

The management agenda

Structuring your organisation to support employer responsiveness

Skills

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Foreword

The further education sector understands the need to improve skills levels if business is to compete and succeed in global markets. Further education providers recognise too the key role they have to play in innovation, training and support for employers. We are keen to learn from the many examples of effective practice in the sector to build provider capacity to deliver high quality, flexible provision that responds to employers' needs.

The Learning and Skills Improvement Service's (LSIS) World Class Skills programme (WCS) provides a range of products and services that are alert to the needs of individual providers as they seek to improve the responsiveness and quality of their offer to employers.

Fully funded, it provides a free-of-charge range of interactive workshops, seminars, consultancies and structured support to take forward reform and development through thematic development projects.

This publication is one of a group of resources that have been developed to support interactive workshops and seminars offered through the programme. We believe it brings together useful information to support providers as they gear up their business with and for employers.

Dr David Collins CBE
Chief Executive, LSIS

Welcome to World Class Skills

The *Leitch Review of Skills: Prosperity for all in the Global Economy, World Class Skills* (2006) investigated the UK's long-term skills needs and predicted that even if targets current at the time of the report were met, the UK's skills base would still lag behind many of its key comparators.

That's why the government has committed to ensuring that the workforce in England has world-class skills by 2020. This will call for an enormous shift in attitudes and aspirations within workplaces, schools, colleges, universities and society itself.

It will require every individual to think about updating their skills and qualifications to ensure that they are giving employers what they really need.

It will require employers to play an active role in helping to reform vocational qualifications to ensure that they are relevant and responsive to changes in the global economy.

In support of these reforms, the Learning and Skills Improvement Service (LSIS), working closely with national partners, was asked by the government to lead the development of a single, integrated improvement strategy to support the drive for excellence in the further education system that would succeed in the new demand-led environment.

“”

In the twenty-first century, our natural resource is our people – and their potential is both untapped and vast. Skills will unlock that potential. The prize for our country will be enormous – higher productivity, the creation of wealth and social justice.

Lord Leitch, *Leitch Review of Skills*, 2006

Introduction to the programme

The **World Class Skills – developing responsive provision** is an LSIS programme providing support for improvement activities for LSC-funded providers in enhancing their employer-facing provision. This will support organisations in developing provision to meet employers' skills needs and the aspirations of the *Leitch Review of Skills*.

KPMG and its consortium partners are delivering this major support programme. Together they can bring significant expertise to you and your organisation. KPMG has an in-depth understanding of the wider education and skills sector that can help further education colleges and independent training providers deliver improved outcomes for learners and employees, as well as achieve their organisational goals. They can also draw in the sector's most innovative and effective practice to share with you.

Programme benefits

Involvement in the programme will help LSC-funded providers of education and training to:

- develop and extend effective employer relationships
- ensure that growth and quality go hand in hand
- create fit-for-purpose organisational structures
- gain relevant accreditation, for example, Training Quality Standard (TQS) and Framework for Excellence
- access high-level support through a range of focused events
- network with peers and share effective practice.

Programme overview

The programme is designed to support the Train to Gain Plan for Growth, the changes to demand-led funding, the rolling out of the TQS accreditation, National Skills Academies and the development of specialist networks.

The focus of the programme is to work with providers and other stakeholders to be more responsive to the needs of employers and increase the capacity of the FE system to provide high quality, flexible training and support for employers and their employees in order that they can contribute to UK productivity and competitiveness in a global economy.

The programme comprises both seminars and workshops. Seminars provide a high-level introduction and overview of the topic. Workshops are designed for smaller groups: the sessions are more interactive and practical in nature, giving participants the opportunity to work with a range of proven tools and techniques. There will be an opportunity for providers to apply for individualised consultancy support to work within their organisation in an intensive way to focus on the development of employer-responsive provision.



Resources

HMSO (Her Majesty's Stationery Office) (2007) *World Class Skills: Implementing the Leitch Review of Skills in England*. Norwich: HMSO. Available online at: www.dius.gov.uk/reports_and_publications%20HIDDEN/leitch.aspx

Lord Leitch (2006) *Leitch Review of Skills: Prosperity for all in the Global Economy, World Class Skills*. London: HMSO. Available online at: www.dcsf.gov.uk/furthereducation/uploads/documents/2006-12%20LeitchReview1.pdf

QIA (Quality Improvement Agency) (2006) *Pursuing Excellence: An Outline Improvement Strategy for Consultation*. Coventry: QIA.

Learning and Skills Council: www.lsc.gov.uk

Learning and Skills Improvement Service: www.lsis.org.uk

World Class Skills: <http://wcs.excellencegateway.org.uk>

E-learning

Alongside the workshops and seminars, a suite of five online training modules has been developed. The topics are as follows:

- Building employer-responsive skills in your organisation
- Funding and finance for maximising business
- Identifying bottom-line benefits
- Sales and gaining repeat business
- Targeting SMEs for training.

E-learning is an alternative way for providers to interact with the programme and share knowledge within their organisation.

Each module will take between 40 minutes and an hour to complete, and include interactive material such as multiple-choice questions, quizzes, games, scenarios and case studies.

The modules can be accessed from <http://wcs.excellencegateway.org.uk>

If you would like further information please contact

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Agenda

Session 1: Introduction

Session 2: Setting the scene

Session 3: Your experiences

Session 4: Introduction to organisational design

Lunch

Session 5: KPMG's approach to organisational design

Session 6: A look back from 2012

Session 7: Action planning and next steps

Workshop outline

Aim

To understand how organisational design can help address the challenges posed by the employer-responsiveness programme.

Objectives

- To encourage new ways of thinking about how your organisation is aligned.
- To equip you with a better understanding of the principles and methodologies of organisational design in order to facilitate reviews of your own organisation against the strategic imperative to respond effectively to employers' needs.
- To raise awareness of how organisational design can impact upon organisational performance.
- To understand how to apply organisational design to the specific instance of your college or independent training provider (ITP) environment.

Overview

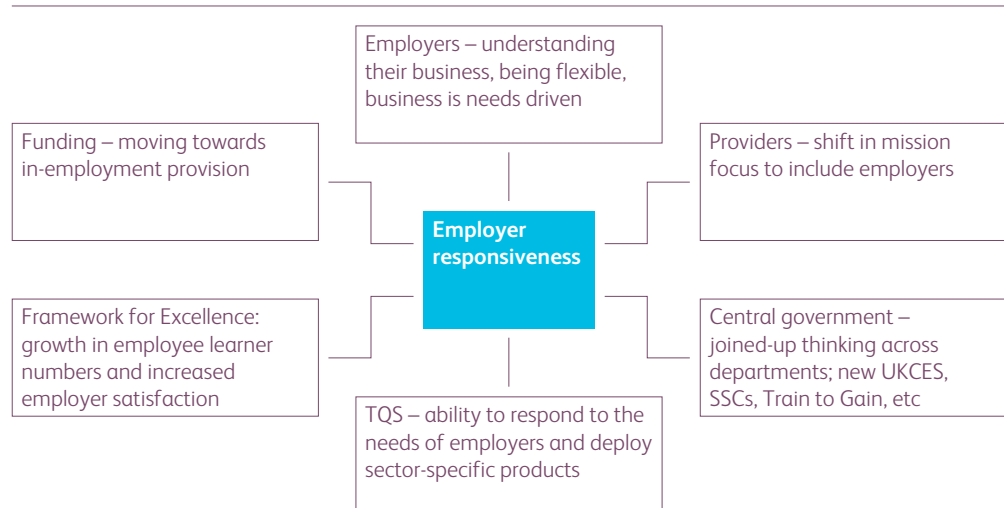
Employing a variety of examples and hands-on activities, the course equips participants with a working knowledge of the skills and tools required to effectively evaluate, design and manage an organisational design programme.

- What is organisational development?
- How can it help confront the issues facing your organisation?
- What do you need to know to successfully manage an organisational design programme?
- What is involved in developing and delivering an organisational design programme?

Setting the scene

There is no clear definition of what the government understands employer responsiveness to be.

Implications of the employer-responsiveness programme

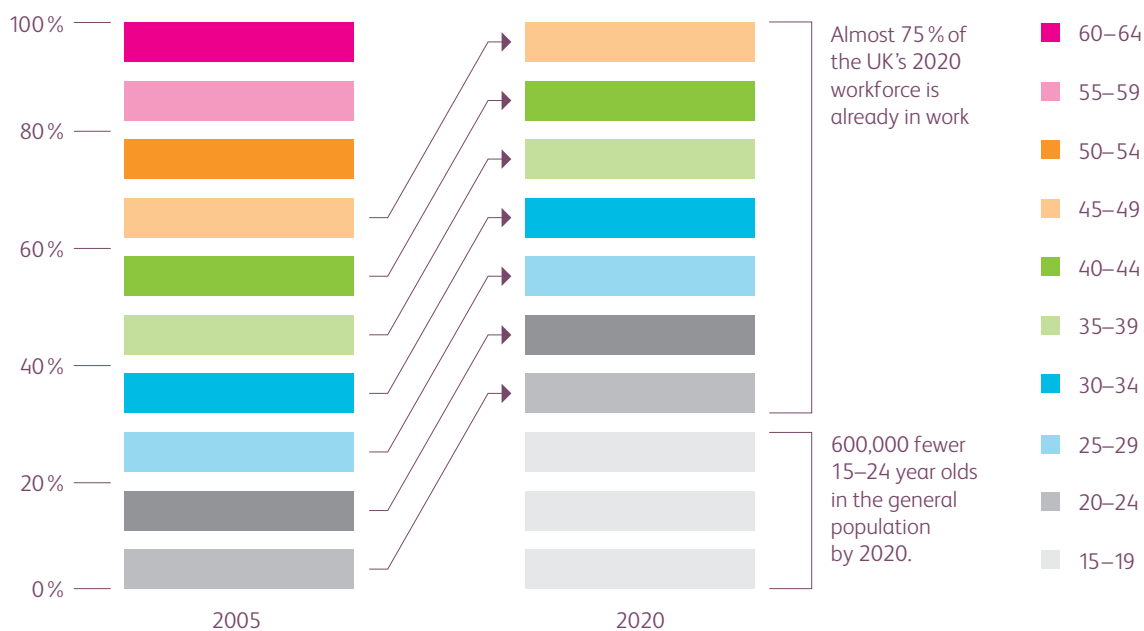


The above illustrates what employers want from providers, what employers need to do, what the government is doing, the basis on which the Training Quality Standard and Framework for Excellence measure employer responsiveness, and that funding is moving more towards learning for those in employment.

Why is World Class Skills important?

Training will have to shift in its focus or funding will dry up for those that do not adapt.

The changing demographics of the FE sector



Source: Office of National Statistics, Population Forecasts, 2006: graph by UKCES

The graph above illustrates the shifting demographics of the sector. Traditional sources of students and funding (ie 15-24 year olds and the qualifications-driven programmes aimed at them) are diminishing, while skills-based programmes such as apprenticeships and Train to Gain are growing rapidly. Taken together, these shifts highlight the need for changes in the ways the sector is organised: whom it targets and how it educates them.



FE is at the heart of our actions to unlock the talent of individuals; build strong and inclusive communities; and develop the skills and innovation employers need to compete successfully ... colleges have a crucial role to play in working with employers to deliver the skills they need now and in the future. This includes training local people who are out of work, and giving them the skills employers want. It also includes providing higher-level skills provision, supporting innovation, and encouraging knowledge transfer. Across all levels, colleges are actively engaged in helping businesses to improve their competitiveness.

John Denham and Ed Balls, 17 September 2008

The key impacts of the change on the FE sector are:

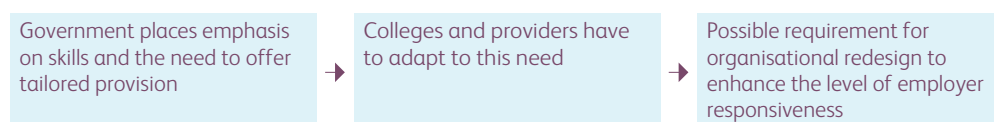
- Heightened importance of the FE sector to develop skills to support the economy.
- Huge scale of change needed to meet government ambitions.
- Responsive, demand-led culture must move centre stage.
- Employer-focused provision requires fundamental change – in provision, its delivery and management, image, culture and ethos.



Notes

The increasing emphasis on employer engagement

Leitch report Government commissioned a review into the skills of the nation and how England should respond	Skills pledge For employers to ensure that all staff are at Level 2	Train to Gain Large government investment into in-work training
Machinery of government changes (DfES split into DIUS and DCSF; funding to go through the local authority)	Empowerment of Sector Skills Councils Working hard to ascertain the skills needs of the UK and to ensure providers are delivering appropriately	Establishment of UK Commission for Employment and Skills (UKCES) Issuing funding to SSCs and researching into employment and skills needs
Training Quality Standard A new employer-responsiveness accreditation that is becoming increasingly essential and is robust and hard to achieve	Employer responsiveness element of Framework for Excellence Employer responsiveness is one of seven key performance areas	LSC 2008/09 national priorities – creating demand for skills Emphasis on skills



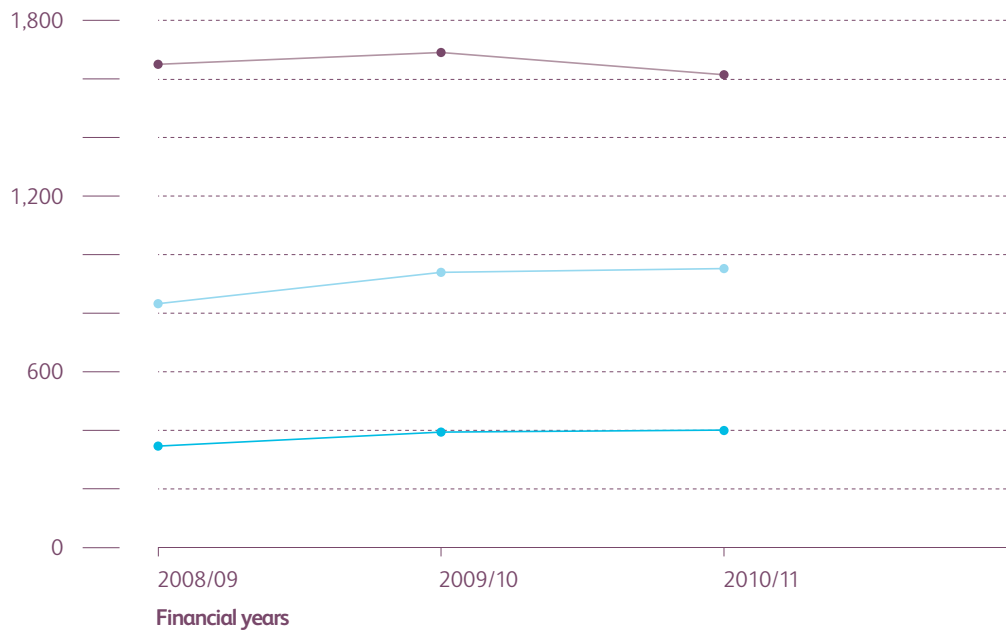
Common challenges

Current challenges facing FE colleges	Current challenges facing ITPs
<ul style="list-style-type: none"> • Ensuring the ongoing success of educational provision. • Remaining responsive to a varied set of stakeholder needs. • Ensuring ongoing capability of the mission and values of the college. • Delivering strategic plans as agreed with the LSC in line with regional and national priorities. • Meeting obligations under various FE/HE legislation and inspection regimes. • Managing costs and cash flow. • Aligning senior executive and management capabilities. • Balancing teaching and curriculum with changes in student numbers and modes of attendance. • Building flexibility to respond to new government (eg DIUS and DWP) and LSC requirements. • Embedding the systems and support required to 'run the business' and support curriculum delivery. 	<ul style="list-style-type: none"> • Ensuring responsiveness to clients' needs. • Defining the mission and values of the learning provider in a changing environment. • Delivering its strategic plan as agreed with the LSC and in response to Ofsted inspections. • Balancing the size and maturity of the organisation with the complexity of provision. • Ensuring effective management across multiple operating sites. • Balancing the method of delivery (eg on site, e-learning, etc) with the range of curriculum on offer. • Building flexibility to respond to new government (eg DIUS and DWP) and LSC requirements. • Embedding the systems and support required to 'run the business' and support curriculum delivery.

Budgets for adult and employer responsive provision

- College ALR
- Train to Gain
- Apprenticeships

Adult participation funding – main programmes (£m)



Source: Skills Investment Strategy 2010/11 (Department for Business Innovation and Skills)

The Department for Business Innovation and Skills (BIS) Skills Investment Strategy 2010/11 sets out the funding changes around adult provision. Key adult participation funding streams are shown in the above chart.

The Adult Learner Responsive line shows a reduction in funding in 2010/11 and Train to Gain funding shows some increase in 2010/11. This accounts for the fact that some of the funding has gone into response to redundancy programmes around six month unemployment and the young person's guarantee.

A key change in the funding policy is an increase in the amount of money available for adult Apprenticeships. The funding for Apprenticeships increased in 2009/10 and will increase further in 2010/11.

The funding for adult participation has to be used across a number of areas which means that providers can no longer look to work in just one of the funding streams and be financially viable. The implications to providers are that there is a clear need to diversify income streams and a need to explore new ways of building relationships with employers.



Notes

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Your experiences

A review of your current situation

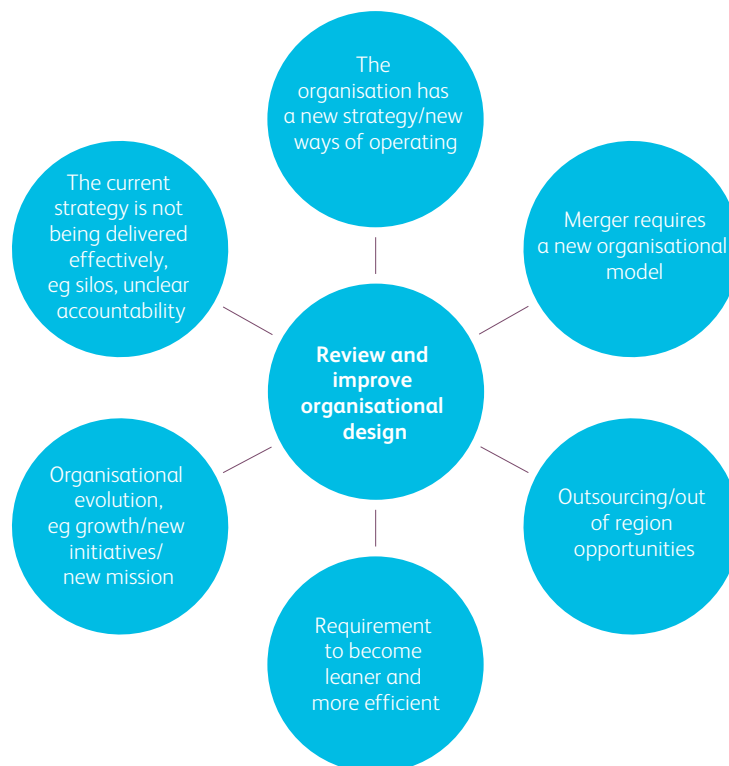
	SA	A	D	SD
Our organisational design allows us to focus efficiently and effectively on our relationships with external stakeholders (ie government, industry).				
Our organisational design allows us to focus effectively on our core mission.				
Our organisational design is flexible enough to allow us to change as required.				
The design of our organisation provides our people with clear and appropriate responsibilities and accountabilities.				
The design of our organisation is consistently supportive of our culture.				
Units within our organisation work together effectively.				
Our organisation design provides clarity on where different types of work should be undertaken.				
Units across the organisation have clearly defined operational accountabilities and responsibilities.				
Decisions across the organisation are made in a timely manner and with clear accountability.				
Performance of all units can be measured unambiguously and realistically.				

- SA strongly agree
- A agree
- D disagree
- SD strongly disagree

Introduction to organisational design

The illustration below highlights some of the reasons why an organisation may choose to review and thereby improve its organisational design.

Possible reasons for reviewing your organisational design



Successful organisational design is of critical importance to all organisations if they are to maximise their performance and potential, because:

- it provides a focus for evaluating organisational performance on an ongoing basis – it is a process, not an event
- it is a means of critically examining whether the structure is in place to meet the organisation's mission, values and objectives
- it is a method of logically and systematically constructing systems and processes in order to ensure that the needs of the client are being met
- it is planning and the matching of people, processes and activities which allow the organisation to get work done
- it is a source of competitive advantage.



Remember

Organisational design is not simply about structures, and there is no one solution. Its benefits lie in the process of aligning all key parts of an organisation to deliver educational strategy in today's demand-led environment.

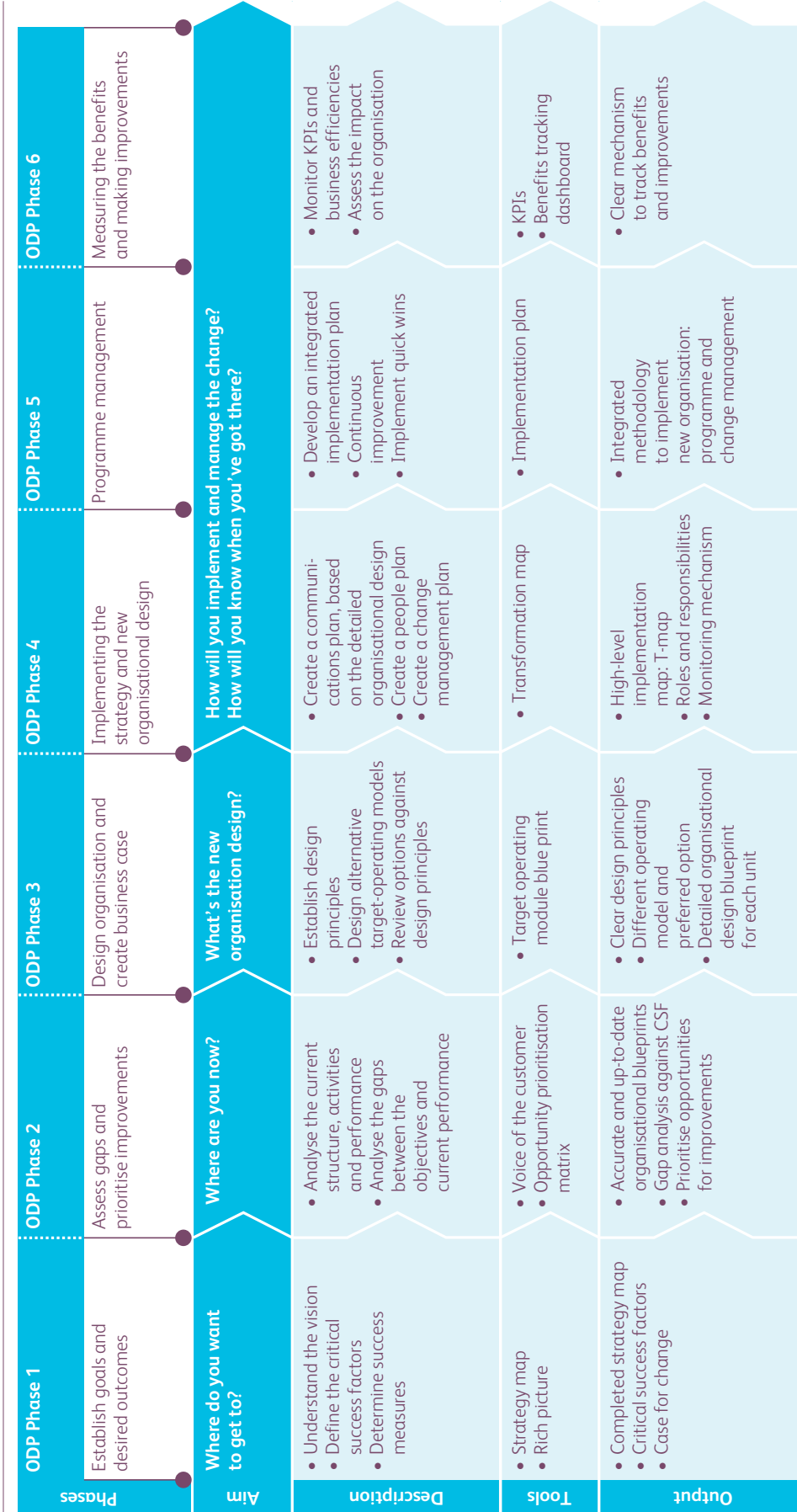
Ways of thinking about your organisation	Ways of working with your organisation
<ul style="list-style-type: none"> • What are we currently trying to achieve? • What is our focus, both explicitly and implicitly? • What would we like to be able to achieve in the future? • What capabilities do we possess? • Where are these capabilities in the organisation? • What are our current strengths? Where are they? • What does our operating environment demand of us? • How do we respond to operational demands? • Are we reactive, proactive or collaborative? 	<ul style="list-style-type: none"> • Do we understand how work gets done? • Do our current structure, processes, behaviours and activities work for us or against us? • How do we respond to the needs and demands of our various stakeholders? • What kind of organisation are we to work in? • What kind of organisation are we to work with? • How do we match problems and solutions? What impact does this have across the organisation? • How do we balance the multiple demands we face? • How should we be organised to get things done?



All organisations are perfectly designed to deliver the results they achieve.

W.E. Deming

An organisational design model



There are three key features that underpin the structure of the model:

- 1 The steps are stages that capture the key materials, activities and outputs that will occur during any design programme.
- 2 The stages are not fixed, ie some may run in parallel.
- 3 It is important to remember that there are regular feedback loops. At the end of each stage it is important to review and revise materials as required.

Phase 1: where do you want to go?

Purpose	<ul style="list-style-type: none"> • Create a compelling picture of the future. • Articulate the benefits of future design. • Provide point of reference for all design work. • Underpin decisions about organisational design. • Create a case for change. • Understand the scope of the design work.
Objectives	<ul style="list-style-type: none"> • Develop an understanding of the operating context and vision. • Determine the business/function's key business driver, objectives and interfaces. • Set out the desired business performance. • Determine the new desired outcomes and benefits of the new organisational design.
Benefits of completing this phase	<ul style="list-style-type: none"> • Clear objectives ensure delivery of the required performance. • Designs will be fit for purpose and aligned to deliver benefits. • Results of the organisational design will be clearly measured and articulated as part of the business-as-usual process.
Risks of omitting this phase	<ul style="list-style-type: none"> • Lack of focus on the future requirements of the organisational design. • Design is not fit for purpose, eg no consideration of interface requirements. • No clear picture of the future may lead to inability to effectively communicate the purpose and benefits of the design resulting in no buy-in.

Phase 2: where are you now?

Purpose	<ul style="list-style-type: none"> • Collect and analyse objective data and stakeholder views to: <ul style="list-style-type: none"> ◦ develop an understanding of what is and is not working well today ◦ determine the priorities for improvement which will form the overall design and the implementation plan.
Objectives	<ul style="list-style-type: none"> • Undertake a systematic and structured analysis of current performance. • Establish the gap between the current organisation's performance and the required future state. • Develop an understanding of the underlying causes of current performance. • Engage stakeholders in the organisation design process.
Benefits of completing this phase	<ul style="list-style-type: none"> • Collect required information for organisational design decisions. • Evaluate opportunities for improvement.
Risks of omitting this phase	<ul style="list-style-type: none"> • Future decisions regarding the design will be based on hunches and intuition rather than evidence. • Implementation plan focused on changes that are difficult to implement and that will realise only small gains in performance.

Phase 3: what's the new organisational design?

Purpose	<ul style="list-style-type: none"> • Move from an initial high-level organisational design through to detailed blueprints.
Objectives	<ul style="list-style-type: none"> • Consider and evaluate different operating models. • Select the most appropriate operating model and organisational design that will deliver the benefits identified in Phase 1. • Analyse the impact of these changes and what mitigating actions might be needed to inform the implementation plan.
Benefits of completing this phase	<ul style="list-style-type: none"> • Detailed blueprints for every business unit and level. • Understanding of risks in implementation, allowing proactive management via a clear plan. • Organisational blueprint clearly linked to the performance and outcomes required.
Risks of omitting this phase	<ul style="list-style-type: none"> • No rigorous evaluation of options leads to sub-optimal benefits realisation. • Organisational design does not deliver the performance required. • Lack of detailed thinking leads to implementation problems and unforeseen consequences. • Only structural components are considered.

Phases 4 to 6: how will the change be implemented?

Purpose	<ul style="list-style-type: none"> • Develop an implementation plan to move from the current to the future organisation. • Implement a structured programme delivery methodology and a detailed change-management plan • Demonstrate the delivery of defined benefits and objectives.
Objectives	<ul style="list-style-type: none"> • Collate information gathered to create a detailed transition plan. • Identify key milestones and interdependencies for implementation. • Ensure that issues and risks are identified and resolved. • Understand, maximise and plan for the achievement of the benefits.
Benefits of completing this phase	<ul style="list-style-type: none"> • Detailed blueprints for all operational units and levels. • Understanding of risks in implementation, allowing proactive management. • Organisational blueprint clearly linked to the performance and outcomes required.
Risks of omitting this phase	<ul style="list-style-type: none"> • Lack of understanding, a loss of accountability and ineffective governance and reporting structures. • Resistance and reluctance to change. • Implementation is delayed. • Benefits are not delivered.



Exercise: a look back from 2012

It's 2012 and the sector is celebrating the publication of Lord Smith's report on employer responsiveness in further education. The report hails the FE sector for the collaborative approach it has developed with employers and was particularly positive about the innovative organisational designs employed to meet the challenges highlighted in the Leitch report.

You've been asked to prepare a short presentation explaining what all those bright people did starting in 2008.

Use the diagram opposite to highlight the key organisational design issues you confronted and how you managed them.

Transformation map



A summary of organisational design

- Organisational design is a process, not an event or a set of tools.
- It is bespoke.
- It requires balance between delivering current commitments and building towards the future activities.
- It involves both construction and transformation.
- It is not simply a management event.
- It requires commitment and communication.
- It requires ongoing reflection.



Notes



Plan of action

What are the top three actions I need to carry out back in the organisation?

What are the timescales I need to set myself?

What resources do I need to support me in these actions?

How will I measure the success of these actions?



Contacts

Name

Job title

Organisation

Email

Telephone

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Job title

Organisation

Email

Telephone

Name

Job title

Organisation

Email

Telephone

Name

Job title

Organisation

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Telephone

Notes

Resources

Publications

David, Margaret R. and Weckler, David A. (1996) *A Practical Guide to Organization Design*. Menlo Park, CA: Crisp Publications.

Galbraith, Jay R. (2001) *Designing Organizations: An Executive Guide to Strategy, Structure, and Process*. San Francisco, CA: Jossey-Bass.

HMSO (Her Majesty's Stationery Office) (2007) *World Class Skills: Implementing the Leitch Review of Skills in England*. Norwich: HMSO. Available online at: www.dius.gov.uk/reports_and_publications%20HIDDEN/leitch.aspx

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Lord Leitch (2006) *Leitch Review of Skills: Prosperity for all in the Global Economy, World Class Skills*. London: HMSO. Available online at: www.dcsf.gov.uk/furthereducation/uploads/documents/2006-12%20LeitchReview1.pdf

LSC (Learning and Skills Council) (June 2008) *Framework for Excellence: Putting the Framework into Practice*. Coventry: LSC. Available online at: http://readingroom.lsc.gov.uk/lsc/National/Framework_for_Excellence-Putting_the_Framework_into_Practice.pdf

Websites

Learning and Skills Council: www.lsc.gov.uk

Learning and Skills Improvement Service: www.lsis.org.uk

World Class Skills: <http://wcs.excellencegateway.org.uk>

CPD tool

You can use the Continuing Professional Development (CPD) Tool to record thoughts, ideas, reflections and actions as you continue your journey of professional development with the WCS programme.

To access the tool and find further details about how you can use it to record your CPD activity please visit the CPD pages of the WCS website: <http://wcs.excellencegateway.org.uk/CPD-tool>

Courses

Visit the World Class Skills website for listings of all seminars and workshops within the programme: <http://wcs.excellencegateway.org.uk>

Courses that may be of special interest are:

- Assessing your level of responsiveness
- Being a change leader
- How to implement change projects
- Maximising business through effective collaboration
- Process management and improvement
- Using HR to support employer responsiveness.

PDFs of all the courses are available to download.

E-learning

Visit the World Class Skills website for all e-learning courses within the programme: <http://wcs.excellencegateway.org.uk>

Courses that may be of special interest are:

- Building employer-responsive skills in your organisation
- Identifying bottom-line benefits.



Notes



Notes

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World Class