME on the growth of businesses/organizations. Among points of interest are the following:

- Surveys have shown that a significant number of enterprises and organizations have benefited from the program in order to look at and-or develop activities involving identification of new markets, development of these new markets in Canada and internationally, development and marketing of new products, technological innovation and so on. However, it is difficult to grasp clearly the actual impact of these activities on the overall performance of enterprises/organizations owing to two discrete factors:
  - < the actual share of these successes attributable directly to IDEA-SME, owing to the existence of other federal and provincial programs, as well as the dynamism and performance of the enterprise/organization itself;
  - < the impact, over a long period, of the performance of enterprises/organizations, in view of the relatively short observation period (5 years), marked by fluctuations that occasionally make it difficult to interpret the trends observed.

### **3.2.2 Job creation and maintenance**

A number of studies have looked at the creation and maintenance of jobs in enterprises. The data presented in Table 2 make it possible to come up with theories as to the spin-offs of the IDEA-SME program.

The table leads to the following observations in light of the sampling of respondents in the annual surveys:

- Overall, during its five years of operation, IDEA-SME intervened with enterprises employing an average of 29 people each on an annual basis.
- An average of 4 jobs a year were created per enterprise, for a total of 3,385 jobs/year created for the five years of the program.
- Annual jobs maintained<sup>10</sup> averaged 6 per enterprise benefiting under the program, or a total of 3,604 jobs/year maintained.

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<sup>10</sup> The concept of job maintained appears to be a theoretical notion that is hard to demonstrate and, in fact, of no real use. A profile of semi-annual changes in employment in an enterprise appears to be the only reality that can be assessed. Complementary to this information would be a semi-annual survey of enterprises which were refused a financial contribution under IDEA-SME and an observation of changes in employment. The discrepancies observed between enterprises receiving a financial contribution and those refused such a contribution would lead to a better understanding of the real impact of the program on employment. Even so, it would not necessarily be possible to make a direct link between the enterprise's real situation, employment and the program.

**Table 2: Estimated spin-offs on employment in enterprises under the IDEA-SME program**

Areas of activity <sup>1</sup>	95-96	96-97	97-98	98-99	99-00	Total
Total number of employees – Total	3741	5772	8171	5671	5845	29200
Average number of employees	35	21	25	29	34	29
Total jobs created – Total	334	579	1260	792	420	3385
Average number of jobs created	5	3	5	5	4	4
Total jobs maintained – Total	467	859	967	829	482	3604
Average number of jobs maintained	7	5	4	6	6	6

**Note:** <sup>1</sup> Since the surveys are conducted using different samples, it is not possible to establish links between the number of employees, the number of jobs created and jobs maintained.

**Source:** Taken from the survey of IDEA-SME clients.

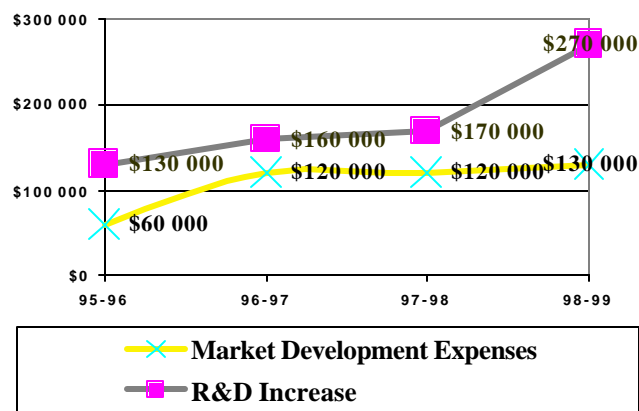
These observations are certainly approximations, since the observation period was relatively limited. Nonetheless, since the surveys reach more than 74% of respondents, the validity of the data provided by this performance indicator is no doubt likely to improve year by year.

### 3.2.3 Other trends observed

The different surveys conducted on applicants and/or clients spotlighted information that helps toward a better understanding of some of the program's medium-term effects. Thus:

- Between 1995-1996 and 1998-1999, a high percentage of IDEA-SME clients were involved in facilitation activities (38%), development of new markets (94%), new partnerships (60%) and innovation/R&D (80%). This trend was confirmed by the increased investment in these areas of activity. Figure 5 gives an idea of this trend. It should be noted that many enterprises were involved in more than one type of activity in line with IDEA-SME priorities.
- 3.7% of respondents who received assistance in 1995-1996 under the program were subsequently forced to file for bankruptcy for various reasons.
- Figure 6 highlights differences in sector among IDEA-SME program applicants according to whether or not they received financial assistance.

*Figure 5: Tendencies Related to the Increase of Market Development and R&D Expenses*



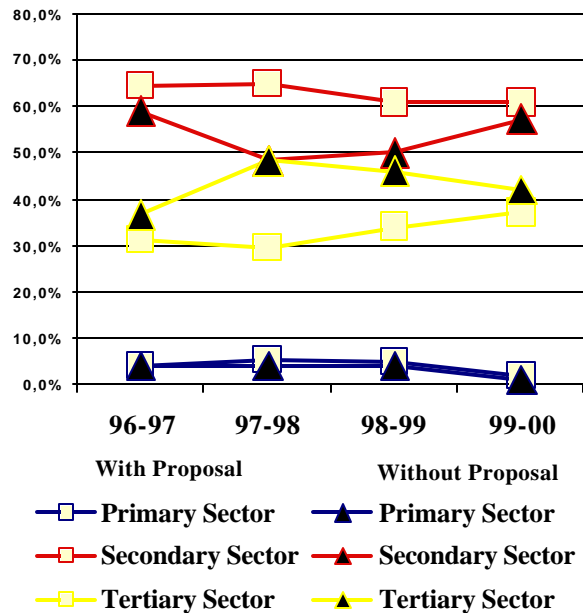
**Source:** Short-term effects of the IDEA-SME Program for fiscal years 1995-1996 to 1998-1999. Data for fiscal year 1999-2000 is not available.

- Among the items of information emerging from this figure is some degree of stability among enterprises in the primary sector, marked by a notable decrease in the files submitted by firms in that sector with or without a financial contribution for 1999-2000.

Figure 6: IDEA - SMEs Client Intervention Sectors (Businesses and Organizations)

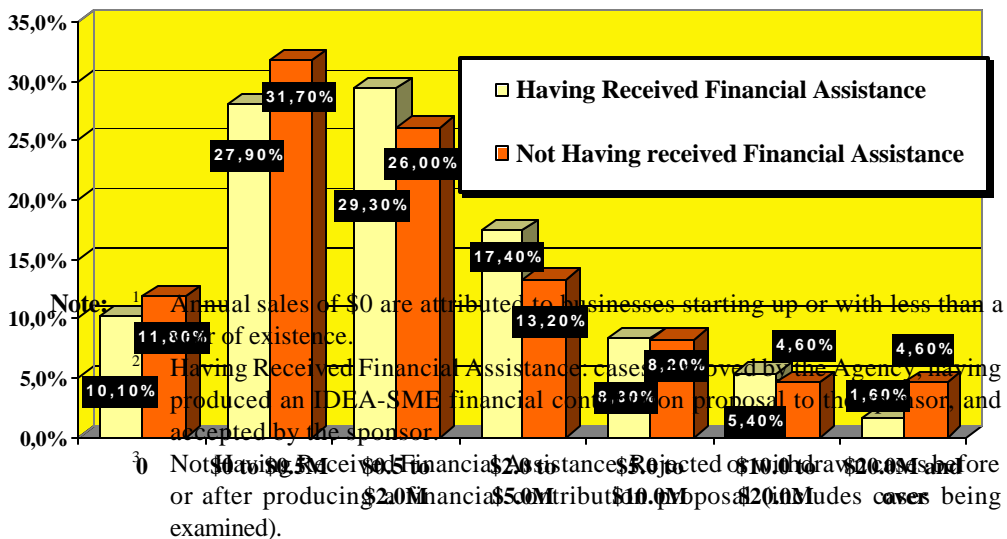
- The secondary and tertiary sectors posted significant opposite differences between 1996/1997 and 1997-1998, whereas they moved closer during the following two fiscal periods.

- Finally, it is interesting to note that after holding steady during the first fiscal period, the secondary sector recorded a slight decrease during the second period in terms of enterprises assisted, whereas the tertiary sector, following a significant drop, showed an increase of more than 6% over two years.



- There are also differences in the breakdown of enterprises by sales, depending on whether or not they received financial support from IDEA-SME. Figure 7, presented overleaf, shows the average differences between the two categories of enterprises.

Figure 7: Sales Levels of Businesses Having Received IDEA - SMEs Financing or Not



- This figure reveals the following:
  - < The enterprises receiving most financial contributions from IDEA-SME are those with annual sales between \$0.5 million and \$5.0 million.
  - < The enterprises with least access to the program are those with annual sales of more than \$20.0 million.

### **3.3 Management results**

#### **3.3.1 File processing time**

Information was compiled with respect to file processing time. This made it possible to identify trends and differences between projects that did or did not receive a financial contribution. However, interpretation of a specific directive concerning the opening and closing of files, as well as other time-specific difficulties, somewhat weakened the relevance and validity of the data thus obtained. During 1999-2000, corrective measures were gradually applied to reinforce the reliability and clarity of the data, leading to a clearer understanding of file processing times.

#### **3.3.2 Clients' level of satisfaction**

Clients' level of satisfaction was assessed through surveys conducted on clients (enterprises/organizations) receiving assistance from IDEA-SME. This assessment also took into account the opinions of applicants not receiving financial assistance. Also, although one of the difficulties with this type of survey is that they do not provide the reasons for respondents' dissatisfaction, it should be noted that application of the International Organization for Standardization (ISO) approach does cater to this type of concern.

Figure 8 summarizes the findings of these surveys and leads to the following observations:

- Applicants are virtually unanimous as to the professionalism and courtesy of Agency professionals. The harshest judgments came from applicants who did not receive financial assistance.
- While presenting a significant level of satisfaction, the question of the timeframe involved in dealing with IDEA-SME applications is the aspect that most concerns program users.
- The ability of IDEA-SME to respond to applicants' specific needs is the second source of program clients' concern, and accessibility of services ranks third.
- Clients' assessment was harsher during 1999-2000, but the available information does not provide the reasons behind this observation.



Figure 8: Evolution of Client Satisfaction Levels Over the 1995-1996 to 1999-2000 Period

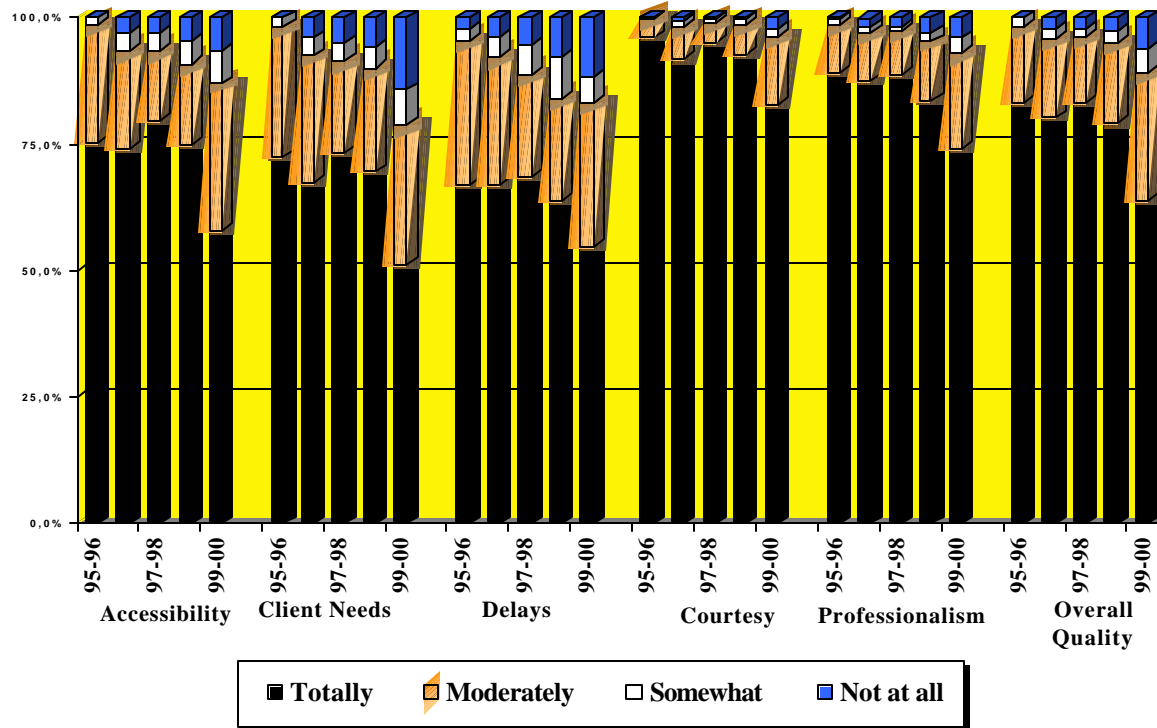
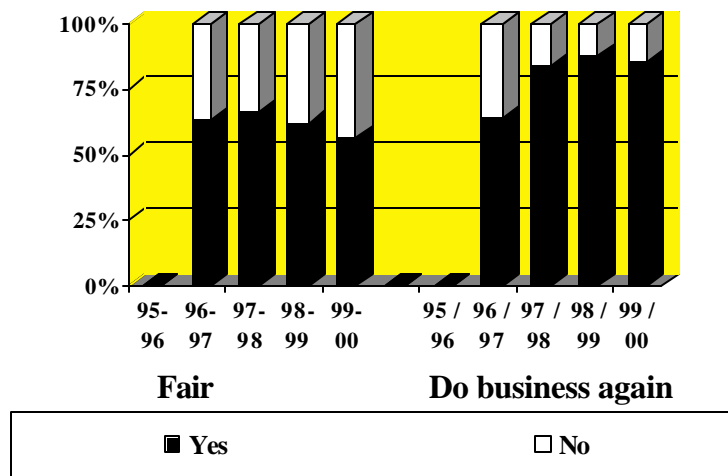


Figure 9 looks at perceptions of the program's fairness, and at intentions of doing business with CED again for clients receiving no financial assistance under the IDEA-SME program. The observations concerning these two aspects are in line with those from the previous figure. The following observations can be made:

- Perceptions as to the fairness of the processing of IDEA-SME files were less positive over the past two years, with the percentage of participants who consider that IDEA-SME is not really able to accurately assess some of the files submitted rising from 38.0% (1998-1999) to 44.0% (1999-2000).
- Nonetheless, despite these concerns, it should be noted that in these surveys, respondents not receiving financial assistance under the program did not hesitate to state that they wished to do business again with the Agency. This trend has held quite steady for the past three years (83% - 1996-1997, 87% - 1998-1999 and 85% - 1999-2000).

*Figure 9: Appreciation of the fairness and pertinence of the Program by Clients Who Have Received No Financial Assistance*



**Nota:** In 1996-1997, results include organizations.

ISO principles (see Appendix C) represent an international approach toward compliance with service quality standards. These principles stand as benchmarks for the IDEA-SME programming and management parameters to be found on the Intranet, and are used as a management and reference tool for all Agency professionals who work with the program. This standardized approach was underscored very positively by Consulting and Audit Canada (CAC), in the different evaluation work it conducted for the Agency. However, it is not possible to establish a direct link between clients' level of satisfaction and the systematic, widespread application of ISO principles.

### 3.3.3 Ability to carry out projects without IDEA-SME assistance

Using the same surveys, the ability to carry out projects without assistance from IDEA-SME was assessed. Table 3 highlights the data available concerning this aspect.

**Table 3: Ability to carry out projects without IDEA-SME assistance**

Activities	Yes (average %)	No (average %)
<b>1995-1996 to 1998-1999</b>		
<i>Enterprises – Program funding received</i>		
• <i>Would have carried out project without program assistance</i>	8.0%	92.0%
<i>Organizations – Program funding received</i>		
• <i>Would have carried out project without program assistance</i>	3.7%	96.3%
<i>Enterprises – No program funding received</i>		
• <i>Project carried out by making compromises</i>	29.8%	
• <i>Original project carried out</i>	<u>21.2%</u>	
	51.0%	49.0%
<i>Organizations – No program funding received</i>		
• <i>Project carried out by making compromises</i>	28.6%	
• <i>Original project carried out</i>	<u>15.8%</u>	
	44.4%	55.6%
<b>1999-2000</b>		
<i>Enterprises – Program funding received</i>		
• <i>Would have carried out project within same timeframe without program assistance</i>	9.3%	90.6%
• <i>Would have carried out project on same scale without program assistance</i>	14.7%	85.3%
<i>Enterprises – No program funding received</i>		
• <i>Carried out project without program assistance</i>	49.0%	51.0%
• <i>Carried out project on same scale without program assistance</i>	50.0%	50.0%
• <i>Carried out project within same timeframe without program assistance</i>	44.0%	56.0%

- The surveys conducted between 1995-1996 and 1998-1999 reveal that 92.0% of enterprises would not have been able to carry out their projects without assistance from IDEA-SME, while this was the case with 96.3% of organizations.
- In the case of these surveys, in terms of files receiving no financial contribution, enterprises responded that they had been unable to carry out their projects in 49.0% of cases. In 29.8% of cases, the entrepreneurs mentioned having been able to carry out their projects by making different compromises (deadlines, other funding, smaller scale, etc.), while in 21.2% of cases, they were nevertheless able to carry out their original projects. With respect to organizations, the proportions were as follows: 28.6% carried out their projects by making compromises, while 15.8% were able to carry out their projects with no constraints. So 44.4% of the projects were carried out, while 55.6% of the projects submitted were not completed.
- While the surveys on enterprises asked more specific questions during 1999-2000, the findings confirm those of the previous years.

This data tend to demonstrate the relevance and usefulness of the IDEA-SME program. In fact, the program plays a significant role as an incentive enabling promoters to carry out their projects. But it is interesting to note that, in the case of applications receiving no financial contribution under the program, promoters continue to take steps to carry out their projects, subject to making compromises or applying changes to the original concept.

### **3.4 Lessons learned from other IDEA-SME studies**

In 1998-1999, the Agency conducted an analysis of a number of evaluations and audits of projects and operations associated with IDEA-SME. The highlights of these analyses are presented in four separate points: (i) economic results; (ii) service delivery; (iii) management practices; and (iv) partnership management. The results of this analysis follow.

#### **3.4.1 Economic results**

The analysis emphasizes that the assistance provided by the Agency to SMEs, which forms its historical clientele, was the determining factor as to whether or not their projects were carried out in the Agency's targeted areas of activity. Moreover, the creation or maintenance of jobs is a real and significant outcome of the activities carried out by SMEs, through Agency support, directly or through its partners. On top of these results, a marked increase is observed in the sales figures of enterprises receiving assistance from the Agency.

However, it also emerges that clearer objectives will have to be defined and measurement of the results achieved will have to be reinforced. These steps will have to be a concern of the Agency's as soon as projects are implemented, especially in agreements with intermediary organizations working with SMEs.

It is important to look more closely at the choice of certain projects, in order to ensure that their initial mandate is in line with IDEA-SME and Agency objectives, particularly when they appear to generate few economic spin-offs. It is also noted that a new thrust is needed for certain initiatives run jointly with the Agency's main partners to meet SMEs' updated needs. Another factor emerging from the horizontal analysis of evaluations is the need to ensure continuity and more systematic follow-up of the results of certain initiatives, including job creation and maintenance, as well as increases in sales figures and enterprises' greater profitability.

#### **3.4.2 Service delivery**

In 1998-1999 and 1999-2000, comments from IDEA-SME clients in the annual survey, as well as feedback associated with ISO procedures, confirmed clients' high level of satisfaction with respect to services received, both financial and non-financial. On the other hand, the findings obtained for 1999-2000 highlighted a decline in the level of satisfaction. These observations appear to demonstrate that, while clients are generally satisfied, there is always room to improve the thrust and delivery of certain services, so as to cater more closely and topically to the expectations of the target clientele.

Analysis of the different surveys conducted shows that the level of satisfaction remains much the same, regardless of whether the clientele were served directly by the Agency or through its partners, and this tends to confirm the Agency's skill in selecting partners. This situation is also reinforced by the fact that there was good participation from SMEs in the activities put on for them by the Agency and its partners.

On the other hand, current trends in clients' assessment points to the need for the Agency and its partners to reinforce the consolidation of the services they offer, in order to cater more closely to the expectations of the target clientele. A reading of the reports also brings out the fact that some of the services provided by Agency partners need to be made better known, so as to ensure that partners have a higher profile and to enable them to become more involved in supporting the program's target clientele.

Finally, the evaluations and survey findings confirm the relevance of the priority assigned by the Agency to optimizing operating methods. Also, the effectiveness of service delivery invariably involves putting in place efficient business processes.

### **3.4.3 Management practices**

The program evaluations carried out reveal that the definition of clear objectives and results are points for improvement in a large number of projects and initiatives. It is difficult to measure the effects and impact of projects in the absence of a performance measurement framework which clearly establishes the attainment of results that are measurable, verifiable and observable gradually over time. This reality was identified as a major point for improvement in view of its impact on the Agency's results-oriented management system (accountability, transparency, probity and reporting). Also, reinforcement of the Agency's management practices cannot be confined to its operations alone, but also has to be extended to its key partners. In that context, determination of specific objectives and measurable results are imperative for the Agency's operations, and for the service delivery agreements reached with partners.

The lack of follow-up is not conducive to growth of projects and initiatives. Over time, this situation weakens the rationale for their renewal, since for lack of verifiable empirical data, the Agency has to fall back on anecdotal evidence and impressions. Finally, the more specific the management framework is in terms of objectives and measurable results, the more it will be possible to maximize the spin-offs of a program or initiative, thereby also ensuring a higher profile for the intervention.

To allow for these elements, the Agency has developed a management framework, a logical model and a performance measurement framework for the IDEA-SME program. It has also espoused the ISO quality approach to reinforce and upgrade its management processes and the conformance of its administrative procedures.

### **3.4.4 Partnership management**

Management of partnerships, which is associated with the involvement of local resources, is crucially important in the management of the Agency's operations. While it has demonstrated its ability to select good partners, lessons should be drawn, in terms of both implementation and the short-term effects of its partnerships. These, in many projects, have proven essential. At the same time, they demand close co-operation among all stakeholders. So activities carried out in partnership have to be guided by the specific needs of enterprises/organizations, while ensuring that the effectiveness of partnerships is optimized by using the credibility and expertise of partners vis-à-vis local stakeholders. The evaluations show, furthermore, that the Agency's employees bring significant value added to management of these partnerships.

Thus, sound management of partnerships plays an essential role in the success of Agency programs and services. The corporate experience in this regard is positive overall. It contributes to an openness to the outside world and confers legitimacy and effectiveness on many of the Agency's actions. Consequently, it

goes without saying that review of the strategic framework for IDEA-SME has to give pride of place to consolidating existing partnerships and, eventually, to seeking new strategic linkages. Maintaining existing partnerships will likely require the Agency to consult its partners systematically and to validate with them the updating of its strategic approaches. That is indeed what the Agency initiated in fall 1999, by consulting its main partners for the renewal of its strategic framework. This is unavoidable if it is wished to preserve a climate of confidence and a spirit of co-operation, both with the Agency's partners and with its clients.

## **4. Program Rationale**

### **4.1 Appropriateness**

Taken as a whole, the program's general objectives remain topical in Québec. Nonetheless, it emerges from the different documents consulted that the program caters more adequately to the concerns of SMEs and organizations in the major urban centres than those in outlying or rural regions. Consequently, to meet specific needs, other initiatives managed by the Agency were introduced, such as the RSIs, the Special Coastal Québec Fund (SCQF), Rural Enterprises – Eastern Québec (REEQ) and so on. These initiatives are used to support any other development potential and to act in a complementary manner in line with the needs of Québec SMEs by broadening and adapting the assistance provided by the Agency for the development of Québec's regions.

In terms of the appropriateness of the areas of activity, their complementary relationship must be preserved. They can contribute to projects requiring more conventional support, while opening paths to innovation and to advancing the use of the program, so that it is able to adapt properly to new technology-related needs. IDEA-SME must therefore continue to reflect dynamics responding to changes in these new realities, while ensuring that it contributes to reinforcing existing SMEs. In that context, the Agency will have to equip itself with tools so it can acquire a better understanding of the effects and impact of the program from the perspective of the different areas of activity, but also of their interrelationship on the overall reinforcement of the local milieu. Taking them one by one, the following elements should be noted:

- IRDD – The appropriateness of this area of activity is quite clear. However, this is the area of activity under which the fewest projects are funded by IDEA-SME, and the results are considered more limited. However, during 1999-2000, it has to be observed that there was a significant increase in demand from SMEs/organizations for projects under IRDD.
- Market development – This area of activity is the most used by IDEA-SME clients, with an average of 48.3% of projects. It maintains a form of support that meets clients' fundamental needs to ensure their growth and profitability. Use of this area of activity involves virtually all regional offices significantly, whether in major centres or more rural regions.
- Entrepreneurship and business climate – This area of activity aims to support the emergence of a healthy socio-economic environment conducive to growth of dynamic entrepreneurship in all regions served by the program. With some 34.5% of projects, this area of activity appears to offer the greatest flexibility and helps meet the specific needs of program clients, while favouring an approach based on the partnership among the Agency, IGs and clients (enterprises and NPOs). In this sense, the merit of this area of activity is considerable on two levels: (i) it appears to respond to real needs, and in particular to the needs of the less densely populated regions; and (ii) it makes it possible to support projects requiring

an approach where more room is given to broader partnerships with local stakeholders and possibly ensuring spin-offs more evenly distributed among those stakeholders.

## **4.2 Merit**

While they are used unequally and it is still possible to reinforce them, the four services offered by the IDEA-SME program meet SMEs' needs. Also, the fact that this program is interested in small and medium-sized enterprises with fewer than 200 employees emerges as well advised. However, it is important for the program to continue to adapt to regional realities, so it can optimize the attainment of its objectives and lead to tangible results under each of its areas of activity with respect to regional realities. Another aspect that reinforces the merit of the program is the fact that it makes it possible to graft complementary activities that can contribute to reinforcing the attainment of its objectives. But it is important to ensure that these are activities approved on an exceptional basis and at higher and/or centralized levels in the Agency, in view of their special status.

The Agency's decision to reinforce the RSI program and other initiatives in rural regions is a logical element that contributes to the merit of the IDEA-SME program. Although this decision led to a decline in the number of files processed in 1998-1999, the number of files began to rise again in 1999-2000. Over time, the difference in average financial envelopes for repayable and non-repayable contributions gradually narrowed. This scenario also saw a better balance between offers made to enterprises and those made to NPOs. Moreover, the gap between the percentage of files receiving a financial contribution and those receiving no financial contribution also closed up.

After five years of operation, there is no doubt that IDEA-SME has a positive impact on job creation and protection. Also, job creation and maintenance costs have remained low overall. It may therefore be concluded that the merit of IDEA-SME with regard to employment is confirmed. IDEA-SME clients have also increased their investment in development of new markets and R&D. In both cases, this spending has doubled over a three-year period. However, it was not possible to compare this performance with trends for enterprises that did not use the program.

The Market development area of activity declined by 31.3% over the program observation period, whereas the IRDD and Entrepreneurship and business climate areas of activity posted increases of 61.4% and 27.8%.

## **4.3 Overall assessment**

In terms of the program's desired results, it is noted, after five years of existence now, that many outputs (short-term results) have materialized, and effects (medium-term results) are currently clearly observable. It is also possible to assess growing impacts (long-term results) that may be associated with IDEA-SME. In that context, it is logical to conclude that the overall merit of the program is confirmed, throughout Québec. But, in view of the lifetime that is still short in socioeconomic terms, and also in view of the means of observation that are still being developed by the Agency and its partners, it is as yet difficult to make an enlightened judgment as to the real effectiveness of the program.

The overall assessment that can be made of IDEA-SME is closely linked to that of the Agency. In that context, it may be concluded that:

- The assistance provided to SMEs plays an essential incentive role in the implementation of their projects.
- Real, significant spin-offs may be observed on job creation and maintenance, and on increases in program clients' sales.
- The general assessment as to service delivery reveals a high level of satisfaction that is rising, despite certain points for improvement in terms of the quality and relevance of the services offered.
- Improvements may be made with respect to promoting certain services and making processes leaner.
- Significant improvements, despite specific actions taken in 1999-2000 to enhance results-oriented management, must still be made to the definition of clear objectives and measurable results.
- Partnership work with IGs is a growing reality at the Agency. This represents a considerable challenge, which is a move in the right direction, but will require an ongoing approach aimed at effective, complementary reinforcement of management and circulation of information.

## 5. Paths of Improvement

While the overall evaluations and analyses conducted on the IDEA-SME program show positive performances and results, it is still important for the Agency to try to reinforce the overall performance of the program by giving priority to the following aspects:

### Overall approach

- Equip itself, in light of the objectives and results targeted in the logical model, with the following elements:
  - < objectives and results to be attained on an annual basis across the Agency;
  - < objectives and results to be attained on an annual basis by each regional office;
  - < a limited, standardized number of indicators in line with the approach implemented over the years, but reinforcing its performance and clarity;
  - < an Agency working group bringing together operational representatives that: (i) produces an annual assessment of the program; (ii) identifies its main weaknesses; (iii) reviews the logical model in light of socioeconomic changes and clients' evolving needs; and (iv) identifies objectives and results to be attained for the following year;
  - < a simple, standardized reporting model that concerns all the regions together; which is of reasonable frequency (quarterly or semi-annual) and makes it possible to orient certain telephone surveys conducted by outside firms toward more targeted findings that can validate and reinforce the continuous performance measurement follow-up work carried out at the regional office level.

## Specific approach

In light of the observations made in the previous section, it emerges that the Agency would do well to analyse a number of points, in order to see to what extent it is possible to make changes/corrections that will contribute to the overall performance of IDEA-SME in the years to come. The main points of interest are:

- Continue, where possible, to compile data on: (i) number of files received; (ii) number of files approved/rejected; (iii) repayable/non-repayable contributions; (iv) type of client (enterprise/NPO sector, etc.); (v) investment relating to R&D and market prospecting; (vi) area of intervention; (vii) sales and profits; (viii) coverage; and (ix) other.
- Ensure that each file submitted, approved, rejected or cancelled is clearly associated with one of the program's areas of activity and that, implicitly, it ties in with targeted objectives/results.
- Develop tools for clearly understanding changes in clients' employment. This should be on a semi-annual basis for at least two years after the supported project, and specific information should be acquired on: (i) permanent jobs; (ii) part-time jobs; (iii) nature of jobs; and (iv) other.
- Standardize and, where possible, simplify systems for gathering data on files processed.
- Set up a strategy for reducing file processing times, while meeting the Agency's imperatives and constraints, but also taking into account the needs and constraints of applicants/clients.
- Continue to be sensitive to clients' level of satisfaction, by building primarily on ways of continuing to improve the quality of services; without sacrificing the responsibilities of management of public funds and actions that contribute to socioeconomic spin-offs.
- Review, in light of the different evaluations made of specific IDEA-SME actions, the appropriateness of maintaining, reinforcing, diversifying or dropping those actions under the program, while retaining the principle of contributing to its objectives and results. In the event of a decision to drop certain actions, identify an approach aimed at minimizing the negative impact of the decision for clients.
- Consolidate annually the overall recommendations retained by the Agency and assess on a yearly basis the level of follow-up of each recommendation.

## 6. Conclusion: Outlook

The IDEA-SME program has now been in existence for five years. Over a relatively short timeframe, the program has assumed considerable importance within the Agency and among Québec SMEs. Certainly, the different projects carried out to observe program performance over the years have raised many possible points for improvement. So, in light of these different observations and their changes over time, it is very clear that the program has gradually acquired a degree of maturity and that the Agency has learned lessons from the different analyses carried out over the period. Also, IDEA-SME was introduced and has gradually been implemented in a context of major changes, which have affected the Agency's philosophy, its way of managing programs and human resources management. All these adjustments, in addition to representing a significant workload, are prompting the Agency to modify the nature of its relations with IDEA-SME clients, review the tools for analysing applications, and above all the ways of conducting follow-up on and evaluation

of projects, so that they are in line with specific objectives and make it possible to contribute to the attainment of targeted results. It is clear that this scenario affects the program's overall performance and the Agency's approach in its ability to carry out and how it carries out its mandate.

In this context, it should be noted that the IDEA-SME program has achieved results and demonstrated them on an objectively verifiable basis. Also, through the working group responsible for monitoring IDEA-SME, the Agency has been able to make many observations and draw lessons from the actions carried out under the program. It is important, at this stage in IDEA-SME's relatively short life, for the Agency to invest in continuity rather than change. Thus, the foundation work, which served to benchmark the program, must be reinforced rather than changed. It must also reinforce its follow-up/evaluation framework, so as to ensure that it is possible to continue observing the trends revealed to date and to provide it with complementarity for a better understanding of the effects and real impacts of IDEA-SME and, implicitly, of the Agency on its clients and their environment. Finally, it must build on greater involvement of partners/clients, who have to recognize that they also have the responsibility of participating in the effort to show that the use of public funds leads to spin-offs for the community as a whole and not only for private bodies or non-government organizations.

## CANADA ECONOMIC DEVELOPMENT AGENCY - ACTION PLAN

### Evaluation title: “Summative evaluation of the IDEA-SME program”

Observation / recommendation	Management response	Forecast completion date	Unit responsible
<p><b>1 - Concerning the IDEA-SME program and its overall performance (global approach)</b></p> <p>After five years, the program can be seen to have assumed considerable importance within the Agency and among Quebec SMEs. It is very clear that it has attained a level of maturity and credibility that makes IDEA-SME an inescapable reality for the Agency and Quebec SMEs. Nonetheless, to continue improving, it will be necessary to build on its strengths. So, while its backbone must continue to be reinforced rather than altered, it is important for the follow-up / evaluation framework to be clarified and closely tied to program policy and management practices. The program will also have to build on greater involvement from and participation of partners and clients.</p> <p>While evaluations show altogether that IDEA-SME has achieved worthwhile performance and results, it is still important for the Agency to continue to reinforce the program’s overall performance by giving priority to certain aspects which are detailed in the following pages.</p>			

Observation / recommendation	Management response	Forecast completion date	Unit responsible
<p>Set up, in light of the objectives and results targeted in the logical model, the following elements:</p> <p>A. Objectives and results to be achieved on an annual basis at the Agency level.</p> <p>B. Objectives and results to be achieved on an annual basis by each regional office.</p>	<p>For points A and B, each CED regional office is responsible for preparing and drawing up a <i>three-year</i> business plan for its region which sets out objectives and the main results expected with respect to strategic targets for the Agency. IDEA-SME's objectives lie primarily in enterprise development. The objectives and expected results from the business plans of all the regional offices are then approved by Agency senior management and combined in the Report on Plans and Priorities (RPP), which provides an overview of the Agency's focus and priorities over three years. Business plans are revised annually by the regional offices.</p>	Completed	N/A
<p>C. A small, standardized number of indicators in line with the approach established over the years, but reinforcing its performance and clarity.</p>	<p>The Agency has finalized the definition of causal chains for the IDEA-SME program which clearly identify the desired indicators, for each program objective.</p>	Completed	Quality, Information and Technology Branch (QITB) and Operations

Observation / recommendation	Management response	Forecast completion date	Unit responsible
<p>D. An Agency working group bringing together operational representatives, which: (i) produces an annual review of the program; (ii) identifies its main weaknesses; (iii) reviews the logical model in light of socio-economic trends and clients' needs; and (iv) identifies objectives and results to be attained for the following year.</p>	<p>Within the Agency there are already mirror committees for the program's three preferred areas of activity and for tourism, and ad-hoc working committees, which meet regularly to make recommendations to senior management as to how to adjust the programming management framework, on an ongoing basis. Also, a programming analysis function has been set up within ROB.</p> <p>Also, a management and reporting framework for the IDEA-SME program was approved by the Treasury Board Secretariat in November 2001 and will be helpful in terms of evaluation of results and program management. Three (3) program evaluations are scheduled with this framework over a five-year period. These evaluations should, among other things, help identify the main weaknesses and review the objectives and results to be achieved accordingly.</p>	<p>N/A</p> <p>First evaluation in fall 2003</p>	<p>N/A</p> <p>QITB</p>

Observation / recommendation	Management response	Forecast completion date	Unit responsible
<p>E. A simple, standardized reporting model which concerns all the regions; which is of reasonable frequency (quarterly or semi-annual) and makes it possible to orient certain telephone surveys conducted by outside firms toward more closely targeted results that can validate and reinforce the follow-up work on ongoing performance measurement at the regional office level.</p>	<p>This standardized reporting model can be applied when the HERMÈS financial and non-financial information system becomes fully operational (scheduled for before the end of FY 2002-2003).</p>	<p>FY 2002-2003</p>	<p>Operations QITB</p>

Observation / recommendation	Management response	Forecast completion date	Unit responsible
F. Alleviation of processes and practices for administrative management of files, including duration of file processing.	The IDEA-SME program is ISO 9002 certified, and service standards already exist concerning the duration of file processing. Working groups consisting of regional office representatives met in spring 2001 with the Agency's Quality Co-ordinator to make recommendations for alleviating business processes in a continuous improvement perspective. These recommendations are currently under study with a view to integrating them into management processes and practices.	Fall 2002	Regional Operations Branch (ROB) QITB

Observation / recommendation	Management response	Forecast completion date	Unit responsible
<p><b>2 - Concerning points that can contribute to enhancing IDEA-SME's overall performance in future years (specific approach):</b></p> <p>In light of the observations made in the previous chapters, it emerges that the Agency would do well to analyse a number of points, so as to see to what extent it is possible to make changes / corrections that will contribute to IDEA-SME's overall performance in the years to come. The main points of interest are:</p>			
<p>G. Continue, where possible, to compile data on: (i) number of files received, (ii) the number of files approved / rejected, (iii) repayable / non-repayable contributions, (iv) type of client (enterprise / NPO, sector, etc.), (v) investment related to R&amp;D and market prospecting, (vi) areas of intervention, (vii) sales and profits, (viii) outreach, and (ix) other.</p>	<p>These data are already compiled on an ongoing basis in the Agency's existing financial information system (G-MAX) except for point (vii) on corporate profits and point (viii) outreach. The introduction of the new HERMÈS financial and non-financial information system scheduled for spring 2002 will enhance these indicators.</p>	<p>Fall 2002</p>	<p>ROB QITB</p>

Observation / recommendation	Management response	Forecast completion date	Unit responsible
<p>H. Ensure that each file submitted, approved, rejected or cancelled is clearly associated with one of the program areas of activity and that, implicitly, it ties in with targeted objectives / results.</p>	<p>The Agency has already set up in-house systems and controls concerning file coding and file quality control. Note that, for contribution files below \$100,001, quality control is carried out in the regional offices. For contribution files of more than \$100,000, there is a program integrity function which ensures compliance with this point.</p>	<p>Completed</p>	<p>N/A</p>
<p>I. Develop tools for clearly understanding changes in clients' employment, on a semi-annual basis for at least two years after the project supported, ensuring that we have accurate information on: (i) permanent jobs, (ii) part-time jobs, (iii) the nature of jobs, and (iv) other.</p>	<p>A customer survey is carried out annually and lists the impact of Agency activities on employment. Also, a long-term survey is conducted annually on a client sample three years after the Agency's intervention in order to measure the lasting impact of projects. These two tools will be complemented when HERMÈS is implemented by the capture of the impact on employment for individual projects, over a longer period than is captured in the current system.</p>	<p>Fall 2002</p>	<p>ROB QITB</p>

Observation / recommendation	Management response	Forecast completion date	Unit responsible
J. Standardize and, where possible, simplify systems for collecting data on file processing (refers to differences in interpretation as to whether a file should be opened).	Our ISO business process concerning the opening and processing of a financial assistance file has been modified in response to this point. Support staff and advisors were notified of this in December 1999.	Completed	N/A

Observation / recommendation	Management response	Forecast completion date	Unit responsible
<p>K. Set up a strategy to reduce the number of days of processing for files, while respecting Agency imperatives and constraints, but also taking applicants' / clients' needs and constraints into account. Continue to be sensitive to clients' level of satisfaction, building primarily on means of continuing to enhance service quality, without sacrificing the responsibilities of management of public funds and actions contributing to socio-economic spinoffs.</p>	<p>The Agency continually measures its clientele's satisfaction through its ISO questionnaires and the annual customer survey. The Agency holds ISO 9002 certification for this program and maintains a very high customer satisfaction rate. In addition, in its desire to reinforce its commitment to its quality system, the Agency has adopted and published service standards so its clientele can be aware more specifically of the level of service it can expect. Finally, a quality circle on service improvement was set up at the Agency in summer 2001 with representatives of various regional offices, ROB and QITB. One of this committee's first mandates was to look at the issue of how to reduce customer service lead times and enhance document clarity.</p>	<p>Fall 2002 for the first work of the Quality Improvement Circle.</p>	<p>ROB QITB</p>

Observation / recommendation	Management response	Forecast completion date	Unit responsible
<p>L. Review, in light of the different evaluations which have been conducted on specific IDEA-SME activities, the appropriateness of maintaining, reinforcing, diversifying or dropping these activities under the program, retaining as a principle that they should contribute to its objectives and results. Should it be decided to drop certain activities, identify an approach aimed at minimizing the negative impact of the decision for clients.</p>	<p>QITB periodically reviews the appropriateness of conducting certain evaluations on different types of activities in order to provide Operations with a helpful basis of comparison.</p> <p>There is also a programming analysis function at Operations which looks at trend analysis and will ask QITB to evaluate certain post-analysis observations where appropriate.</p>	<p>Ongoing</p>	<p>ROB QITB</p>