



## Further Education Strategic Leadership Programme

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## **Innovation review**

### **Positioning**

This work, completed by Gail Walker, John Clarke and Mick Lochran, studied examples of innovation in both the FE sector and outside it, including in the private sector. The conclusions build on fifteen interviews that were completed by team members.

At this stage (25.4.18) it includes documented analysis of the interview results and it is hoped that further work will be done with these materials if a slot can be secured at the AOC conference to share the results more widely.

The key contents include:

- A model for differentiating between various types of Innovation
- Lessons for the FE sector
- Lessons learnt outside the FE sector but which can be applied inside the sector

# **Paper 1 - How do College leaders encourage innovation within their organisation?**

## **1. Introduction**

As part of the Principals/CEO development programme we have been asked to develop small projects that will offer support, develop understanding or spark future thinking. As a group we decided that innovation was an area that was discussed often with the sector but we questioned how much we really knew and how did others do it? Was there learning from other sectors that we could share with FE?

We agreed that the starting point should be a number of interviews across FE and industry. We agreed a structure for the interviews and used this as the basis for a wide dialogue that encouraged openness and honesty.

This report is based on a number of interviews;

- 1, A senior director for a large multi-national company
- 2, The Principal of a successful mid-sized FE college group
- 3, The management team of a single mid-sized college (this was a number of interviews with the same team looking at innovation from a number of perspectives, centred on one organisation)

## **2. Key Findings**

It was clear from all of the interviews that everyone felt that innovation should be improved within their organisation. It was equally clear that individuals looked on innovation in two ways, the first was 'disruptive innovation' the big idea, the new way of working that made significant change. The second was the day to day development of process and improvement. Often within organisations the second type of innovation was not as valued as the first, it was seen as 'quality improvement' or 'sharing best practice' when often these developments had significant impact on the organisation and by identifying them during this process there was the opportunity to recognise the importance of the individual and the combined effect of the seemingly small changes.

Disruptive innovation within the sector was harder to find, all felt that time and regulation limited growth in this area. The sector was very conscious that if a large-scale innovation did not work then outcomes for students or financial viability could be adversely affected and this significantly limited risk. Within the private sector the view was similar, with risk of failure playing a major role in deciding how a company developed innovation.

Within the sector engagement with staff was seen as key, all agreed that innovation needed to be part of the culture, included in the values, practiced and recognised by college managers. It was also recognised that this method took time, it needed a consistent and clear approach with positive measurement and support for ideas as they came forward so that they could be developed in a supportive culture that allowed for failure. There was recognition that measurement was important but with innovation being so varied how to measure was not a common theme, outcomes could be measured by financial impact or improvement in student outcomes but this does not measure the amount of innovation, it measures the product of innovation. It is far harder to measure the impact of an innovative change to a process that

means a two-minute time saving, but it was agreed that this needed to be accounted and measured.

Celebration of innovation is important, this was identified in different ways, as articles in staff magazines, as awards for innovative practice, as positive responses within self-assessment. This sharing contributed to the positive culture and supported others to develop ideas.

From the private sector there was recognition that for the long-term innovation needed to be cultural change but to develop an innovative multi-national corporation took a long time and they could 'miss the boat' whilst waiting. They looked at running two strategies simultaneously, the first to develop the innovative culture and the second to support the development of disruptive innovation in small cells that are well supported with time and financially but offer limited risk to the whole organisation if they fail.

### **3. Why is Innovation important?**

To innovate is to look beyond what we are currently doing and develop a novel idea that helps us to do our job in a new way. The purpose of any invention, therefore, is to create something different from what we have been doing, be it in quality or quantity or both. To produce a considerable, transformative effect, the innovation must be put to work, which requires prompt diffusion and ideally large-scale implementation.

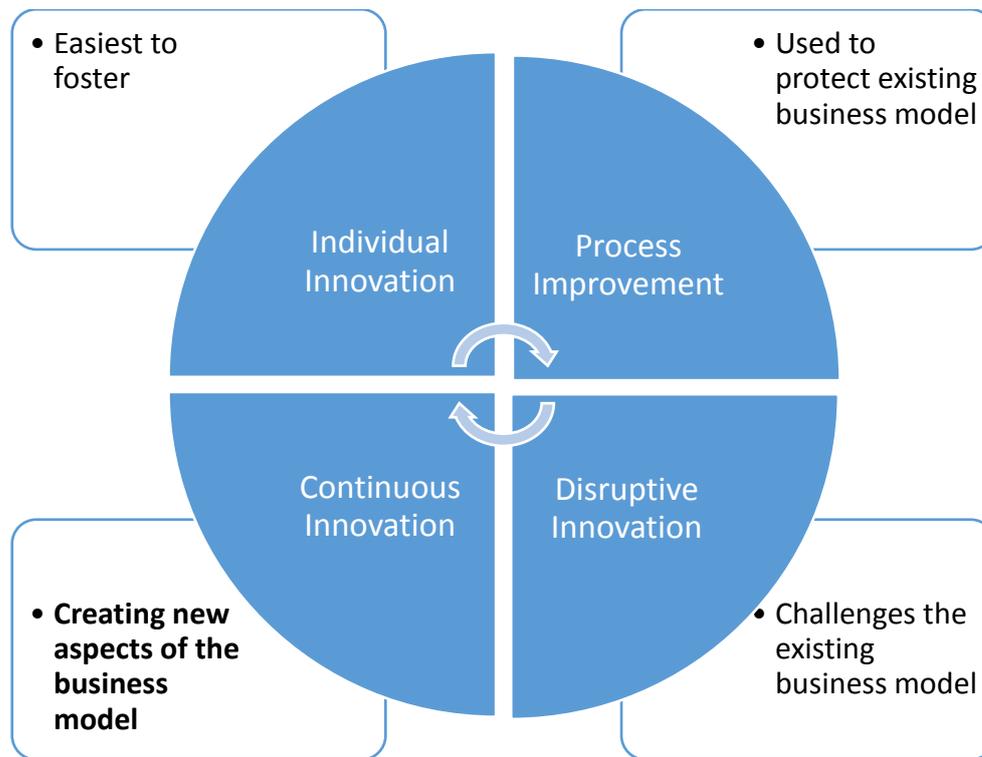
From all participants it was agreed that innovation took three steps; an idea, its implementation, and the outcome that results from the execution of the idea that produces a change. For non-disruptive innovation efficiency was the driver, either an improvement in time spent, a saving in costs, or an improvement in learning without an increase in costs were the main priorities.

The FE sector is continually subject to cost cutting and increased expectations which has meant that its very practice has to be innovative but this is as a reaction to circumstance. If the sector can develop a culture which harnesses these skills for proactive innovation rather than reactive innovation we will be better able to drive our own future.

Participants felt that although senior managers should support innovative practice ideas should not, and could not, always come from the top and the mechanism to support upward thinking should be flexible. It could include and suggestions box, ideas sessions as part of staff development days, and recording of innovation within the self-assessment process. For significant ideas there should be time and space for development, although it is recognised that this was often difficult in a constrained environment.

Innovation was seen as very positive, and recognition is important to continue to develop the culture that supports further innovation. Sharing the understanding around the risk of an idea not working and how to limit the impact was felt to be part of good innovation practice. Within the private sector this results in projects running separately to the core business until there is proof of viability but the ideas and the innovation are shared in the organisation throughout the process.

All who took part in the interviews felt that their organisation used innovation for process improvement with some continuous improvement, only the private sector could identify the disruptive innovation within their organisation.



#### 4.How to address the challenge of innovation

There are a number of options for development of innovation within an organisation;

In order to build innovation, it is necessary to ensure that there is a whole culture approach that is not just written in the college values but is embedded within college practice across the organisation. This is not a quick process but a long-term strategy that must identify and celebrate innovative practice at all levels, not just teaching and learning or financial savings but also the innovations that have small impacts on workload in support areas.

It is important to record the innovation in order to celebrate it and to build the confidence in others to try their small idea. It is important to design systems that will reduce barriers and target positive behaviours, with clarity and feedback to ensure the process is transparent. Although this will start as a top down approach it must be inclusive.

Borrowing innovation is another option, looking to the private sector to borrow ideas that they have already tried. Building a successful network with employers, suppliers and private training providers gives colleges the opportunities to look at ideas and practice in other industries that could be translated into FE.

Working together to develop ideas minimises risk, cost and time and makes even disruptive ideas available for consideration. Small groups from different colleges working together to tackle the same problem will look from different angles and spark ideas.

**NB:** The act of undertaking the interviews within the organisation was very positive, it gave people to opportunity to discuss a topic openly, share thoughts and ideas without expectation.

## Paper 2

### 1. Introduction

#### a. Topic – How do College leaders encourage innovation within their organisation?

Specifically we are interested in:

- The role leaders play in developing a culture and structures that promote or encourage innovative practice
- A greater insight into the factors that help or hinder innovation within a College
- A greater understanding of the benefits and the risks associated with encouraging innovation

#### b. Method

We developed a questionnaire (attached) to structure an interview with our selected group of 'leaders'. It was agreed that in addition to interviewing College leaders we would also each choose a business organisation to interview. The idea being to see if similar themes or issues around innovation appeared across different types of organisations.

Our sample size was small based on a minimum of 4 interviews each, 3 with colleges and one external.

The first part of the questionnaire was preparatory and sent in advance of the interviews. They were asked to identify a specific example of innovation within their organisation and also to consider innovation more widely within their organisation in terms of the priority placed on it and the extent of innovative practice.

#### c. The Interviews

The interviews were carried out with four senior leaders, two from general FE colleges, one from a sixth form college and one from a 'national' legal firm specialising in injury and medical negligence. The topics chosen were as follows:-

	<b>Organisation</b>	<b>Topic</b>	<b>Purpose</b>
1.	FE College – Vice Principal	Introducing a staff charter	To engage all staff in developing a values based charter
2.	FE College – Principal & CEO	Introducing a commercial approach to the delivery of service industries	To grow income and improve the employability of students
3.	Sixth Form College – Acting Principal	Introducing a new teaching and learning strategy	To improve teaching and learning and staff morale in a college deemed to be poorly performing
4.	Solicitors - CEO	Introduction of a new legal product offering free	To grow share of national market through

		insurance to customers	introduction of a 'unique' product
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d. Main Findings

The examples chosen by the interviewees were about effecting significant change within their organisation. They were all to larger or greater extent initiated by the leadership team. That said it became clear through the interviews that innovation does not have to be a Eureka moment. In fact it mostly involves a tweak, adaptation or a modest change to practice.

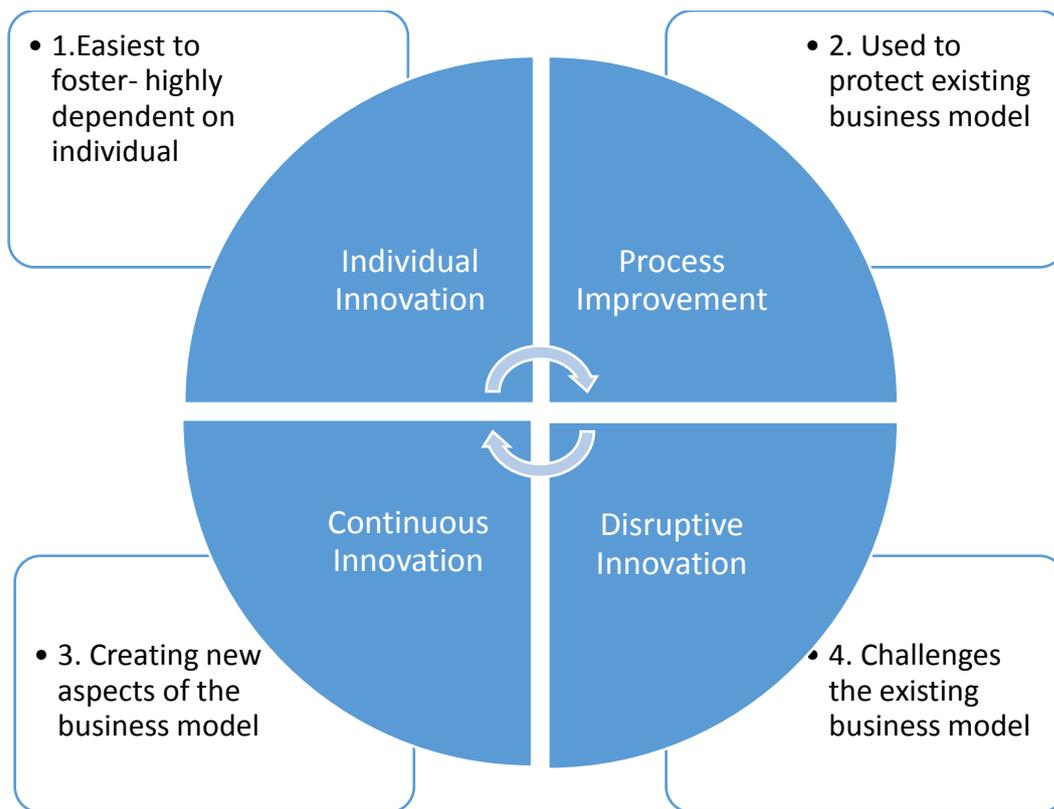
The other common theme was the importance of staff engagement in the process, whether to gain 'buy in' or ownership or to shape or improve the original idea. It was clear that the examples given would not have worked without this involvement.

It was also clear that if innovative practice is to be developed and encouraged it shouldn't be dependent on ideas from senior leaders. In considering innovation in most instances the best ideas come from those doing the job.

There was common agreement that resources needed to be allocated to support innovative practice. This was largely about creating time and space for staff engagement, although a budget was allocated to brand and establish the commercial offering in the FE college and for the law firm to develop and market the free insurance product.

Whilst the four organisations have different starting points in terms of innovative practice they all saw themselves on a journey to embed innovative practice.

- i) For the Sixth Form College the starting point was one where staff were not encouraged to be innovative and there was a fear of failure. This was based on the College's perceived decline and Inadequate Ofsted rating. At the other extreme the law firm have changed significantly from a small local family firm to a leading specialist national company. They saw innovation as the key to this transformation. The two FE Colleges positioned themselves somewhere in between as 'good' relatively stable organisations with a strong desire to in one case improve quality and in the other diversify income.
- ii) In terms of the diagram shared with the interviewees (see below) this was for some about moving from quadrant 1 (individual innovation) to quadrant 2 (process improvement) and for others moving from quadrant 2 to quadrant 3 (continues innovation). No interviewees saw disruptive innovation as part of their organisational model but recognised the potential impact of disruptive innovations in their market.
- iii) All interviewees recognised that innovation brings with it risk and that how this risk is identified and managed is important if innovative practice is to be encouraged and developed.



## 2. Why is innovation a topic that the FE Sector should pay attention to?

The FE sector is facing a number of challenges and encouraging innovation may be helpful as part of the strategic response to these challenges.

Firstly the FE sector is coping with significant changes. These changes are continuous and ongoing and cover funding, curriculum and quality. More fundamentally FE Colleges are seen both as public sector bodies with a duty to serve the community and as businesses competing for a share of the market place. Innovation and innovative practice can be seen as a way that colleges can manage change. It can for example allow colleges to be more responsive, flexible and 'fleet of foot' and enable them to place themselves more strongly in the markets they operate in.

Secondly the FE sector has and continues to operate in a climate of financial restraint and there is a continual need to operate more efficiently whilst retaining a competitive offer and quality of provision. Innovation and innovative practice can encourage smarter ways of working, leading to greater efficiency. This is not simply about cost saving but also about finding new ways of working For example lifting some of the administrative burden off lecturing staff to allow them to focus more firmly on improving teaching & learning.

Thirdly FE Colleges have through a period of austerity had to manage pay constraints. It is recognised that over the past two decades the average pay of staff in the FE sector has fallen further behind schools and universities. The sector needs to consider other ways of recruiting, retaining and motivating staff. Encouraging innovation may be one way of doing this through

the positives that arise from staff engagement through the recognition, support and celebration of innovative practice.

Finally and more generally there is an argument that placing a value on innovation through establishing an environment where everyone feels that they can put forward ideas is a key element of organisational development that applies across all sectors. In this case it can form part of a wider strategy of developing a values based organisation that is one with a strong moral compass and commitment to improvement. In this context innovation can be seen not only as a way of growing the business, improving quality and encouraging and motivating staff but also as integral to the organisation's wellbeing.

### **3. What insights did the project demonstrate about how best to address the challenge of innovation?**

The project was based on a very small sample and any insights need to reflect this.

#### **a. Management & Leadership & Innovation**

The FE sector operates in a highly regulated sector and as a result colleges tend to be hierarchical organisations. Whilst innovation can as a series of initiatives that are directed and managed from above there is a strong argument that true innovation can only truly thrive in horizontal organisations or those with a flatter and more open structures. In short innovation works best when it becomes part of the culture of the organisation.

In order to develop innovation beyond the dependence on individuals there needs to be a framework to support it. This starts with leadership where leaders set the scene, remove the fear factor, provide the support and resources for people to implement the idea, and a system of ongoing review to evaluate and direct it.

There needs to be an acceptance that some ideas may not work. The advice 'fail first and move on' may be better phrased as a willingness to experiment, where there is learning that can be taken from what doesn't work and applied in the future. For innovative practice to develop there needs to be a climate of trust and this is a key part of setting the scene.

The project suggests that for innovation to be part of a high performing organisation the focus of innovative practice needs to be on the student or customer not as an end in itself.

There were a number of practical suggestions of how innovation can be built into organisational practice. These include:

- i. Staff Charters- All organisations interviewed had staff charters and innovation featured as a core value. The key here was not the Charter itself but the engagement and ownership of it by staff.
- ii HR Practice – building questions about innovation into recruitment and appraisal. Some organisations use short focused meetings with new staff typically 6-8 weeks into the job to generate new ideas/approaches. These can be very fruitful as staff still not yet 'institutionalised' and can often see the organisation from an outsider's point of view.

- iii. Planning – Time to consider innovation can be built into business planning cycles or appraisal cycles. One college dedicated a half day to curriculum teams to consider innovative ways of delivering or improving their offer.
- iv. Budget Setting – Consideration can be given to allocating a proportion of budgets to developing innovative ideas. The Law Firm allocated its marketing budget 90% core business (eating!) and 10% different approaches (dreaming!).
- v. Staff Development – Staff development is seen as a key method of encouraging and supporting and sharing innovative practice.
- vi. Celebration – The importance of recognising and celebrating the contributions of staff. was emphasised. Those interviewed did this through monthly and annual awards specifically based on innovation. Staff nominated awards were seen as particularly powerful.
- vii. Evaluating – The importance of reviewing the impact of innovation was noted although it was clear that this wasn't always straightforward. It can be done through:
  - Cold metrics: growth, income, improvements in retention, attendance, progression and achievement
  - Student and customer feedback
  - Staff feedback formally through surveys and more informally through focus groups.

More generally thought needs to be given to how to measure some of the less tangible benefits of innovation on the culture of the organisation. In for example creating virtuous circles where staff engagement creates and supports development and improvement which when it is recognised encourages further innovation and ideas for improvement.

## **How do College leaders encourage innovation within their organisation?**

### **4. Introduction**

As part of the Principals/CEO development programme a small sub group identified that the ability to innovate was becoming increasingly important given the complex and dynamic external environment that the Further Education sector operates within. While the sector and individual colleges have some incredible examples of innovation this project focused on the role of the Principal/CEO and senior team in instigating, facilitating and supporting innovation in their organisation.

The group undertook to carry out a number of semi-structured interviews with senior leaders from the public and private sector. A questionnaire was developed to ensure that a broadly common approach was taken, although it was agreed that greater insights would be solicited by encouraging an open and honest dialogue. The findings of this report are based on interviews with

- CEO/Principal of a multisite FE College – Growth in Apprenticeships in a dynamic context
- CEO/Principal of a Land Based College – Developing research with a national retailer
- Deputy Principal of a Small GFE College – Development of commercial activities
- CEO of a Private Training Provider – Establishing mutually beneficial partnerships

### **5. Key Findings**

Innovative practices are wide spread across a range of activities in the Further Education sector, although innovation is often associated with commercial activities rather than the core business. Having said that the examples of innovative practices with regard to working with employers included curriculum development, delivery models, research and overtly maximising the benefits of training for employers.

Senior leaders across the sector place a very high importance in developing innovative practices across their provision, however paradoxically few feel it is widespread in their organisation. In cultivating innovation it is recognised that a 'bottom up' approach is important, however most impact is seen where senior leaders support and champion these ideas. To encourage innovation many providers now include overt references to innovation in their strategic plan and this is often linked to diversification, although a focus on day to day activities often results in innovation being seen as a 'nice to do' activity. It is widely recognised that the college values/culture are key to cultivating an atmosphere where innovation can thrive and it was felt that the sector is full of problem solvers, but this is not always labelled as being innovative – it's just what we do.

The impact of successful innovation is often seen as financial, although it often has other positive impact on reputation, culture and culture. The greatest limitation to innovation is the allocation of time, which is becoming increasingly acute as workloads of academic staff increase and by celebrating and publicising successful innovations, more ideas are developed.

Where colleges invest in giving time to a project manager/co-ordinators this makes the success of ideas more likely and enables customer relationships to be managed more effectively. Activities such as 'ideas days' or other are used to promote innovation, however their needs to be clear methodologies to filter the outcomes to focus on the most important, rather than trying to develop too many ideas at once. In the private sector there is a greater willingness to invest in innovation to incubate ideas and cultivate them once these have been identified and been through a robust vetting process.

The majority of innovation is directly attributable to individuals and where these are outside the senior team this can be quite limited, however where members of the senior team take a sustained interest in innovation then this is likely to be more widespread across the organisation.

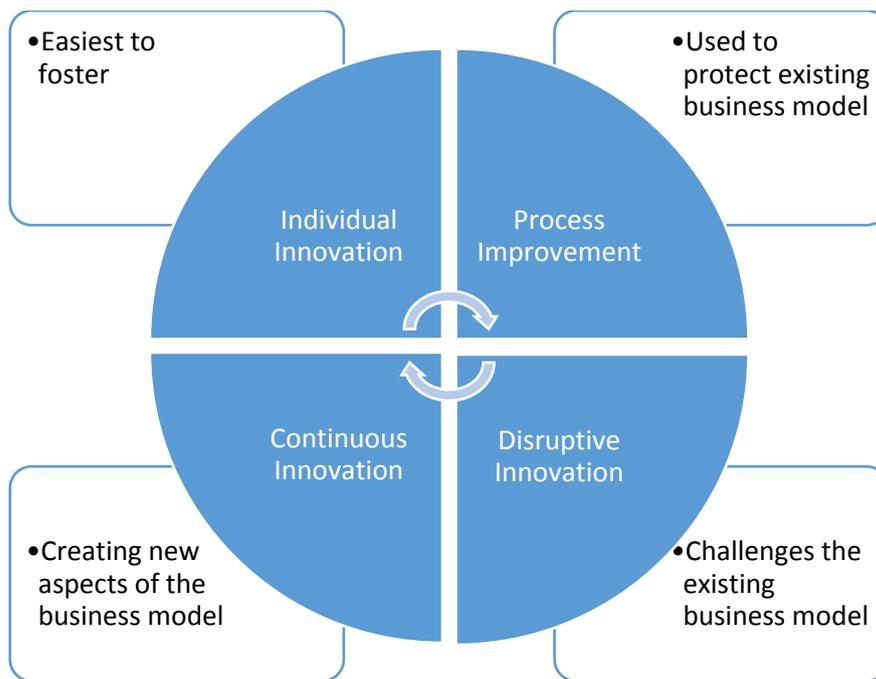
Innovative practices are extensively used across the sector, however this is often in response to external changes in policy or internal crisis and this is often targeted on maintaining the existing business model. Where innovation is used to develop new business opportunities the focus is primarily financial, although the impact on reputational issues are also seen as being important.

Very few organisations look to use 'disruptive innovation' as it is considered that this can be like 'throwing the baby out with the bathwater. Measurement of innovation is seen as being problematic with some organisations using the staff perception of the college's willingness to take risk and others counting the number of ideas or culture through the staff surveys. Best practice from the private sector leads to organisations having well defined processes and tools to support innovation, whereas in the Further Education sector it is seen as being more organic.

## **6. The importance of Innovation in Further Education**

The Further Education sector is subject to a 'perfect storm' with reductions in funding, increased competition and a dynamic skills agenda resulting in unprecedented levels of uncertainty for staff, individual colleges and the sector as a whole. To thrive, or in many cases survive, in this increasingly dynamic and complex environment colleges need to harness new ideas from staff and stakeholders and act on these to identify new markets, new operating models and products which serve the needs our students and employers.

Whilst the sector is remarkably innovative this tends to be reliant on individuals rather than being led by the senior team and often focusses on innovating to protect the status quo, rather than to develop new business models. If the sector is to rise to the challenges there is a need for senior leaders to cultivate a culture which captures and systematically shares and develops ideas which have a measurable impact on the business.



## 7. Insights and challenges for Further Education Colleges

Whilst senior managers recognise the importance of innovation to the future of the sector there is a need for colleges to build strategies and cultures that cultivates innovation at all levels of the organisation. To do this there is a need for senior teams to allocate time and resources to systematically develop innovation across their organisations and this can be achieved by making three paradigm shifts.

### 7.1 From Strategy to Strategic Conversations

While long-term strategies are useful in providing a road map for colleges, given an increasingly dynamic external environment (marketplace disruption, globalisation, rapidly changing student and stakeholder needs) governors and the Senior Leadership Team must ensure that the strategy adopted by the College is and remains relevant.

Therefore, colleges must develop a culture where 'strategic conversations' are systematically instigated across the college and with stakeholders to inform and rapidly realign elements of the college's strategy, while retaining its overall integrity. Innovation cannot be

**Action** Build and implement a college strategy that systematically captures and acts on innovative insights from staff and stakeholders in real time. To be truly agile the process can be considered to be more important than the content.

## 7.2 From managing risk to cultivating risk takers

As large organisations colleges policies, processes and procedures tend to underpin operations, with conformity often being valued more than risk takers and innovators.

Intrapreneurs challenge the status quo and drive value through innovation, however by definition, they are going to make mistakes, disrupt existing operations and generally not conform. Without the appropriate climate including explicit support and protection of the Senior Team the life expectancy of intrapreneurs is limited.

**Action** Innovation should not be in a job title or limited to certain roles, but be develop as a core competency across the College. Develop processes for innovation that are transparent, inclusive and secure.

## 7.3 From Hierarchy to insight

One off, top down, initiatives may be good for the Senior Teams ego, but these have an impressive track record of failure in colleges and are unlikely to result in meaningful or sustainable innovation.

At the same time the insights of more junior members of staff are not always heard, valued or assessed. Staff with innovative insights become disillusioned, feel undervalued and are unlikely to share any ideas in the future. This also undermines any future attempts to innovate.

**Action Define** and measure strategic leadership competencies for innovation. Review staffing strategies, incentive schemes and structures to maximise employee engagement.