

Leaders Rule Change

empowering leaders to plan and lead continuous improvement programs for improved productivity, innovation and growth : Business Case

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LRC Program: INNOVATE: IMPROVE: GROW

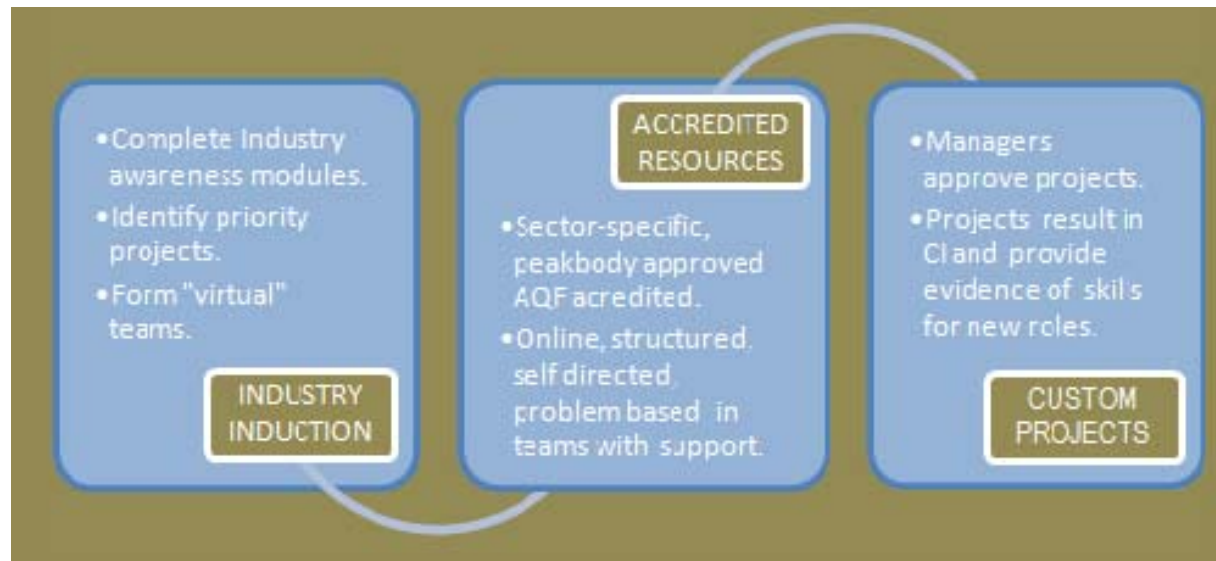
- Globalisation and technology-led product and service innovation make change the new norm. Firms need to have access to current market developments and to build agility in the workplace - in a way that is routine and normal.
- The LRC Program is an accredited continuous improvement (CI) program developed to help managers complete a series of priority CI projects for their business – from within.
- The Program begins with an Industry induction and leads to a pipeline of priority projects around innovation, productivity and growth.
- Projects are AQF accredited, peak body endorsed, tailored for each business and manager approved.
- “Virtual” teams (in a firm or in a supply chain) are supported to complete the projects with online resources and mentors – but are expected to undertake their own research.
- As a by-product of completing projects:
 - participants receive RPL and can continue to a full qualification (if they want to);
 - firms complete priority projects of merit and embark on the next priority; and
 - the sector builds the skills it needs to maintain a contemporary, globally-savvy workforce.

LRC Program Framework



- DESIGNED AS A SECTOR-WIDE SOLUTION, LRC PROVIDES A FRAMEWORK FOR INDUSTRY COLLABORATION ON PRIORITY PROJECTS AND A SHARED TRAINING FRAMEWORK TO BUILD AND DELIVER RESOURCES.
- PEAK BODIES HELP DEFINE PRIORITY PROJECTS AND DRIVE INDUSTRY COLLABORATION AND ENGAGEMENT - CONSISTENTLY AND COST-EFFICIENTLY.

LRC Learning Framework



- SELF-DIRECTED LEARNING MODEL. TEAMS ARE EXPECTED TO UNDERTAKE RESEARCH AND TAILOR RECOMMENDATIONS FOR THEIR BUSINESS.
- ENCOURAGES LEARNER INDEPENDENCE AND LEVERAGES TECHNOLOGY (FOR HIGHLY PERSONALISED AND EFFICIENT SUPPORT).
- THE LRC PROGRAM IS AN INNOVATIVE EDUCATION AND BUSINESS MODEL IN ITS OWN RIGHT - AQF ACCREDITED, PEAK BODY ENDORSED, JOB-READY CANDIDATES FOR GLOBAL INDUSTRIES.

LRC Program Modules

■ **INDUSTRY INDUCTION MODULE**

- Online modules on challenges and opportunities facing industry, the attributes of high performing organisations and careers. Material sourced from Industry Reports.

■ **CUSTOM PROJECT MODULES (sample)**

- Series of AQF accredited Project Modules on continuous improvement endorsed by Peak Body, approved by management and implemented in a single workplace or a supply chain.
 - Enter a new domestic or global supply chain.
 - Prepare a business case to purchase new technology.
 - Research ways to reduce operating costs (other than labour).
 - Research suppliers/research competitors.
 - Prepare a business case for joining a Trade Mission.
 - Develop / upgrade your e-commerce site.
 - Establish team to identify new markets/new product.
 - Nominate your successor.
 - Develop/update your strategic plan.

LRC Program Delivery

■ ACCREDITED RESOURCES

- Teams go through a Gap Analysis for each Project Module
- Project resources are mapped to AQF and provide pathways to full qualification in management, logistics, lean, sustainability, construction, hospitality, food processing etc

■ PARTICIPANTS

- Current and aspiring leaders across all skills and roles in Blue and White collar industries.
- 10 participants per team per project.

■ COMMITMENT

- INDUCTION: 4 HOURS online (approximate)
- PROJECT COMPLETION: 4 hours per week over 2-3 months per project as agreed by teams and depending on project.

■ PROJECT COST

- \$2,500 - \$5,000 pp depending on project-type and government funding.

■ DELIVERY PARTNERS

- NPCAA, NAWIC, LRC COMMUNICATIONS, WSI, MPA, SEPIA, SUPPLY CHAIN SQUARED,

Industry Value Proposition

- Drives industry collaboration and ROI. Positions L&D as a valuable business activity.
 - Peak bodies and industry associations provide additional tailoring for their members.
 - Addresses the issues of VET training quality and consistently.
 - Projects are manager approved and aligned to work schedules.
 - Fosters self-directed, life-long learning and continuous improvement.
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- “ ... as a big aggregator in Australia, it is not too much of a stretch to imagine Wesfarmers can use that capability and those connections to play role in growth markets. We have scale and we can leverage that to better benefit Australian industry, improve supply chain efficiency and to drive Australian exports up. Whether we can achieve that is another matter. There is an opportunity there. But we cannot assume it will come our way by sitting there.”

ABC The Business 28 May 2014, MD Richard Goyder, Wesfarmers

Program Sustainability

- Taps into competitive grants, training subsidies
- \$pay-per-user-per-project (\$2,500-\$5,000) depending on project.
- Licensing to training providers (public RTOS, private RTOs, Corporate L&D Departments).
- Annual subscriptions to firms to access project resources and mentoring support for repeat roll-out of projects.
- Opportunity to roll-out as a B2C solution – targeting Job Service Providers.
- Establishment of Advisory Body.

- Program evaluated by:
 - Number of projects, trainees and firms engaged and completed.
 - Business outcomes from projects completed, eg number of firms that establish links with university researchers and CRCs, first time exporters, Number of employees who enrolled to complete a full qualification.

Funding

- Funding models for LRC program - include training and business improvement subsidies. For example, in Victoria the following programs are open:

<http://www.business.vic.gov.au/support-for-your-business/future-industries/future-industries-manufacturing-program>

<http://www.business.vic.gov.au/support-for-your-business/grants-and-assistance/grow-your-business>

- Federally, Small Business Stimulus Package, which allows an immediate tax deduction for any individual assets they buy costing less than \$20,000.
- Industry Skills (ISF) Fund: \$476 million for 200,000 training places over 4 years (in a co-contribution model) to develop innovative training solutions (not funded by the VET)
- More state specific details to come.

Industry Need: Construction

- Australia needs to build about 186,400 new dwellings per annum. Our annual average over the past 20 years has been 156,500. We need more skilled construction workers and higher productivity to meet the changing needs of our growing population.
- Expected growth of 137,900 (13%) over the five years to November 2019. Well above the growth rate of 10% expected for total employment, so construction will account for a greater share of employment (and of employment growth) over this forward period.
- In conflict with this need for labour, full apprenticeship completions remain at a low point, and members of the Millennial age cohort are inclined to consider other career pathways that put them in charge of their own work more quickly. This new generation is dissatisfied with command and control style relationships between managers and team members, and are demanding flexibility and more collegiate ways of working. This is a serious challenge for our industries, some of which for many years have been developed through the bedrock of apprenticeships. New policies such as competency based progression are causing significant changes to the apprenticeship model.
- Our workforce needs to grow and develop in this changing business environment.

Construction Technologies

- Greater uptake of technologies will improve productivity.
 - Building Information Modelling (BIM) will increase overall efficiencies.
 - Off site construction will deliver productivity gains
- Victoria aims to be a centre of excellence for off-site construction. Capitalising on Melbourne's status as the world's most liveable city
 - Melbourne's liveability profile can build export opportunities
 - Victoria is a showcase for smart construction
- Further adoption of new materials will improve the sector's performance
- Industry and research partnerships will increase technology uptake.
- A technology friendly regulatory environment could improve competitiveness.
- Getting better at exporting and managing the import challenge.

Victoria's Future Industries Discussion Paper, Construction Technologies Sector Aug 2015.

Productivity gains in construction

- Main opportunities from improvements in:
 - Project planning, firm level operating and managerial processes.
 - Prefabrication and design;
 - Use of technology and choice of technique;
 - Labour utilisation and workplace relations;
 - Overarching regulatory and competition policy structures.
- Commission noted innovative approaches to design and planning and the expanded use of prefabricated or precast elements of particular potential to improve productivity. Long-running trend away from in-situ to off-site construction.
- IT systems such as Building Information Modelling (BIM) improve design quality and management of the construction process, as well as operational efficiency of the building post completion.
- Expectations of higher levels of environmental performance creating demand for smart and green projects. Flagship projects demonstrate capability of construction sector in this regard.

Productivity Commission's 2014 Inquiry into Public Infrastructure.

Victorian Future Industries Discussion Paper Construction Technologies Sector Aug 2015.

Manufacturing Profile: Company Size

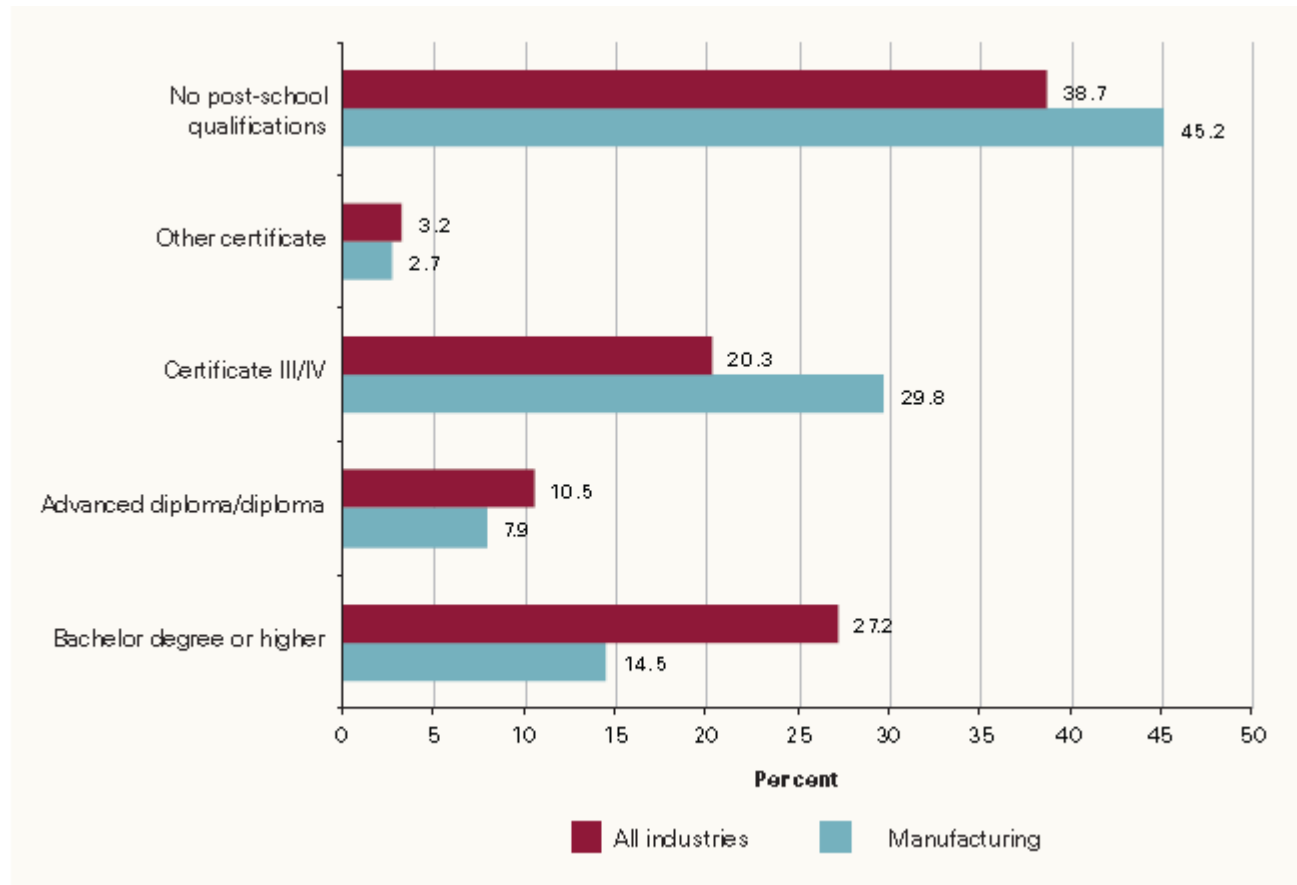
- A particular challenge for the education and training sectors is the profile of the industry.
- Australia's Manufacturing sector is characterised by a large number of small (employing fewer than 20 people) and medium-sized (employing fewer than 200 people) businesses.
- Together, small and medium sized enterprises (SMEs) account for just over 60 per cent of all manufacturing employment in Australia.
- As at June 2012, there were 88,079 manufacturing businesses in Australia, more than 37,000 of which were non-employing (42.8 per cent). More than 40,000 businesses employed 1 to 19 people (46.0 per cent); 9,110 businesses employed between 20 and 199 people (10.3 per cent); and a very small number – 666 businesses (0.8 per cent) – employed more than 200 people.

Manufacturing Profile: Workforce

- Employment Profile: 934,100 employees (8.0% of Australian workers); 27.7% are Technicians and Trades Workers; 13.5% Machinery Operators and Drivers; 25.6% Clerical, Admin and Managerial. 42% (vs 39%) 45 plus; 34% (vs 37%) remote. Employment growth in five subsectors: Food, Beverage and Tobacco Manufacturing, Medical and pharmaceutical, Primary Metal and Metal Product Manufacturing.
- Educational Profile: 17% (vs 29%) with Bachelor of Higher; 36% (vs 31%) with Cert III of higher; 41% (vs 36%) without post school qual)
- Technology and innovation may result in the loss of some occupations but will also change the scope of job roles.
- Blue-collar workplaces of the future need multi-skilled, empowered decision makers. Currently 45.2% of the manufacturing workforce does not have a post-school qualification. This is particularly significant as 87% of available jobs in the industry require a post-school qualification.

*Manufacturing workforce study AWP4 April 2014 and Australia Jobs 2014 Dept of Employment

Manufacturing Highest Qualification 2012



*Manufacturing workforce study AWPA April 2014 and Australia Jobs 2014 Dept of Employment

Construction Businesses

Table 2: Distribution of businesses by employment size - June 2014

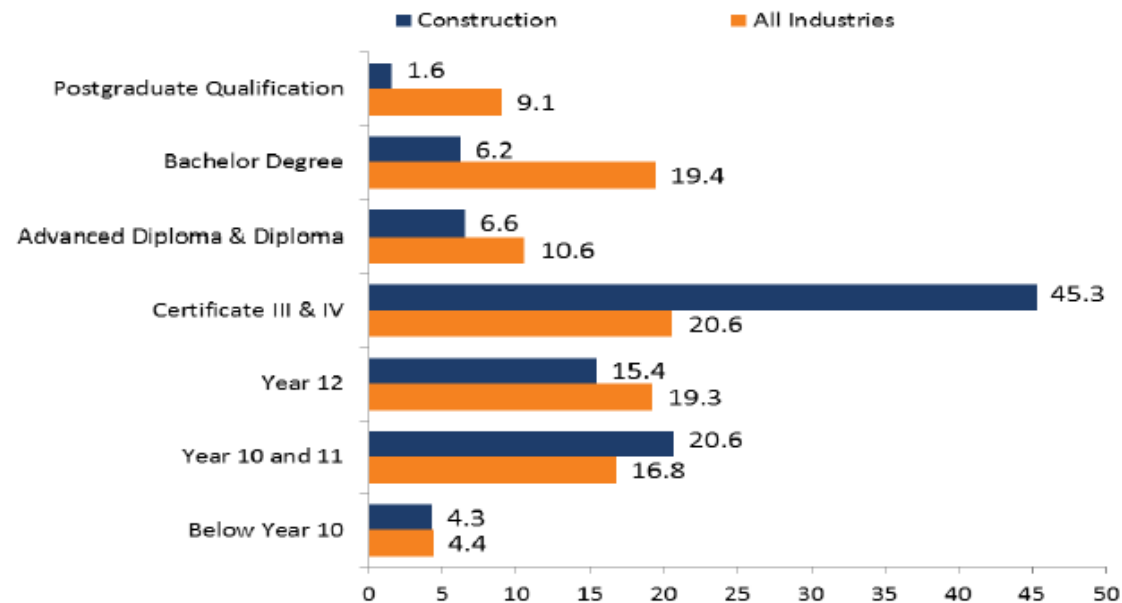
Employee range	Number of businesses	Share of businesses (%)
Non-employing	201,785	60.0
1-19	131,546	38.6
20-199	4,698	1.3
200+	197	0.1
Total	338,226	100.0

Source: ABS: Counts of Australian Businesses, June 2014

- The industry is overwhelmingly comprised of small businesses with fewer than 20 employees (98.6% of construction businesses). 60% of construction businesses are sole operators. The majority (82.2%) of these small businesses operate in the trade services.
- 30% of construction workers are self-employed, compared to only 8.5% for all industries
- Only 5.9% of construction businesses generated more than \$2 million of revenue in 2013-14, while the majority (60.8%) generated revenue of less than \$200,000.
- Delivering projects for:
 - engineering construction (major infrastructure, mining and heavy industrial resource based projects;
 - non-residential building (including offices, shops, hotels, industrial premises, hospitals, entertainment facilities) and;
 - residential building (houses, flats, home units, townhouses)

Construction Qualifications

Chart 9: Highest educational attainment, % of employees



Source: ABS, Survey of Education and Work, 2013.

- 8% of construction industry workers have attained a Bachelor Degree or higher, compared with 28% for all industries.

Allied Industries Profile: Workforce

- Agriculture, Forestry and Fishing Workforce (2013):
 - Employment: 319,100 (2.7% of Australian workers); more than 50% Farmers and Farm Managers. 56% (vs 39%) 45 plus; 87% (vs 37%) regional. Difficulty recruiting.
 - Education: 12% (vs 29%) with Bachelor of Higher; 29% (vs 31%) with Cert III of higher; 50% (vs 36%) without post school qual)
- Transport, Postal and Warehousing Workforce (2013):
 - Employment: 588,300 (5.1% of Australian workers); 43.8% machinery operators and drivers. 30.5% clerical, admin & Managers. 49% (vs 37%) 45 plus; 34% (vs 39%) regional.
 - Educational: 15% (vs 29%) with Bachelor of Higher; 31% (vs 31%) with Cert III of higher; 50% (vs 36%) without post school qual)
- Construction Industry Workforce (2013):
 - Employment: 999,300 (8.6% of Australian workers, 3rd behind retail and health); 50% labourers, bricklayers, carpenters and joiners or electricians. 33% in admin & HR. 40% (vs 39%) 45 plus; 40% (vs 37%) regional.
 - Education: 8% (vs 29%) with Bachelor of Higher; 54% (vs 31%) with Cert III of higher; 36% (vs 36%) without post school qual)

*Manufacturing workforce study AWP4 April 2014 and Australia Jobs 2014 Dept of Employment

LRC Program Development – Background

Innovation at Core of Performance

- Businesses with a high performance innovation culture are more likely to financially outperform businesses with a lower innovation culture.
- Indicators of a strong innovation culture:
 1. Business sources ideas from users or customers
 2. Innovation is part of the business strategy (businesses measure their performance) and
 3. A tendency to network and collaborate.

Australian Innovation System Report 2015

Figure 1.2: Increases in business performance and activities compared to previous year, by innovation status, 2012–13



Source: ABS (2014) Selected characteristics of Australian businesses, 2012–13, cat. no.8167.0

Analysis for the year 2012–13, 36% of Australian businesses had a 'siloed' innovation culture and 39% had no innovation culture. Only 16% have a high performance innovation culture.

Skilling Future Leaders

- The 2014 Management Skills in the Manufacturing Sector Report,⁽¹⁾ recommends:
 - There is an urgent need for the development of management skills, and that new managers want to learn before or just after entering the role, while also having opportunities for ongoing learning and the support of a workplace mentor;
 - There are different interpretations about what skills are required in front line managers (given the diversity of the manufacturing sector);
 - There is a need for a flexible and engaging model of skill development, and there is criticism of “off the shelf” programs and some delivery methods used by some RTOs;
 - Learning could be assisted through professional networks outside the company and mentoring and coaching within the company.
- 2012 National Agreement for Skills and Workforce Development 2020 targets are:
 1. Halve the proportion of Australians without qualifications at Certificate III level or above (from 47.1% of 20 to 64 year olds to 23.6%)
 2. Double the number of higher level (Diploma and Advanced Diploma) qualification completions.

(1) DEECD: Management in the Manufacturing Sector- Qualifications Development and Learner Supports March 2014

Millennial Profile

■ GenY 1980+

Millennials currently account for 38% of the workforce; 75% within 10 years.

Millennials use and share a variety of media; expect instantaneous feedback; bite sized chunks to fit into their busy schedule.

Seen as:	But see themselves as:
Entitled	Ambitious: Having high expectations: Already having achieved a lot
Independent	Team players: Having a strong generational identity
Not Loyal	Trying new things: Getting a range of experiences: Not wanting to be bored
Unmotivated	Wanting to be challenged: Needing to understand "why": Wanting to make a difference
Technology Addicts	Always available for others: Having a blurred line b/n work and life

- Note: Apprentice attrition is high and completion rates low: more than 30% of apprentices withdraw in the first year and just over 50% finish their training.

Drivers of Change in Education

Democratisation of knowledge and access

Ubiquitous content
Broadening of access to higher education
Increased participation in emerging markets

Digital technologies

Bringing content to the device – MOOCs
Bringing the device to the learning environment
Blended learning

Global mobility

Emerging markets becoming global-scale competitors in international student market
Academic talent increasingly sourced from emerging markets
Emergence of elite, truly global university brands

Contestability of markets and funding

Fiercely competitive domestic and international markets
Challenges to government funding
Competing for new sources of funds

Integration with industry

Scale and depth of industry-based learning
Research partnerships and commercialization
INDUSTRY AS COMPETITORS IN THE CERTIFICATIONS AND DELIVERY OF CONTENT

VET Reform

- *“Greater collaboration is needed to overcome the constraints within both industry, and the education system that are impacting our ability to meet the skills demand. A shift is needed in the way we think about how skills are generated. The widening gap between education and skills demand highlights the crucial role of employers in developing a skilled workforce. Employers and training providers must work in partnership to foster workplace opportunities and ongoing professional development.”* ⁽¹⁾
- NCVER ⁽¹⁾ reports an embarrassing gap between the knowledge generated through Australia’s training system and the skills demanded by employers in a study of the five industries ⁽²⁾ considered as either experiencing growth or with the potential for growth.
- Minister for Industry says: “the era of training for training’s sake is over (25 June 2014). Education needs to focus on Qualifications that are flexible and meet industry needs. Issues raised around the quality, duration and veracity of assessments processes.

(1) NCVER October 2014 "Gap widening between education and skills demand" Report

(1) NCVER October 2014 "Gap widening between education and skills demand" Report

(2) Food & Agriculture, Biotechnology & Pharmaceuticals, Mining Equipment, Technology & Services (METS) and Oil & Gas

Next steps

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