

Developing Management Skills for High-performing VET Organisations

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Introduction

This paper reports on the evaluation of an innovative management development program in vocational education and training (VET) that facilitates the development of change management and strategic management skills in managers, enabling their organisations to become high-performing. The management development sub-program, *Strategic Management and Change Management*, forms part of *Reframing the Future*, a national staff development and change management program that supports the implementation of the National Training Framework (NTF).

The sub-program is a direct product of the report, *High-skilled, High-performing VET* (Mitchell & Young, 2001), which found that one of the keys to achieving a fully integrated national training system was to encourage the development of high-performing VET organisations. High-performing VET organisations are needed to cope with the relentless changes to industry and industry training that are resulting from global economic forces, increased use of information and communications and rising customer demand. High-performing organisations are also needed to underpin the fully integrated national training system that is industry-led, nationally applied and recognised, very flexible and of a high quality with a minimum of regulation.

The report *High-skilled, High-performing VET* (Mitchell & Young, 2001) argued that to become high-performing, VET organisations needed to develop a responsive culture and an appropriate structure, which requires the use of both change management and strategic management strategies. These skills are needed to respond to the range of organisational challenges facing senior VET managers, including an ability to function effectively in a competitive training market; an ability to establish and maintain training arrangements with industry; a competence in marketing to overseas students; the retraining of tenured staff to meet new training demands; an ability to manage sessional staff appropriately; and the capacity to change direction to meet market requirements.

VET organisations are responding to influences such as new technology and the changing environment of employment by a number of means, leading to a greater demand for strategic management skills. According to PETE (2000, p.77), organisations are responding by restructuring, through departmental amalgamations,

by reviewing the mix of permanently employed staff, by accessing sessional and contract staff, by outsourcing some functions, redesigning jobs and seeking alliances with enterprises:

Accompanying these changes has been a shortening of the planning horizon and a growing concern about managing in an uncertain environment. This turbulent environment has generated a demand within Institutes for the development of greater flexibility *in strategic and management skills* among heads of departments and teaching and non-teaching areas. (PETE, 2000, p.77; italics added)

Mitchell & Young (2001, p 46) provide a summary of the cultural enhancement needs and job and business redesign needs of VET organisations, in relation to implementing the NTF. Cultural enhancements needed for VET organisations include providers focusing more on outcomes than inputs and staff moving away from a curriculum and teacher-dominant culture to a service culture. Job and business redesigns could include defining the changing role of the VET professional, with the move to workplace training and assessment, and building the capacity of Registered Training Organisations (RTOs) to form and maintain partnerships with industry.

Methodology

The evaluation of the 2001 sub-program on Strategic Management and Change Management involved an analysis of management from three different types of VET organisations: a large metropolitan TAFE College; a State-wide TAFE Institute; and a private registered training organisation with branches in two States.

A participative evaluation methodology was used to conduct the evaluation of the pilot projects. Following Parlett & Hamilton (1975), participative evaluation aims primarily to illuminate the processes and settings for the benefit of the participants. In this case the evaluation thus aimed to assist the Director of the *Reframing the Future* Project, Susan Young, to optimise the possible benefits for the personnel undertaking the pilot projects. This was achieved by focusing on the projects as whole: the rationale, processes, values, operations, achievements and difficulties. The participative evaluator, John Mitchell, set out to understand and describe the complex interplay of factors affecting each pilot project and to feed this analysis back to the mentor and to the project teams.

The evaluator used the frameworks for strategic management and change management set out in *High-skilled High-performing VET* (Mitchell & Young, 2001). Table 1 provides a summary of the typical skills required of managers: traditional management skills, strategic management skills and change management skills. Over a period of time, organisations normally require all three sets of functions to be performed.

Table 1: Typical functions of different management roles

<i>Traditional Management</i> (1)	<i>Strategic Management</i> (2)	<i>Change Management</i> (3)
Planning and budgeting Organising and staffing Controlling and problem solving Producing a degree of predictability and order	Analysing the external environment Analysing internal skills and resources Analysing customers and competitors Developing objectives Choosing and implementing strategies	Creating readiness for change Creating a vision for change Developing political support Managing the transition Sustaining momentum

Sources: Mitchell & Young, 2001. (1) Adapted from Stace & Dunphy (1998, p. 128); (2) Adapted from Viljoen (1997, p. 34); (3) Adapted from Cummins and Worley (1997, p.154)

To encourage the use of strategic and change management skills by the project teams, specific interventions were made by the mentor and evaluator, including the convening of two full-day Forums at the start of the project; recommending selected texts on change management and strategic management; conducting a visit to the ITT project team during their two-day residential conference, two visits to MEGT's headquarters and three visits to North Sydney College of TAFE; and occasional teleconferences with each project coordinator. Each team was also given feedback at the mid-point of the sub-program.

The three teams worked through a four-stage sequence for strategic planning developed by Viljoen (1997), beginning with a 'strategy analysis stage' in which teams analysed their external environment, their customers' needs and their internal resources and produced and presented a Strategy Analysis paper. They then worked through the next three stages of strategic planning: formulating strategic directions, evaluating and selecting strategic alternatives and finally strategy implementation.

The teams were encouraged to examine alternative change management models documented in the literature and to decide on a model, or a version of a model, that suited them. For instance, the pilot teams were invited to consider a selection of change management models provided by Brewer (1995), Burnes (1996), Kotter (1996), Cummins & Worley (1997) and Stace & Dunphy (1998). The three chose different models: one (ITT) identified Kotter (1996), another (MEGT) selected a five-step model promoted by McKinsey (1997) and the third (North Sydney College) used an adaptation of Burnes' (1996) ideas.

Findings

Different contexts for skill development

The three organisations who participated in the program were:

- The Institute of TAFE Tasmania (ITT)
- North Sydney College of TAFE
- MEGT

These three provided a useful, if small, sample of registered training organisations (RTOs), for evaluation purposes:

- *The Institute of TAFE Tasmania (ITT)* is a State-wide VET organisation and was a recent (2000) winner of the Australian Training Provider of the Year Award. ITT does not wish to rest on its laurels: the number and intensity of its competitors are growing.
- *MEGT* is a small, progressive, non-profit private provider with over 100 staff and ten branches in Melbourne, one in Sydney and one in Newcastle. MEGT also delivers training in South Australia. MEGT actively seeks partnerships with other training organisations. MEGT experiences the same challenges and opportunities as many other private providers, such as needing to comply with Government regulations as well needing to be dynamic and innovative. Almost all its training is delivered on the job.
- *North Sydney College of TAFE*: this huge institute stretches from the North Shore to Palm Beach, taking in the heart of the IT industry in Australia. The pressure on businesses in this area to remain on the cutting edge is intense and North Sydney College needs to keep pace with local industry.

This diversity is a reminder of the range of providers in VET, differing internally in charter, size and organisational structure and externally in locations and markets served.

Why strategic and change management skills are needed

Table 2 summarises the strategic and change management focus of the three project teams including, in one case, some modifications made after the project commenced.

The fact that the focus of one of the three projects was modified during the six-month period of the project is a reminder of the changing environment and the need to develop management skills to cope with such fluidity.

Table 2: Focus of the three 2001-2002 project teams

Organisation	Project Leader	Participants	Focus of the strategic and change management
Institute of TAFE Tasmania (ITT)	John Smyth CEO	The CEO, four General Managers and nine faculty managers	<p>The Institute has commenced the transition journey to becoming a high-performing VET organisation, with some teams excelling and with some individuals emerging as ‘stars of excellence’ in the delivery of VET. However, every delivery team in ITT and every element of its business process need to rise to the highest possible levels of excellence in practice, in the context of the NTF.</p> <p>The ITT project is engaging senior managers in a workbased learning process that is enhancing their leadership capacity to individually lead their workteams, and collectively the whole organisation, in a changing and demanding VET environment. The project is supporting the development of a ‘guiding coalition’, with a shared vision of Institute of TAFE Tasmania within the NTF, with an agreed set of messages to communicate and with agreed change strategies.</p>
MEGT	David Windridge General Manager	The General Manager, David Windridge; Training Manager, Monique Mullaly; and Finance Manager, Chet Lee, in consultation with their senior staff.	<p>The focus of the project is on MEGT becoming more flexible in training delivery methods specifically within the areas of Call Centre and Retail training. This change will require MEGT to address both cultural and structural changes within the organisation.</p> <p>The aim of this project fits with MEGT’s strategic intent to be a leading edge provider of employment and training solutions in the marketplace.</p>
Northern Sydney College of TAFE	Norma Smith Director	The Director, Norma Smith, and two Educational Services Managers, Nigel Howard and Keith Maidment, and two other senior staff who joined in Feb 2002, Lorna MacKellar and Peter Mehan	<p>The North Sydney College of TAFE project team originally set out to develop a model for an inter-disciplinary team (Total Business Solutions Team) from across sections and units of the Institute (maximum of 6 people) which challenges cultural barriers across training areas, trials a flexible and collegiate approach to growing the Institute business and meets industry needs by utilising the NTF (especially Training Packages) as a vehicle for change, individual development and organisational learning.</p> <p>After further analysis of their staff, the project team modified their project focus, to develop Operational Response Teams, within North Sydney College initially, revolving around the heads of sections. The four Operational Response Teams each consist of about five sections and they meet formally three times per semester, to plan, action and review. The Response Teams are mechanisms for developing senior staff. One focus of the Response Teams is on developing customised commercial services within each teaching centre.</p>

How skills were developed

Each of the three organisations involved used different strategies to develop and use skills in strategic management and change management. For instance, the Institute of TAFE Tasmania:

- named their activity 'Project Coalition' (as its management team needed to be a unified, guiding coalition that can create visions and desired futures)
- adopted the change management strategies advocated by Kotter in *Leading Change* (1996)
- conducted ten focus groups of ITT staff, to collect qualitative information regarding the Institute's progress in implementing various aspects of the NTF
- developed a survey tool to ask staff to provide their views on where they, their work team, their state program and the Institute are positioned with regard to the implementation of the NTF, across ten factors;
- conducted an initial workshop then teleconferenced weekly, as 'learning sets' of three-four managers
- conducted a two-day residential workshop for the group of fourteen senior managers
- engaged an external management group to facilitate the two-day residential workshop.

Due to their different goals and contexts, the MEGT senior management group developed skills in strategic management and change management by: convening an IT strategic planning day; attending IT, flexible learning and e-business workshops; and sourcing an online ICT skills program aimed at improving trainers' skill levels. The team also developed an extensive Strategy Analysis paper that unexpectedly identified a gap in marketing expertise, resulting in the trialling of a newly created corporate marketing and sales role.

The North Sydney College of TAFE project team met on a weekly basis; conducted an analysis of their internal and external environment; analysed both VET industry and local industry; developed the concept of a Total Business Solutions Team; evaluated employee readiness for the Total Business Solutions approach; changed their focus to developing cross-sectional Operational Response Teams; and implemented new management and team systems.

How new skills will lead to a high-performing organisation

The Institute of TAFE Tasmania expects their project will lead to a refinement of the organisational structure,

particularly to enhance the ability of particular managers to effect change by bringing into their responsibility common areas in which we prioritise change – in particular relating to external service. (Institute of TAFE Tasmania mid-project report, March 2002)

They expect that as a result of this strategic management project:

Within the management group there will be greater commitment to corporate strategic direction, and higher levels of interpersonal support – particularly from their peers for those managers who are leading change in their own areas of responsibility.

Given the articulation of our ‘high performance’ goal and the underpinning relationship to a service culture – we have considerable implementation work ahead. (Institute of TAFE Tasmania mid-project report, March 2002)

MEGT expects that both its structure and culture will change as a result of the strategic and change management undertaken in this project. A specific change to the organisation’s structure is the introduction of new roles such as telemarketing, corporate marketing and sales consultants with the corporate marketing division. MEGT also believes that its culture will be modified as a result of the project:

The organisations’ culture, particularly within the Training Centre, will change significantly as a result of this project. New delivery methods will be introduced, which means that the trainers will need to be confident in their delivery of the training packages for both traditional (on the job) and flexible modes. It will mean that we are moving further away from the classroom mentality and into a newer, more flexible mode. Some trainers will be quite challenged by this. (MEGT mid-project report, February 2002)

The North Sydney College of TAFE’s project team expects that the College structure will be modified as a result of their project, particularly cross- teaching section and cross-Institute collaboration, through more effective communication, increased capability and improved performance. The College’s culture will be modified, with the emergence of a more customer-focused approach; the development of a sharing ethos; the development of a version of succession planning; and the recognition of excellence at ‘grass roots’ level. The project team commented on the shift in strategy during the project:

So the context has shifted and the level and type of focus has been simplified and applied to day-to-day activities rather than to specific projects. It is not as ambitious but hopefully more influential in the long term because it is about normal, daily work. The impact will take longer, but it will presumably be transformational – long term and permanent, rather than transitional. (North Sydney College mid-project report, February 2002)

Discussion

The Reframing the Future sub-program on *Strategic Management and Change Management* enabled VET managers to develop management skills in unconventional ways and to affect immediately their organisations’ structures and cultures. The conventional method for management skill development is for the individual manager to enrol in a postgraduate management course to learn about rational strategic planning processes that deliver a theoretical solution. The Reframing the Future sub-program emphasises the art of designing successful strategies, after Cusumano and Markides (2001), who argue that:

Designing successful strategy is not a science - it is an art. It is the art of asking intelligent questions, exploring possible answers, experimenting with possible solutions, and starting the thinking process all over again by questioning the answers arrived at a year or two before. (p 4)

Creating the conditions for managers to ask questions and experiment is essential for the development of strategy.

The following table contrasts the conventional methods used by managers to develop strategy-making skills with the methods used in this Reframing the Future sub-program.

Table 3: Comparison of conventional methods used to develop management skills with the Reframing the Future sub-program

Conventional methods used to develop management skills	Methods used in the Reframing the Future sub-program to develop management skills
Individual managers undertake a postgraduate degree, in isolation from fellow managers, where the course is based on linking theory to the manager's workplace	Teams of senior managers use workbased learning strategies and pressing organisational challenges to develop strategic management skills and to undertake change management
Individual managers indirectly aim to improve their organisations, as a consequence of undertaking external study	Managers actively participate in a process that will assist their organisation to become high-performing
Individual managers focus on good practice cases studies in management development from other organisations	Managers focus on building and implementing planning strategies for their their own organisation
Individual manager focuses on broad challenges to contemporary organisations	Managers focus on the impact of the National Training Framework: e.g. industry relationships, quality, assessment, workplace delivery, new staff roles, customer demand, competitive market
The individual manager focuses on developing his/her skills	Managers focus on developing and applying skills to directly assist his/her organisation's strategic priority needs
The application of theoretical learning from the postgraduate course is delayed	The managers immediately apply their learning in their own workplace
The individual manager is evaluated externally	The participants conduct self-evaluation and seek client feedback, regarding their achievement of strategic change

The table draws attention to the differences in approach between the personal, professional development offered by the conventional postgraduate study approach and the workbased learning management development approach of Reframing the Future. The two approaches are complementary and are only two of many approaches available. Ideally, a contemporary manager will experience and benefit from both the conventional management training and the workbased learning method.

The *Strategic Management and Change Management* sub-program enables senior managers to develop skills appropriate to their organisation's context and immediate and future needs. As Cusumano and Markides (2001) suggest, 'designing a successful strategy is a never-ending quest' (p 4). The challenge for managers to develop successful strategy is relentless:

How can a firm achieve 'fit' between what it does and what its industry environment requires today, while also preparing itself to stretch capabilities and evolve its culture to tackle the new environment that tomorrow might bring? This has always been a challenge for firms, but the speed with which environments and markets change in today's world makes this an even more pressing concern. (p.5)

Every VET organisation needs managers who understand intimately their own organisation and its wider environment and who can develop effective strategies in the midst of change, while coping with the uncertainty of what the future may bring.

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