

Leaders and Managers in Wales

An Agenda for Growth



Leading Wales towards management excellence



Cyngor Rheolaeth Cymru
Wales Management Council

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The Wales Management Council is an employer-led body, funded by the Welsh Assembly Government to promote the development of managers in the private, public and voluntary sectors in Wales.

The Wales Management Council aims to inspire, motivate and drive change in the perception, delivery, take-up and funding of management and leadership development in Wales.

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Welsh Assembly Government

WALES MANAGEMENT COUNCIL

LEADERS AND MANAGERS IN WALES

An Agenda for Growth

Management is neither a science nor a profession, neither a function nor a combination of functions. Management is a practice – it has to be appreciated through experience, in context. Management may use science, but is an art that is combined with science through craft. In other words, managers have to face issues in the full complexity of living, not as compartmentalised packages. Knowledge may be important, but wisdom – the capacity to combine knowledge from different sources and use it judiciously – is the key.

Jonathan Gosling, Henry Mintzberg
The Education of Practising Managers
MIT Sloan Management Review
Summer 2004



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The drive for higher skills has to be promoted on the back of wider efforts towards business improvement to help organisations move up-market and stimulate demand for skills through adopting higher specification product strategies and better quality jobs. This suggests we must give as much attention to business support services, innovation, management, and entrepreneurship strategies, as to improving the supply of training and learning provision and qualifications.

Skills and Employment Action Plan for Wales 2005

Employer responses indicate that IT will be the area in which the greatest increase in skills will be demanded over the next few years. This is followed by increases in management and leadership skills, the ability to organise one's own learning and Welsh language skills.

Future Skills Wales Survey 2003

Firms believe effective people management is the key determinant of competitive advantage, now and in the future....Management skills continue to be the prime people factor in ensuring competitiveness: around two thirds of employers highlighted this as key currently and in the longer term.

CBI: Employment Trends Survey 2004

For most firms the ingenuity, loyalty, and commitment of their management team is what gives them competitive edge. Organisations that take a thoughtful long-term approach to the creation of a management cadre will perform better than others in their sector and be more productive.

CMI: Developing Managers – A European perspective, 2004

Management and leadership development contributes to performance in multiple rather than a single way, and what is effective varies very much with situation and context. Fitting the right approach to the specific context is the key.

DFES: The Development of Management and Leadership Capability, 2004

Managerial occupations are one of the most rapidly growing groups in the workforce and many employees increasingly take on a range of management functions although they may not strictly be called managers. However there is concern about the quality of some British managers, their role in enhancing UK competitiveness, and the adequacy of management development.

SSDA: The Skills and Productivity Challenge, 2003

UK managers need to reorientate company strategies towards a greater level of innovation and the provision of higher value goods and services. This will require stepped up investments in R and D, skills, modern production and logistics technology, and IT to support more sustainable competitive advantages. These investments will also require a change of perspective. The challenge is no longer to drive down cost but to create assets that support unique value propositions.

DTI: UK Competitiveness – moving to the next stage, 2003

Manufacturers in Wales are operating in an increasingly competitive global market. To enhance productivity and competitiveness levels to a point where ongoing investment can be secured for Wales requires new and imaginative initiatives in the workplace. The availability of visionary managers and a skilled workforce is central to this challenge..... Identifying, promoting and meeting the current and future skill needs of manufacturing managers is a key requirement. Critically, there is a need to engage managers in this development process.

WAG: Manufacturing in Wales, 2004

Poor management (taking together 'insufficient management planning and control' and 'inadequate supervision') is still the largest single reason for productivity loss, equating to 67% of lost time.

Proudfoot Consulting: How companies mismanage their most valuable resource, 2003

Without exception, companies that outperformed their industry peers excelled in what we call the four primary management practices – strategy, executive, culture and structure. And they supplemented their great skill in those areas with a mastery of any two out of four secondary management practices – talent, innovation, leadership, and mergers and partnerships.

Harvard Business Review: Nohria, Joyce, Roberson – What Really Works, 2003

Although three-quarters of senior managers make the link between effective employee development and increased productivity, they are failing to convert this understanding into action. It seems that senior managers still see productivity as someone else's problem, which is disturbing, not just to their organisation but to Britain as a whole.

Ruth Spellman, Chief Executive, IIP UK, 2004

The most important primary activities in life, are in descending order, loving, dying, and producing great works of the imagination. The most important secondary activity is creating the conditions in which these can most effectively be pursued – in other words, leadership. Political and business leaders create opportunity, peace and prosperity while military and sporting leaders create good ways of dying and strong identities. Leadership is, therefore, absolutely necessary, not just at the very top but also all the way down the line.

Sunday Times: Bryan Appleyard – The Maverick Art of Leadership, 9 January 2005

Unfortunately for business, very little time is spent on developing leadership skills within a company. Less than a quarter of European boardrooms and a third of senior management teams are fully committed to their companies' goals for leadership development, while nearly half of businesses are not integrating their leadership development with their business needs. Almost two thirds do not even bother to measure the benefits of their leadership development programme.

Sunday Times: Clare Gascoigne – The End of Traditional Management? 6 February 2005

The failing of the United Kingdom, as compared with France, Germany, and the United States, is that Britons generate far less output for every hour on the job. They work hard and they work long ... but they don't work smart ... A study of UK manufacturers suggests that companies working hard to improve management practices are generating higher productivity gains than those spending the most on IT. So why aren't good practices copied more widely?

The first barrier appears to be lack of incentive. Managers don't feel constantly compelled to improve everyday working practices unless competition provides the spur...The tougher the competition within a sector, the more companies copy best practices.

The second barrier appears to be a lack of skill in duplicating best practices and making them stick – a problem for managers to solve. UK executives don't lack knowledge in this area: they read lots of business books and newspapers and go to conferences on Six Sigma, lean manufacturing, and outsourcing. But to make any such idea work, managers must successfully interpret how to do it their own way and then undertake a concerted campaign to implement the required changes. The best managers don't rely on memos to the staff; rather, they set out to change the attitudes and then the behaviour of every one of their employees.

The Times: Dominic Casserley – How to achieve Wal-Mart productivity in UK plc, 22 March 2004

Increasing learning and development in small businesses will require approaches that recognise the constraints they face and exploit and enhance the opportunities for experiential and informal learning. Flexible support for learning is needed to meet the diverse needs of small businesses and to meet the Council for Excellence in Management and Leadership's challenge for an approach "based on joining entrepreneurs in their world and tapping seamlessly into the activities undertaken as a normal part of running the business".

SFEDI: Small Business Skills Assessment 2004

FOREWORD

I was delighted to be able to write the Foreword to the Wales Management Council's previous strategic report, *Agenda for Action*, in 2003, because I believed then, as I believe now, that the quality of our managers and leaders is one of the key factors that will drive forward innovative businesses and organisations in Wales and the economy as a whole.

The Welsh Assembly Government continues to give high priority to management and leadership development in Wales, evidenced by the far-reaching proposals contained in the Skills and Employment Action Plan for Wales 2005, and in ELWa's Workplace Learning Review, both published at the start of the year.

The Wales Management Council's *Agenda for Action* was written and published in response to the first *Skills and Employment Action Plan* published in 2002. It is therefore entirely fitting that this latest report, *Agenda for Growth*, is being published within a few months from the launch of the second *Skills and Employment Action Plan*.

The Wales Management Council is fully funded by the Welsh Assembly Government to promote the importance of management and leadership development across Wales.

This report highlights the very significant developments over the last few years, and builds on these to take forward our strategy for developing high calibre leaders and managers.

I very much hope that all those involved in management and leadership development across Wales will take note of the recommendations contained in this report, and the extensive body of background information and research, and use all this to inform and develop their own strategy and individual action plans.

The Welsh Assembly Government is determined that Wales will continue to grow and diversify its economy.

Wales needs experienced, skilled, and innovative managers and leaders to make that happen.

I fully endorse *Agenda for Growth* as an important contribution to the achievement of that strategy.



Andrew Davies AM
Minister for Economic Development and Transport

May 2005

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I. EXECUTIVE SUMMARY

The first *Skills and Employment Action Plan for Wales* published in 2002, mandated the Wales Management Council, in consultation with ELWa and HEFCW, to produce a strategy for management and leadership development in Wales.

The report *Management and Leadership Development and Training in Wales – An Agenda for Action*, written in 2002 and published in 2003, was our response.

Agenda for Action has influenced policy and delivery across Wales, and is recognised as a major contribution to the debate on how to help managers throughout Wales “raise their game” and make an even greater contribution to our economic growth.

In *Agenda for Action* we recommended that our strategy and action plan should be reviewed at least every three years in the light of the changing economic climate, and new policies and action plans from the Welsh Assembly Government and others.

Early in 2005 the Welsh Assembly Government published the *Skills and Employment Action Plan 2005* which supported and embraced the recommendations in ELWa’s workplace learning review, *Developing the Workforce – learning in and for the workplace*, published at the same time. The Wales Management Council has contributed to the recommendations in each in relation to management and leadership development, and both contain key action points that require our direct involvement.

This new report, **Agenda for Growth**, builds on the recommendations in *Agenda for Action*, *Skills and Employment Action Plan*, and the Workplace Learning Review, and makes a new set of recommendations to further enhance and extend management and leadership development in Wales.

Our vision of a Wales in which “Our leaders and managers have the vision and capability to create and sustain businesses and organisations that are rated amongst the best in the United Kingdom and aspire to the best international standards” remains unchanged.

The six point strategy in *Agenda for Action* was to

- **raise awareness of, interest in, and commitment** to management and leadership development in all sectors and among managers at all levels.
- **help managers identify their needs** in relation to management and leadership development.
- **satisfy needs** by ensuring managers can make an informed choice of the best management and leadership development solutions for their business or organisation and themselves.
- **provide sources of public funding** to support the above objectives, and the provision of relevant leadership and management development support.
- **set up an evaluation and monitoring framework** to assess the outcomes and impact of leadership and management development activity in Wales.

- **review and update the strategy** at least every three years, to reflect changing business and organisational needs, Wales' wider economic agenda, and international market developments.

In the last three years very significant progress has been made in achieving these objectives and our wider vision for management and leadership development in Wales.

Our new seven point strategy focuses on the areas which need more attention, and personalises the strategy to focus on solutions to the individual problems faced by managers and leaders across Wales in the course of their working lives:

- **Promote management and leadership development** with inspirational and evangelical fervour to change hearts and minds.
- **Help managers diagnose their strengths and weaknesses**, as the starting point for further development.
- **Provide comprehensive information** on the management and leadership development opportunities in Wales.
- **Change culture to focus on training and development as an investment**, with a specific return, not just as a cost.
- **Facilitate networks** to help managers learn from each other.
- **Train more mentors**, and provide mentoring support to more managers.
- **Help managers evaluate** the benefits and impact of their training and development.

Developing networks across Wales, in both the public and the private sector in relation to support for business, and between businesses themselves, is a key to making this strategy work. We all need to develop our personal wiring diagram of the networks that are important to us, and understand how to make them even more effective.

We also believe that there needs to be a “centre for excellence” in Wales to drive this strategy forward.

This strategy is underpinned by the Welsh Assembly Government's economy policy documents *A Winning Wales and Wales a Better Country*, *the Skills and Employment Action Plan 2005*, and the *Workplace Learning Review* which provide the strategic context for these recommendations.

Two recent research reports from Cardiff Business School, exploring the supply-side of management and leadership development in Wales, and from the Wales Management Council, exploring the demand-side, provide a key background picture of a market place awash with opportunities, of which consumers are largely unaware, and/or unable to articulate needs clearly enough to take advantage of what is on offer.

However, there is ever-growing emphasis on the importance of informal learning – in the workplace, with and from peers, usually without qualifications as an end result – as the most effective development route for small businesses. Recent reports and articles from CBI, FSB, SFEDI, Small Business Council and the Centre for Enterprise drive this point home with a strong, and common voice, which it would be folly to ignore.

We also need to continually up-date our view of management and leadership skills as a way in to exploring our development needs and those of our staff. In the last year the new national occupational standards for management and leadership have been published, and provide an essential check list. In Wales the newly created *Leading Wales Awards* have provided a home-grown vocabulary to describe the best of our leaders, and a checklist of excellence for all to follow.

The need to evaluate the effectiveness of all leadership and management development activity remains as strong as ever, though a number of recent reports have highlighted the difficulties associated with this. We have an opportunity in Wales to do more research in this area and come up with solutions that will work with the small businesses that dominate our industrial profile.

But nothing stands still, and the key to effective management and leadership development is to develop skills today to meet tomorrow's problems. It is therefore important and salutary to explore the issues that will affect tomorrow's managers, as this is what we are all going to become. Our recommendations are for a new or renewed focus on:

- collaboration
- self-awareness
- investment in development
- strategic thinking
- understanding technology
- innovation
- managing uncertainty
- leadership
- emotional intelligence
- values.

Finally, the Appendices of this report bring together the Executive Summaries from five other reports from Wales Management Council and others on

- marketing management and leadership development
- management and innovation
- mentoring in Wales
- diagnostic tools for managers
- high performance working

all of which further underpin the key recommendations in this **Agenda for Growth**.



2. INTRODUCTION

In the Welsh Assembly Government's first *Skills and Employment Action Plan*, published in 2002, the Wales Management Council was mandated, in consultation with ELWa and HEFCW, to produce a strategy for management and leadership development in Wales.

Our strategic report *Management and Leadership Development and Training in Wales – An Agenda for Action*, published in 2003, was the response to this mandate.

Agenda for Action has been recognised as a major contribution to the debate on how to help managers and leaders across Wales “raise their game”, and is influencing policy, strategy and delivery at all levels.

The final recommendation in *Agenda for Action* was that the strategy and action plan should be reviewed at least every three years in the light of current research, and the business and economic climate, both nationally and internationally.

That was the starting point for this new report, **Agenda for Growth**, published three years on.

Agenda for Growth, builds on the recommendations in the second *Skills and Employment and Action Plan for Wales 2005* and ELWa's Workplace Learning Review, *Developing the Workforce – learning in and for the workplace*, and on the very significant progress that has been made in the last three years in response to *Agenda for Action*, and highlights the key development areas that will help managers and leaders in Wales develop and increase their skills and the impact their businesses and organisations have on the economy.

Agenda for Growth is in four parts

Part 1 sets out our vision for management and leadership development in Wales and our new “agenda for growth” with seven recommendations that build on the work that has already been done, and complement the action points in the new *Skills and Employment Action Plan*, and the Workplace Learning Review. We then propose four action points for each of the strategic recommendations, explore the importance of networks in detail, and emphasise, as we did in *Agenda for Action*, the need for a “centre for excellence” to drive this and future action plans forward.

Part 2 recalls the strategic recommendations in *Agenda for Action*, and summarises the progress that has been made in the last three years to implement them.

Part 3 provides essential background information to *Part 1* by setting out the policy context, the recommendations and action points in the *Skills and Employment Action Plan 2005* and the Workplace Learning Review, and the latest statistics for businesses in Wales by size band, employment and turnover. We then summarise the latest research into the supply- and the demand-side of management and leadership development in Wales, and offer further thoughts on informal learning, management and leadership skills, evaluation and the future.

Finally in the **Appendices** we provide the Executive Summaries from recent reports, by ourselves and others, on marketing, innovation, mentoring, diagnostic tools, and high performance working, together with a short bibliography and list of abbreviations.

Part I

VISION, STRATEGY, ACTION



3. VISION

This **Agenda for Growth** has the same vision as its predecessor Agenda for Action and looks forward to a Wales where

Our leaders and managers have the vision and capability to create and sustain businesses and organisations that are rated amongst the best in the United Kingdom and aspire to the best international standards.

To achieve this we need a vision of management and leadership development that embraces the following:

- *Recognition*

The leadership and management potential of each individual is recognised as a key asset in every business and organisation.

- *Admiration*

Leadership and management capability is admired and talked about.

- *Understanding*

Leadership and management qualities are understood in terms of business imperatives and success, not academic definitions.

- *Continuity*

Leadership and management development is seen as a continuous, natural process, driven by business need, not the imposition of esoteric skills and arcane practices.

- *Commitment*

Managers are committed to self-improvement for the good of their business and organisation, and personal satisfaction.

- *Choice*

Managers can make an informed choice about the leadership and management development opportunities that are best for them and their business or organisation.

- *Sharing*

Managers want to share the benefits of their learning and development experience, and best practice, with others.

- *Lifelong learning*

Leaders and managers are nurtured throughout the education system, and through a continuous programme of lifelong learning.

- *Competencies*

The competencies and skills necessary to make businesses and organisations grow are given a higher priority than the qualifications they may lead to.

- *Provision*

The provision of training and development support, from whatever source, is wide-ranging (in level and content), flexible (in the time, duration, and location of delivery), relevant (to business and organisational needs), makes a measurable difference (to individuals and organisations), and these attributes define quality.

- *Funding*

Public funding regimes for leadership and management development reflect and support this provision by being wide-ranging (in type and beneficiary), flexible (in amount and timescale), relevant (with outcomes oriented to business and organisational success), and make a measurable difference (to both individuals and organisations).

- *Informal development*

Public funding is made available for both formal and informal development activities and is not restricted to support for the attainment of qualifications.

- *Database*

The funding mechanisms, providers and provision of management training and development support are categorised on a national database, available to all.

- *Monitoring*

The provision and impact of leadership and management development is monitored annually.

- *Co-ordination*

Public agencies and other official bodies in Wales act as a coordinated team in support of the delivery of this vision so that managers experience a seamless and easily understood route to developing their skills.

The elements of this vision are unchanged from Agenda for Action. Significant progress has been made in the last three years to achieve this vision, particularly in relation to inter-agency collaboration, but more needs to be done, and the achievement of this vision remains the goal of all the recommendations in this report.

4. AGENDA FOR GROWTH

a. Background

The world has moved on, and three years after *Agenda for Action* we now need a revised strategy that takes account of

- the progress made against the recommendations in *Agenda for Action*
- the recommendations of the *Skills and Employment Action Plan 2005* and the *Workplace Learning Review*
- increased collaboration between ELWa and WDA
- the impending merger between ELWa, WDA and Welsh Assembly Government
- the strategic recommendations of other bodies inside and outside Wales, which are highlighted elsewhere in this report.

Because small businesses dominate the industrial profile of Wales, it is helpful first to review the recommendations that the Small Firms Enterprise Development Initiative (SFEDI) made in 2004 in their *Small Business Skills Assessment 2004*

Increasing learning and development in small businesses will require approaches that recognise the constraints they face and exploit and enhance the opportunities for experiential and informal learning. Flexible support for learning is needed to meet the diverse needs of small businesses and to meet the Council for Excellence in Management and Leadership's challenge for an approach "based on joining entrepreneurs in their world and tapping seamlessly into the activities undertaken as a normal part of running the business".

Based on our research and work with small businesses over the past two years we are suggesting the following programme of action:

- Developing a web-based database of provision

Provision means not only formal training courses but also events, mentoring schemes, membership and advisory organisations, books, CD Roms and any other relevant resources.

- Providing more small business networking opportunities

Business clubs, breakfast meetings and similar events can provide a forum for reflection and exchange of ideas without unduly interfering with the working day.

- Developing a knowledge base of owner-manager experiences

This would be an electronic forum where owner-managers could find help and advice couched in their own language.

- Creating an extended business mentoring system

The challenge is to develop a mentoring network that can offer any small business, not just start-ups, mentors with the specific skills and experience they need.

- Providing more short courses and one-to-one coaching

Tailoring provision to small business needs will mean developing more short learning activities that can be accommodated alongside work priorities.

- Developing a unitised credit framework as a benchmark

This will provide a framework against which provision can be accredited and hence funded.

- Quality assuring provision as small firm friendly

Small businesses need to know that provision is fit for purpose. SFEDI endorsement offers a kite mark of quality.

- Involving small businesses in the development of provision

Provision needs to be developed with, not just for, small businesses, using feedback and trusted intermediaries to minimise burdens on business.

It is gratifying to note how many of these recommendations echo those in *Agenda for Action* (see Sections 4 and 5) and/or are already in hand in Wales.

The Welsh Assembly Government's *Skills and Employment Action Plan 2005* (see Section 11) and ELWa's Workplace Learning Review (see Section 12) contain recommendations and action points relating to:

- Provider, employer and manager networks
- Learning networks
- Mentoring support and mentor training
- Investors in People Standard and Management and Leadership Model
- Workshops and learning products
- Self-diagnostic tool for managers
- Central database of management and leadership development opportunities
- Flexible response to management and leadership development needs
- Marketing campaign to promote management and leadership development
- CQFW accreditation of the full range of management and leadership learning.

This wide-ranging list embraces or reflects recommendations from

- Wales Management Council *Agenda for Action* (see Sections 4 and 5)
- SFEDI Small Business Skills Assessment 2004 (see above)
- Wales Management Council in relation to networks (see Section 6)
- Cardiff Business School in relation to supply (see Section 14)
- Wales Management Council in relation to demand (see Section 15)
- CBI, FSB and CfE in relation to informal learning (see Section 16)
- Wales Management Council in relation to marketing (see Appendix 1)

The Wales Management Council looks forward to working with ELWa and the Welsh Assembly Government to help implement these recommendations, which will radically change and improve management and leadership development in Wales.

Our new strategy, **Agenda for Growth**, seeks to build on these recommendations, highlight those that need particular emphasis, and complement them with a new focus on the individual.

b. Strategy

Our strategy aims to personalise management and leadership development by focusing on leaders and managers themselves, to answer the questions they are asking in the context of their daily working lives.

This is a strategy for solutions to real life problems.

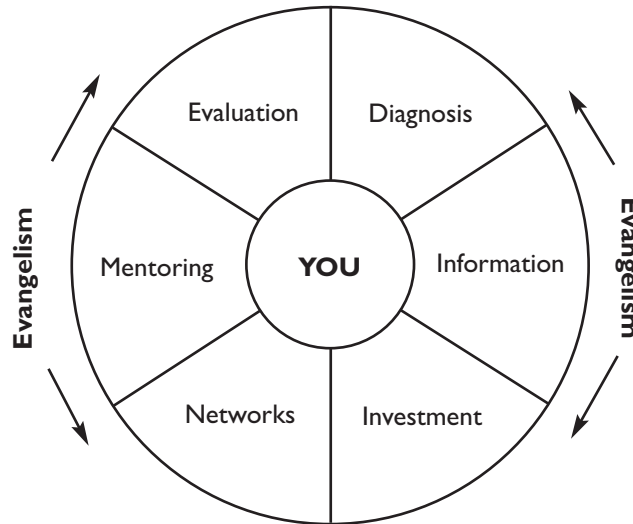
We believe that is the key to engaging the attention of managers in Wales, particularly small business managers, and encouraging them to develop their management and leadership skills.

Our strategy has seven strands, routed in common sense and the real world, which are gateways to a wide-ranging set of actions for the funders and deliverers of management and leadership development opportunities, and for managers themselves.

● Evangelism	“Go, tell it on the mountain...”
Promote management and leadership development with inspirational fervour to change hearts and minds.	
● Diagnosis	“What am I like, and what do I need?”
Help managers diagnose their strengths and weaknesses, as the starting point for further development.	
● Information	“Where can I find out more, and get help?”
Provide comprehensive information on the management and leadership development opportunities in Wales.	
● Investment	“Investing today for a better tomorrow”
Change culture to focus on training and development as an investment, with a specific return, not just as a cost.	
● Networks	“What are the rest of you doing?”
Facilitate ways to help managers learn from each other.	
● Mentoring	“Who can I talk to?”
Train more mentors, and provide mentoring support to more managers.	
● Evaluation	“How do I find out if it’s making a difference?”
Help managers evaluate the benefits and impact of their training and development.	

The mnemonic EDI-IN-ME is meaningless, but easy to remember.

The chart on the next page emphasises that each of these strands must impact on the individual manager, “you”, in the context of all-embracing, pan-Wales evangelism.



The following paragraphs deal with each strand in turn, supported by further information in the subsequent chapters and the Appendices of this report.

Evangelism: “Go, tell it on the mountain...”

Promote management and leadership development with inspirational fervour to change hearts and minds.

Wales has a history of religious non-conformity, chapels on almost every corner, revival movements and preachers with *hwyl*. Today we need to inspire, and convert our managers and leaders to a new way of thinking about their own personal development, with a commitment to do something about it. One of our key marketing strategies must be to find “evangelists” for this cause. These evangelists are more than “motivational speakers” (whose impact is all too often short-lived), and more than “champions” (now somewhat suspect from over-use in many other contexts). They are people who speak from the heart of personal experience, they share best practice, they speak in the language of their audience, and they inspire trust and confidence. We have a tradition of such people – let’s build on that tradition to change the hearts and minds of managers.

Diagnosis: “What am I like, and what do I need?”

Help managers diagnose their strengths and weaknesses, as the starting point for further development.

It is clear from recent research (see Section 15) that managers have difficulty articulating what they do, what skills they need to do what they do, and where their strengths and weaknesses lie. Long-standing experience and commercial success can quickly lead to complacency about management skills, while business crises and daily fire-fighting leave little time to step back and take an objective view of personal skills or the skills of others. There is therefore a new urgency to take forward the development of diagnostic tools to help managers address this in a way that will open their eyes to problems that it is all too convenient to ignore in the short-term, but which could lead to major problems in the long-term.

Information: “Where can I find out more, and get help?”

Provide comprehensive information on the management and leadership development opportunities in Wales.

There is still a fundamental problem in Wales (and elsewhere in the UK) that the provision of management and leadership development opportunities is a maze (see Section 14) that the hard-pressed manager finds it impossible to find his or her way in, through, or out of. The simple fact is, that if it's all too difficult, the average manager won't bother to take the search for information and advice further than a couple of mouse clicks. We need to change that by using our collective, national influence to accelerate the development of the UK-wide database of management and leadership development support, and ensure that it contains comprehensive data on opportunities in Wales. We also need to use our evangelism to emphasise the importance of networking as a source of information and help.

Investment: “Investing today for a better tomorrow”

Change culture to focus on training development as an investment, with a specific return, not just as a cost.

A dependency culture is blighting Wales' growth. The tendency is to ask first about funding, then what's available with that funding, and then make a decision based on (reduced) cost. Public funding is supposed to be an enabler, to pump-prime the market, develop capacity, and provide support where it is needed most. All too often it becomes a strait-jacket that saps initiative, removes creativity, and provides illusory benefits in terms of obligatory qualifications that are seen by many as irrelevant to their commercial objectives. No wonder there is increased dissatisfaction with the management and leadership development opportunities that are on offer. A culture change is required. We need a new focus on investment, not cost, that is no different to an investment in any other area of the business, focused on corporate objectives, business need, with strict criteria for assessing return.

Networks: “What are the rest of you doing?”

Facilitate ways to help managers learn from each other.

Our recent research into the demand for management and leadership development gave low priority to networking. This contradicted UK-wide research, and goes against the anecdotal evidence that people claim to gain as much, if not more, benefit from “networking in the bar” at conferences or training courses as they do from the content of the event itself. May be the problem is that networking is seen to be a natural part of commercial development (doing deals, finding suppliers, sussing-out the competition), but not part of learning and personal development. Few recognise that the commercial approach is itself a learning activity – you have a problem, you solve it, you learn something for the future. There is ample research evidence that small business managers learn more effectively from each other than from almost any other development route. So we need to develop, use, and exploit networks as a vitally important part of the whole learning process.

Mentoring: “Who can I talk to?”

Train more mentors, and provide mentoring support to more managers.

The body of research and personal experience highlighting the importance of mentoring as one of the most effective development routes shows no sign of diminishing. Work with a mentor in a relationship of trust, confidence, and a mutual desire to learn, is time and time again cited as the most powerful way to develop skills. Unlike many other routes to development the agenda belongs to the mentee, the support is bespoke, and the personal and corporate benefits considerable. Mentoring is now clearly established in the strategic plans of WAG and ELWa. We must now accelerate their implementation.

Evaluation: “How do I find out if it’s making a difference?”

Help managers evaluate the benefits and impact of their training and development.

The purpose of all these recommendations is to make a difference to managers and leaders, and to the businesses and organisations that they run. This should be self-evident, but there is an occasional tendency to see virtue in activity – training for its own sake – rather than in the personal and corporate benefits it brings. The acid test is therefore, is all this development and learning making any difference to you or your company? Saying that, however, is one thing. Finding the answer is quite another. We need to put time and resource into looking for solutions to this problem, to help businesses in Wales, particularly small businesses, find out whether their development activities are having a positive impact. If the answer is yes, so far so good, but could you do more of the same, with an even greater impact? If the answer is no, change tack quickly, and re-assess your strategic and tactical objectives, and the ways in which you will realise them.

The next chapter proposes a number of specific action points to help implement each of these strategic objectives.

5. ACTION PLAN

In 2002 when we wrote *Agenda for Action*, action was in short supply, occasional, unfocused in market terms, and not related to any key strategic objectives. Three years on, as Part 2 shows, the situation has changed radically. This action plan is therefore designed to complement and give additional edge to what is already happening as a result of new policy initiatives from Welsh Assembly Government, ELW_a and the WDA.

The majority of these recommendations will be the responsibility of ELW_a to implement, frequently in collaboration with WDA, and with the active support and advice of the Wales Management Council.

a. Evangelism: “Go, tell it on the mountain...”

Promote management and leadership development with inspirational fervour to change hearts and minds.

- Build up a national network of “business evangelists” – good speakers, with an inspirational message, focused on personal development as a route to corporate success.
- Set up a programme of local and regional business breakfasts, lunches, and evening events where local speakers can tell their story with a focus on what they have learned and how they learned it.
- Publicise the public response to these events to encourage others to attend.
- Promote ELW_a and WDA’s joint “People in Business” programme across Wales as an opportunity to develop key management and leadership skills.

b. Diagnosis “What am I like, and what do I need?”

Help managers diagnose their strengths and weaknesses, as the starting point for further development.

- Research and pilot diagnostic tools that are already on the market to explore whether they relate to the new occupational standards for management and leadership and meet the criteria set out ELW_a’s research report (see Appendix 4).
- If the response is positive, and the product affordable, seek ways to promote it to as wide a market as possible.
- If the response is negative, or the product unaffordable, invest in the development of an alternative or cheaper version.
- Invest heavily in the promotion of this tool as the doorway to personal development planning.

c. Information **“Where can I find out more, and get help?”**

Provide comprehensive information on the management and leadership development opportunities in Wales.

- Ensure that Wales, via ELWa, the Wales Management Council, and the SSDA Regional Manager, contributes fully to the development of the SSDA’s UK-wide database of management and leadership provision.
- Once the parameters of this database are known, encourage providers, both public and private, to ensure that information on their services is included and kept up to date, and that they capture and exploit the marketing data that will emanate from enquiries to this database.
- Ensure that all business advisors and Business Eye know of and use this database in their support for the development of management and leadership skills.
- Stimulate the development of networking opportunities as a rich source of information on management and leadership development provision.

d. Investment **“Investing today for a better tomorrow”**

Change culture to focus on training and development as an investment, with a specific return, not just as a cost.

- Promote investment in training and development as being no different from investment in any other business area, and equally important.
- Encourage businesses to explore the return on this investment (see Evaluation below).
- Galvanise the business community to debate whether the criteria set by those providing public funds are appropriate or helpful to businesses in Wales.
- Help businesses to recognise that flexible and focused purchase of development opportunities may not be eligible for public funding, in preparation for the day when all businesses will have to meet the full cost of such investment.

e. Networks **“What are the rest of you doing?”**

Facilitate ways to help managers learn from each other.

- Invest in the facilitation of business learning networks as a priority, low cost, high impact route to a major change in management development in Wales.
- Publicise best practice stories of the effectiveness of these networks as means of helping managers learn from each other.
- Seek ways to exploit cross-sector networking opportunities as a means of providing new solutions to similar problems.
- Develop networks of providers to encourage flexibility and innovation in provision, not just for quality assurance purposes.

f. Mentoring **“Who can I talk to?”**

Train more mentors, and provide mentoring support to more managers.

- Accelerate the training of mentors across Wales.
- Pump-prime the market by subsidising mentoring support for small businesses until there is wider recognition of the benefits.
- Continually monitor and update information on the mentoring programmes across Wales as examples of best practice.
- Evangelise mentoring as a key to personal growth by explaining how it works, why it works, and the benefits that can accrue as a result.

g. Evaluation **“How do I know if it’s working?”**

Help managers evaluate the benefits and impact of their training and development.

- Complete the research and piloting of tools and systems to help small businesses evaluate the benefits and impact of their management and leadership development.
- Explore ways to introduce “Amazon-style” assessments by users of public or private training and development.
- Give greater public prominence to the results of the evaluation of publicly-funded programmes.
- Repeat research into the supply and demand for management and leadership development in Wales, to assess progress and refine strategy.

And finally, revise this strategy in three years time in the light of the above evaluation, and the economic climate in 2008.

6. NETWORKS

Here is a verbatim comment from a conference delegate quoted in the WDA's report *Future Technologies*, published in 2004:

What small and medium sized companies need is a network system so they've got a close communityWherever they are, they know that they can get in touch with one another.....We haven't got any of that at all. And for a nation our size, we need that to give us an edge, and a sharp one it will give us too.

This sets networks in context, and clearly establishes their critical importance in Wales.

We need to change our attitudes to networks and networking and recognise that they have a critical part to play in national, corporate, and personal development.

Wales is a network waiting to be discovered.

We need to explore this from the perspective of organisations, individuals, and the nature of the networks themselves:

a. Organisations

Here are ten action points to make this happen for organisations who support, fund, or deliver management and leadership development opportunities in Wales:

- reject the notion that networking is an ad hoc, casual activity that takes place by chance on the fringe of conferences, in the margins of meetings, and at the end of the working day at training events
- rediscover the word “work” in “networks” and “networking” by focusing on how you create and maintain networks, and ensure that they deliver mutual benefits
- recognise that networks are a learning opportunity, and therefore form a key part of personal and corporate development
- train business advisors as network facilitators
- promote the idea of learning networks, small groups of like-minded individuals who are prepared to meet informally to share problems and find common solutions
- invest in the facilitation of learning networks within industry sectors, across supply chains, on business parks, as a stand-alone activity, not a gap-filling exercise at other events
- develop networks of providers and consultants who via economies of scale and shared resource can engage more effectively with the small business market that needs their help but is not seen as commercially viable
- encourage businesses and organisations to develop their own “network maps” so that they can quickly see where and how they are connected to a wider community of help and support
- help individuals to understand how to use networking opportunities to the full

- understand that networking in Wales is a continuous obligation, not an occasional luxury.

b. Individuals

Networking is all about learning from other people, so here are ten action points for individuals:

- be clear about what you want to achieve from each networking opportunity
- recognise that to be effective networking must benefit all parties
- win friends and influence others by offering to help them solve their problems
- ask key questions, and
- be prepared to answer key questions yourself
- don't always spend time with people who support your view of the world, recognise that you will learn more if your network partner's approach to a problem is different from yours
- be prepared to be challenged, but don't accept everything you hear without question
- remember what you have been told, and who told it to you
- keep in regular contact with people in your personal network
- take time out to help make the network function effectively for the benefit of all.

c. Networks in Wales

Wales is a network of networks, but few people recognise this.

We therefore need a wiring diagram to highlight the key connections that support management and leadership development, and show how the electricity of best practice and experience can flow from business to business, and from sector to sector.

However, a wiring diagram should not be prescriptive – “you are connected, therefore you network” – but it must be seen to be an opportunity to make the network to your advantage.

As a starting point, a partial wiring diagram is set out on the next page.

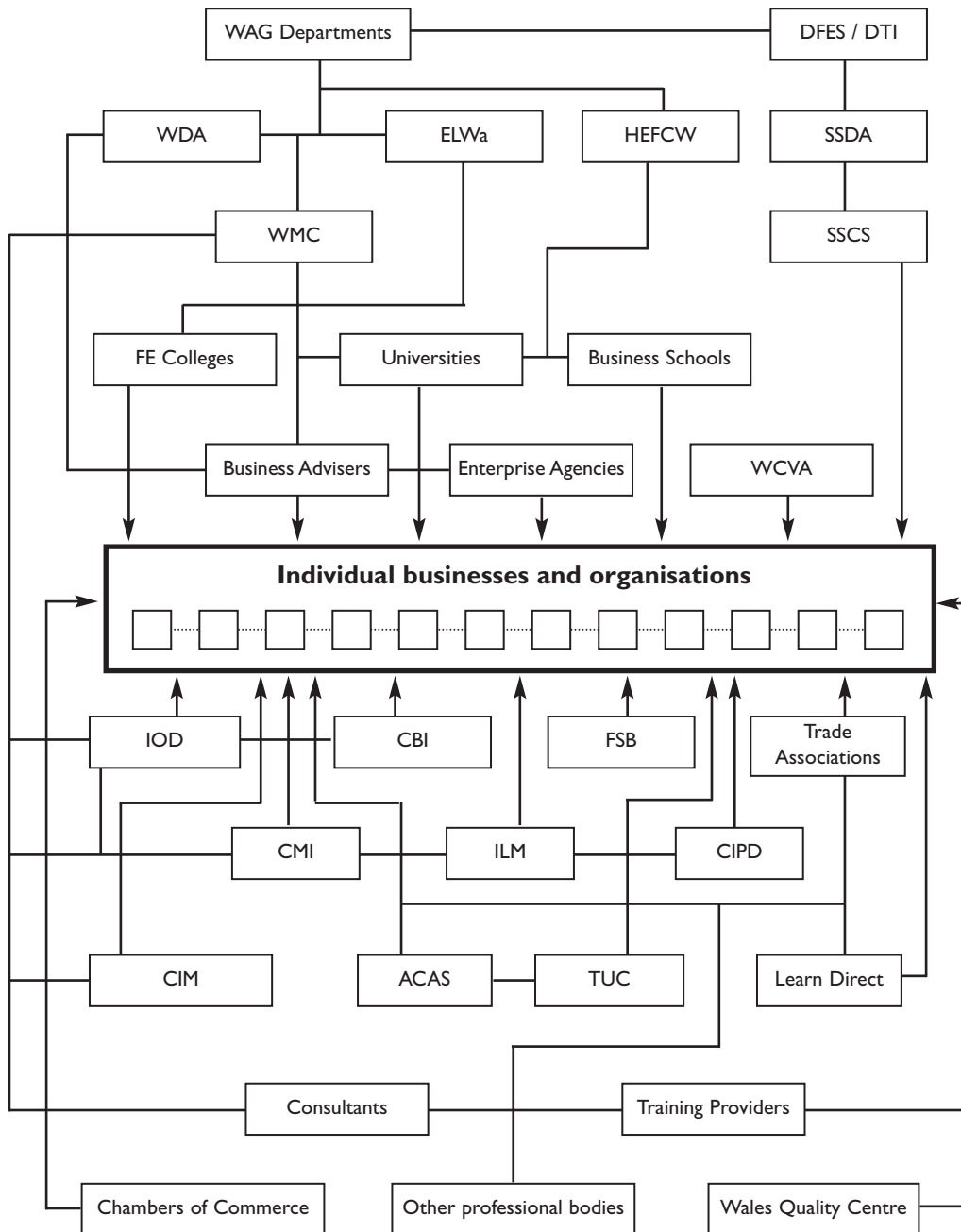
This diagram is neither comprehensive nor definitive. It does not claim to show all organisations or all the connections between them. Its aim is to highlight the complexity of the networks in Wales, and start people thinking about where they fit in the network, and how can they can use connections with other organisations to their best advantage.

Businesses are at the centre of this network, and are supported by a wide range of publicly funded bodies in the top half of the diagram, and an equally wide range of private sector bodies, trade associations, and training organisations in the lower half.

Each box represents a network in its own right, and each has to be created and maintained in its own unique way. The added value, creativity and innovation, comes from the connections that can be made with other networks, to learn how they do things.

Every organisation will view this chart in a different way, and will need to make the linkages that are most appropriate to them.

To use the Welsh Assembly Government's phrase, "making the connections" is the key to making the networks work, and to making them work for a new and more successful Wales.





7. CENTRE FOR EXCELLENCE

The *Skills and Employment Action Plan 2002* mandated the Wales Management Council to develop a “strategy to boost management training in Wales” which should include “proposals to develop the centre of excellence concept in this field”.

In *Agenda for Action* we explored the concept of a centre of excellence from a number of different points of view

- Physical

A management school (whether attached to a university or independent) providing world-class management and leadership development courses, part-time and full-time, residential and non-residential, personal and on-line.

- Virtual

An on-line resource providing the best in management and leadership development material, with on-line tutors, mentors, and advisers (who can be located anywhere), with highly personalised tuition, plus a comprehensive information resource.

- Network

This could also be called ‘centres of excellence.’ Providers – both public and private – who are deemed, or accredited, to be the best in their field for particular aspects of management and leadership development support. This network should also embrace companies who are willing to offer themselves as best practice exemplars, and provide business to business mentoring.

We argued that each of these have their place, and each has its own advantages and disadvantages of cost, ease of setting up, access, and outreach. But that the main difficulty with the physical or virtual centre of excellence is that its very presence does not guarantee that managers will use it, or use it in sufficient numbers to make a real difference to themselves or their businesses.

To be a true centre of excellence, the centre must excel both in quality of provision, and in its ability to penetrate the market in all sectors, and at all levels of manager and business size. We therefore believe that the concept that carries most weight is a “network of excellence” as defined above.

However, to establish such a network we need to be sure that “excellence” is in the eyes of the user, via “accreditation by acclamation” from those using the network’s services. This will have power in the marketplace because the recognition is by industry peers, not external bodies.

But we still argue, as we did in *Agenda for Action*, that Wales needs “a driving force to make a difference”. Not a Centre of Excellence, but a Centre *for* Excellence in Management and Leadership Development.

We stand by this view because in the last three years we have not found a satisfactory answer to the question “Who is responsible for management and leadership development in Wales?” That is “responsible” in the sense of policy, strategy, and funding to make the difference that we aspire to.

The conundrum is highlighted by the relationship of the Wales Management Council with the Welsh Assembly Government and its key agencies.

The Wales Management Council is funded by the Economic Development Department of the Welsh Assembly Government to promote the importance of management and leadership development, as a catalyst and influencer, not a deliverer. This funding route is right and proper because we firmly believe that the quality of our managers and leaders has a direct impact on the development and growth of all organisations, and of the economy as a whole.

But management and leadership development tends to be seen as a “skills” issue, and therefore falls to the remit of ELW_a, funded by the Education and Training Department of the Welsh Assembly Government.

The Wales Management Council works very closely and productively with ELW_a, but has less involvement with the WDA, though the WDA also falls under the auspices of the Economic Development Department.

What we have at present is a loosely connected network of different bodies with a responsibility for management and leadership development, though some may not describe their activities in that way or recognise that responsibility. To give just one example, the growing collaboration between ELW_a and WDA (one of the most positive developments in the last three years) means that the approach is increasingly holistic.

We hope that the impending integration of the ELW_a and the WDA into the Welsh Assembly Government will enhance and accelerate this collaboration, but as both organisations in their new form will sit within their existing sponsoring departments, the question of who is responsible for management and leadership development remains.

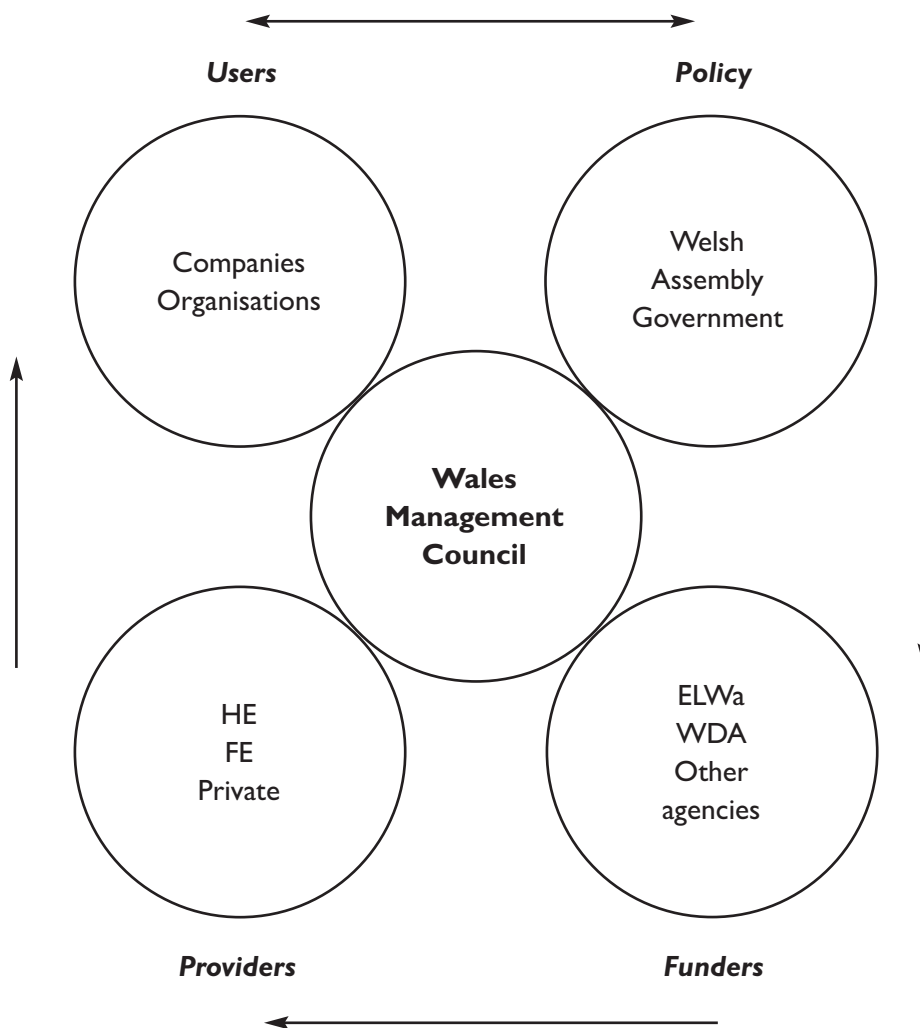
What is lacking is a nucleus, or driving force, at the centre of the network which helps it to develop, sustains the shared vision for management and leadership development in Wales, and ensures a cohesive and joined-up approach to the way in which a variety of organisations discharge their responsibilities in this vitally important area.

Therefore Wales still needs a Centre *for* Excellence in Management and Leadership Development, with the following ten aims and objectives:

1. To engage the attention, capture the imagination, and change the mind-set of managers so that they recognise the personal and corporate advantages of management and leadership development.
2. To help influencers, funders and deliverers understand and meet the real needs of the market.
3. To provide the information that each side – demand and supply – needs to change the way management and leadership development is delivered and received.
4. To provide a central and impartial source of information on management and leadership development for managers in all sectors.
5. To facilitate the management and leadership development process by signposting managers to the best resources and information to meet their needs.

6. To encourage and sponsor the development of “best in class” learning opportunities where current provision or means of access are insufficient to meet the needs of managers in Wales.
7. To continuously monitor and evaluate management and leadership development activity – demand and supply – throughout Wales.
8. To recommend to policy makers, influencers, funders, deliverers, and managers themselves how management and leadership development might be continuously improved.
9. To continuously drive the management and leadership development strategy and action plan forward.
10. To energise the networks, stimulating the connections that already exist, and creating new connections where they are required.

We believe the Wales Management Council is uniquely placed to provide this service, as it is already doing in part, using its well-established and impartial connections with policy makers, funders, providers and consumers to help the wheels of the management and leadership development market turn effectively and productively.



Part 2

ACTION TO DATE



8. AGENDA FOR ACTION

The Wales Management Council's previous strategic report *Management and Leadership Development and Training in Wales – An Agenda for Action*, published in 2003, made six recommendations that we believe will make a major difference to management and leadership development in Wales, and help managers “raise their game”:

1. Raising awareness, interest and commitment

To raise awareness of, interest in, and commitment to management and leadership development in all sectors and among managers at all levels.

2. Identifying needs

To help managers identify their own management and leadership development needs.

3. Satisfying needs

To ensure managers can make an informed choice of the best management and leadership development solutions for their business or organisation and themselves, and increase their involvement and participation in management and leadership development activities.

4. Funding

To provide sources of public funding to support objectives 1 – 3, and the provision of relevant leadership and management development support.

5. Evaluation

To set up an evaluation and monitoring framework to assess the outcomes and impact of leadership and management development activity in Wales.

6. Review

This strategy is not a one-time solution to a single problem. It is a continuous process that must reflect the changing needs of every business and organisation in Wales. These strategic objectives must therefore be subject to continuous review, and updated at least every three years, to reflect changing business and organisational needs, Wales' wider economic agenda, and international market developments.

Agenda for Action also contained detailed recommendations for a number of actions to support each of these objectives.

The next section of this report, which is itself a response to Objective 6 above, sets out in detail the significant progress that has been made in the last three years to implement the recommended action and achieve the objectives outlined above.



9. ACTION TO DATE

Agenda for Action contains a six point strategy to help managers “raise their game”, plus recommendations for a number of actions to support each.

The strategic objectives and action points are listed below, with a note against each to summarise action to date.

I. Raise awareness of, interest in, and commitment to management and leadership development in all sectors and among managers at all levels.

- *Regular and continuous media coverage on management and leadership development issues, with an emphasis on best practice that is particularly relevant to SMEs.*

The flow of articles on leadership and management issues from a wide range of sources is increasing. The Wales Management Council has a regular column in *Business in Wales*, bi-monthly articles in the *Western Mail*, and occasional articles in the *Daily Post*.

- *Regional conferences, workshops and seminars on management and leadership development issues.*

The Wales Management Council is

- collaborating with CMI, ILM, CIPD, IOD and CIM to hold a major management and leadership conference in 2005
- working with ELWa to develop an all-Wales conference and seminar programme
- invited on a regular basis to contribute to conferences and seminars held by others.
- *Publications, in print and on the internet, both from within and outside Wales, that focus on management and leadership development, and provide best practice examples and easily accessible help.*

In the last twelve months the Wales Management Council has published:

- *Pressing the Right Buttons: the marketing of management and leadership development in Wales*
- *Mentoring in Wales*
- *High Performance Wales: real experience, real success – high performance working in practice*
- *Management Development in Wales – a survey of current practice 2004 – 2005*
- *Annual Review 2003 – 2004*

In the course of the year we have radically overhauled and redesigned our website, and we are now developing this as a key resource for information and management and leadership development issues.

Within the website we have launched a bi-monthly newsletter entitled *Management – Think About It*.

Publications planned for 2005 – 2006:

- *Agenda for Growth*
- our own *Annual Review 2004 - 2005*
- a report on the findings and recommendations of research into evaluating the impact of management and leadership development
- a compendium of ideas from *Management – Think About It*
- case studies of management and leadership development in the care sector in Wales (in collaboration with Care Forum of Wales)
- guidance for SMEs on the use of strategic planning tools (in collaboration with Welsh Institute of Competitive Advantage at University of Glamorgan)
- *Increase membership of organisations which have management and leadership development as a core part of their remit and objectives.*

The Wales Management Council is developing a close working relationship with CMI, ILM, CMI, CIPD, and IOD to achieve the mutual objective of increasing the take-up of management and leadership development opportunities.

- *Personal nominations to be encouraged as part of annual national awards for managers and leaders in all sectors and in businesses of all sizes.*

In the last twelve months we have been a leading member of the consortium set up to plan, launch, and implement the first awards for outstanding leaders and managers in Wales, the *Leading Wales Awards 2005*.

- *Annual competitions to test and reward management and leadership skills.*

We launched the Wales Management Team Challenge in 2002, and repeated the event in 2003. We are looking for funding from other sources to continue this competition.

- *An all-Wales scheme to be set up to recognise businesses and organisations who are both exemplars of good management and leadership practice, and are willing to share this with others.*

In 2003, the Wales Management Council in association with the University of Wales, Bangor conducted the first research to identify and publish case studies from the ten *Best Managed Workplaces in Wales 2003*. This has now been superseded by a Western Mail initiative to develop a Welsh version of the Sunday Times annual Best Companies to Work For report.

2. Help managers identify their own management and leadership development needs.

- *Set up, maintain, deliver and evaluate a national business-to-business, organisation-to-organisation, and individual-to-individual mentoring scheme.*

The Wales Management Council set up a working group to explore this issue in 2004 and published a report, *Mentoring in Wales*, on the group's findings and recommendations. See Appendix 3 for the Executive Summary of this report.

- *Prepare a diagnostic tool that can be used by all businesses and organisations to help individuals identify leadership and management development needs and skill gaps.*

During 2004 ELWVa funded research to explore market need and the diagnostic tools that are currently available, with recommendations for future development. The report was published in May 2004 and is available on our website. See Appendix 4 for the Executive Summary of this report.

- *Publicise the benefits of this diagnostic tool, make it available to all businesses and organisations in Wales, and support its use, particularly in SMEs*

Awaiting ELWVa's decision on how to take forward the recommendations in the above report.

3. Ensure managers can make an informed choice of the best management and leadership development solutions for their business or organisation and themselves, and increase their involvement and participation in management and leadership development activities.

- *Categorise the available provision of management and leadership development support, and sources of funding, on a national database, open to all, that can be searched by need and benefit, as well as by product, sector and geography.*
- *Maintain this database as the 'one-stop shop' for all management and leadership development support.*
- *Establish a mechanism for publicising assessments by users of the quality of this provision within the database.*
- *Encourage all public agencies and official bodies in Wales to contribute to the building of this knowledge bank in order to present a unified source of information for the user.*

During 2004 ELWVa funded the Leadership, Entrepreneurship and Economic Development Unit (LEED) of the University of Wales Cardiff Business School to map the provision of management and leadership development opportunities and support across Wales. Their report was published in May 2004 and is available on our website. See Section 14 for summary of the report's findings and recommendations.

The SSDA with the help of Lantra are developing a database to hold UK-wide information on management and leadership development opportunities and providers. We are working with ELWVa and the SSDA/SSCs in Wales to ensure that this database holds information that is fit for purpose in Wales.

4. Provide sources of public funding for strategic objectives 1 – 3, and the provision of relevant leadership and management development support.

- *Public funding to be mapped, promoted, and recognised, as a major driver for change in attitudes, delivery, take-up and outcomes of all leadership and management development activity.*

No action to date.

- *Public funding to be focused on need, not product, and promoted as a flexible enabler, that helps businesses, organisations, and individuals make informed choices about the training and development that is most relevant to them.*

Both ELWa and WDA are increasingly working to a flexible, demand-led agenda.

- *Simple, unbureaucratic schemes, e.g. Company Learning Accounts, to be introduced, particularly for SMEs with less than 50 staff.*

ELWa has successfully piloted Company Learning Accounts, and is now collaborating with WDA to develop a “Shared Investment Fund” with similar aims. New recommendations for a Workforce Learning Account are included in ELWa’s Workplace Learning Review and the *Skills and Employment Action Plan 2005*.

- *Major funding to be available for an all-Wales business-to-business and individual-to-individual mentoring scheme.*

New recommendations in this area are included in ELWa’s Workplace Learning Review and the *Skills and Employment Action Plan 2005*. See Sections 11 and 12.

- *Public funding to support cover to enable others to train, as well as individual training activities.*

The problem has been recognised, but no action to date.

- *Wider publicly funded business support to be linked to the acquisition of competencies and skills (particularly management skills) on a systematic and planned basis.*

New recommendations in this area are included in ELWa’s Workplace Learning Review and the *Skills and Employment Action Plan 2005*.

- *Outcomes must be the increase in competencies that are relevant to each business and organisation, and not tied to accredited qualifications.*

The new Wales Credit and Qualifications Framework has begun to address the issue of informal and non-accredited learning, and recommendations in this area are included in the *Skills and Employment Action Plan 2005*.

5. Set up an evaluation and monitoring framework to assess the take-up, outcomes and impact of leadership and management development activity in Wales.

- *Monitor annually the quality and quantity of leadership and management development in Wales by company reporting of management and leadership development activity.*

The Wales Management Council funded quantitative research in 2004 and published the research findings in February 2005 in the report *Management and Leadership Development in Wales – a survey of current practice 2004 – 2005*. See Section 15 for the Executive Summary of this report. Our recommendation is that this research is repeated regularly to measure progress.

- *Publicise this activity against management and leadership development targets.*

No action to date.

- *Research and establish mechanisms to evaluate the outcomes and impact of management and leadership development activity.*

The Wales Management Council has set up a Working Group to explore how to evaluate the impact of management and leadership development activity, and has commissioned research to explore this further. The research report and recommendations will be published in October 2005. See Section 19 for further information.

6. Review this strategy and action plan to ensure that it reflects the changing needs of every business and organisation in Wales.

- *Review the strategy and action plan every two years in the light of monitoring and evaluation information.*
- *Review the strategy and action plan every two years in the light of reported business and organisation needs.*

The *Future Skills Wales Survey 2004*, ELWa's Workplace Learning Review, and the *Skills and Employment Action Plan 2005*, provide valuable background information.

- *Review the strategy and action plan every two years in the light of Wales's wider economic agenda and international market developments.*

No action to date, but see above and below.

- *Update the strategy and action plan every three years to reflect the previous year's reviews.*

Agenda for Action was written in 2002 and published in 2003. This new report, **Agenda for Growth**, reflects the findings and recommendations of the reports and surveys mentioned above, and the current economic climate.

Part 3

CONTEXT, BACKGROUND, RESEARCH



10. POLICY CONTEXT

a. Welsh Assembly Government

The Vision of *A Winning Wales – The National Economic Development Strategy of the Welsh Assembly Government*, published in 2002, is

To achieve a prosperous Welsh economy that is dynamic, inclusive and sustainable, based on successful, innovative businesses with highly skilled, well-motivated people.

The Welsh Assembly Government's first three objectives to achieve this vision are to

- encourage innovation
- encourage entrepreneurship
- make Wales a learning country

and the key priorities within each of these objectives which embrace management and leadership development are:

Encouraging innovation by

- ensuring that all businesses realise the potential of innovation in developing new products, processes and management practice, and maximising the use of information and communication technologies
- enabling strong links between businesses and our education institutions on a wide range of matters including recruitment, training, management development, international networking and technology transfer

Encouraging entrepreneurship by

- offering better support for new and growing businesses

Making Wales a learning country by

- increasing the skills of the workforce and tapping the potential of our diverse population driving up standards and attainment
- removing the barriers to learning
- strengthening the links between learning and business
- creating new opportunities for work-based learning
- providing life-long learning opportunities for all.

Under the third objective *Making Wales a learning country* the Welsh Assembly Government will implement

..... the Skills and Employment Action Plan, which will provide an improved structure to policies for skills development, lifelong learning and employment. In particular

- improve the mechanisms of workforce development, including: raising awareness of the importance of skills; better identification of skill needs by involving employers and through further research; translating these needs into learning programmes and into job creation

- provide support so that entrants and re-entrants to the labour market have the skills employers need
- work with employers and employees to improve skills of their existing workforce, including management training
- help more people into sustained employment in order to tackle our problems of economic inactivity.

These objectives are re-emphasised in the Strategic Agenda of the Welsh Assembly Government *Wales: A Better Country*, published in 2003

Economic Policy

Vision: Promoting a diverse, competitive, high added-value economy, with high quality skills and education, that minimises demands on the environment.

In economic policy, *A Winning Wales*, with the accompanying Action Plans for Skills, Innovation, Entrepreneurship, Business and the Environment and Trade, set out a ten year vision for building a Wales which will help to create and attract high added-value businesses, promote enterprise, create the conditions for sustainable employment and support long term jobs in all our communities.

Education and Training

Vision: Ensuring our children and future generations enjoy better prospects in life, and are not landed with a legacy of problems bequeathed by us.

In education and training *The Learning Country* sets out our strategy for promoting life-long learning in Wales. Our aim is to ensure education and training contributes to personal fulfilment, wealth creation, social cohesion and cultural enrichment. It is to ensure that everyone has the skills and qualifications to find work in the modern job market, so that no-one now outside the workforce is unequipped for work, and no-one inside the workforce is unequipped for the new challenges of the economy, and that our skills and abilities as a whole increase so that Wales is able to attract the kind of high value employment that is needed to fulfil our vision. That will be at the heart of our next Skills and Employment Action plan, and of the ELWa corporate plan as it is rolled forward.

b. ELWa

ELWa's *Corporate Plan 2004 – 2007* gives a lower overall priority to management and leadership development than previous plans, but this is balanced by the strong emphasis and detailed action plans for management and leadership development contained in the Workplace Learning Review (see Chapter 12).

In the sections on Workforce Skills there is a firm and clear statement about the importance of management and leadership:

A key driver of higher-value business strategies and greater demand for skills is good management and leadership. Michael Porter's DTI-sponsored review of UK competitiveness found that the failure of many British organisations to innovate and improve their productivity is, in part, due to the fact they embrace modern management techniques later and less often than their foreign competitors. ELWa's management development programmes will help to equip businesses in Wales with the right skills and abilities to develop high performance working.

However, the difficulty of linking skills development and economic performance is recognised, and the importance of looking at skills development in a wider context is emphasised:

The economic environment is an important influence on people's participation in post-16 education and training, and the source of demand for skills. However, the link between skills, knowledge and economic performance – particularly at the level of the individual firm – is complex and indirect. Skills are one element within wider systems and processes that combine to produce different levels of performance, including product market strategies, management techniques, work organisation, job design and innovation.

The Plan states that by the end of the 2004-5 operational year ELWa aims to have achieved the following objectives:

Assist 350 organisations to achieve IIP recognition, compared to 213 in 2003-4

Support 3,200 companies in management development, compared to 1,500 in 2003-4

Help 1,000 businesses identify and address their training needs, compared to 800 in 2003-4

Increase the number of Company Learning Accounts opened to 250.

There are clear plans for the use of European funding to support management development

Over the period of this plan ELWa's European Funding related key objectives are to implement and deliver currently approved ESF-funded projects, notably work-based learning, develop new ventures that can secure European funds from 2004 – 2006, and explore longer-term opportunities to take full advantage of this critical funding stream. Particular areas of focus include:

- Management development
- Upskilling the workforce – targeting businesses with the potential for growth
- Learning network development and capital development
- Learning Community Accounts
- Follow-up research emanating from the findings of the Future Skills Wales survey.

The plan raises issues of the quality and management in learning providers:

ELWa recognises that it can only raise standards in association with learning providers and other key partners who work in the field. ELWa's approach to quality assurance is based on openness, transparency, accountability, customer focus and flexibility. ELWa aims to build on existing best practice and minimise bureaucracy, making sure that providers carry out quality control and assurance effectively. It will also support providers in quality management and development, and build up a comprehensive and ongoing picture of each provider's performance using a range of information.

In ELWa's *Operational Plan 2004 – 2005* the overall aim is

5,000 businesses participating in learning.

with the following objectives for the development of business skills:

The planned expenditure on business skills development activity is £6.062 million, which will enable delivery of key programmes. This budget will support over 5,000 businesses to participate in learning that is prioritised to have maximum impact on the economy ... During 2004 – 5 ELWa will:

Support businesses to participate in learning through a support package that is targeted to maximise its impact on the economy:

- Continue to implement recommendations from ELWa's review of services to business
- Commence procurement for a network of managing agents.
- Complete procurement for service providers to deliver IIP advice, Company Learning Accounts, Management and Leadership programmes, and Network events

- Integrate the WDA's General Business Advisory Service and ELWa's services to business and provider network
- Further develop the utilisation of sector specific national programmes.

The Plan explains that resources to support IIP are part of the Business Skills Development budget and one of the key IIP objectives in 2004 – 2005 is to:

Implement mainstream support for Work-Life Balance, Recruitment and Selection, and Management and Leadership.

The research and evaluation budget is £1.36 million. The research and studies that are of most interest to us are:

Maintain a panel of 2,000 employers and conduct a detailed analysis into the needs and motivation of businesses.

Complete the following research studies:

- Managerial skills audit
- Managerial skills mapping/diagnostic tool.

The plan shows “how research and evaluation is helping to shape ELWa's activities” with the following results from the 2003 – 2004 programme:

- Review of management development learning opportunities in Wales

This study with the Wales Management Council gives us a snapshot view of the extent and nature of management training. This information will influence the development of future Management Development provision and policy in Wales.

- Evaluation of management diagnostic tools

Working with WMC this research aims to help us understand management skill needs in Wales. This information will influence the development of future Management Development provision and policy in Wales.

There is a strong emphasis on “Partnership Working” which covers a wide range of activity, including:

Work in partnership with the WDA to progress economic development through business development and learning. Together we will:

- Develop a high level synergy across the range of business support services;
- Work with HEFCW and the Wales Management Council to develop an action plan to support the needs of management development and business growth by September 2004;
- Develop a holistic response to the needs of large and small businesses, including a review of support available to businesses generating inward investment;
- Work with HEFCW and SSDA to plan to deliver higher level skills to promote the knowledge economy.....

And work with HEFCW on

- Support for the needs of business sectors
- Management development.

A selection of the key programme targets that are relevant to management and leadership development is as follows

● Further Education	
Number of enrolments in FEIs on business related courses:	60,000
Number of learners who will receive entrepreneurship training:	5,000
● Work Based Learning	
Number of working age adults who will achieve NVQ 3 or equivalent:	4,100
Number of working age adults who will achieve NVQ 4 or equivalent:	275
● Business Skills Development	
Number of businesses supported to develop their management skills:	3,200
Number of organisations achieving IIP recognition:	2,100
Number of organisations committing to IIP standard:	350
Number of companies supported to open Company Learning Accounts:	150
Number of companies who will be supported in workforce development:	5,000



II. SKILLS AND EMPLOYMENT ACTION PLAN 2005

The second *Skills and Employment Action Plan* was published in January 2005. This contains a number of statements about the importance of management and leadership development and specific recommendations to be taken forward by Wales Management Council and others, with an overall recommendation that the proposals in ELWa's Workplace Learning Review should be implemented.

Key actions to be taken forward include:

- A joined-up comprehensive approach to supporting business including a new model for addressing human resource needs through Workforce Learning Accounts, combining a business assessment of training needs with flexible packages of support to meet them
- A renewed push on IIP and targeted support for management and leadership training and development
- Implementing the recommendations of ELWa's Workplace Learning Review

Demand for skills

Future Skills Wales 2003 showed that many employers are unaware of the skills needed to improve their business performance. Some appear content to continue along a low-skill, low-added value route. Employers are generally aware of the importance of skills but fewer agree that investment in skills brings business benefits

A key challenge is to tackle this low-skill, low-added value culture and to drive for innovation and better business performance that will promote investment in education and skills, which in turn should generate competitive success, economic growth and sustainable employment opportunities. Simply supplying more highly-skilled individuals, without at the same time ensuring increased demand for these skills, will not work. Investing in a suitably qualified workforce, capable of meeting the demands of the knowledge economy is crucial. Raising management and leadership is particularly important ...

Priorities for targeting public funds

- Improve the levels of *basic literacy and numeracy skills* in the workforce (i.e. for qualifications at Level 1 in these areas)
- Ensure everyone has *skills essential* to take up employment and maintain their employability within the labour market.
- Increase the demand for *high-level skills* amongst employers, and increase the supply of people with *management, leadership and technical skills* critical for success in a fiercely competitive international market; and
- Address skill gaps and shortages in *key sectors* of the Welsh economy.

Key sectors

...The Welsh Assembly Government, the WDA, HEFCW and ELWa have agreed a number of sectors which are important to the Welsh economy and where there are opportunities to identify skills and economic development priorities and develop a more coherent and strategic approach to address these. The first 10 sectors to be addressed in this way are:

Automotive	Financial Services
Aerospace	Creative Industries
Agri – food	Construction
Technology	Hospitality, Leisure and Tourism
Pharmaceuticals/Bio-Chemicals	Social Care

The strategy under the heading *Work with employers and employees to improve skills* is:

- Stimulate demand for skills by encouraging business to pursue high value-added products and services.
- Work with employers and trades unions to improve workforce skills and encourage diversity.
- Ensure that suitable qualifications and learning provision are available and well understood.

The section on “stimulating demand” contains observations about the importance of integrating the whole approach to skills development:

Stimulate demand

Efforts to boost training in the workforce will not be effective in solving the problems of the low skills/low GDP trap unless they form part of a business improvement strategy. In many cases employers’ demand for skills is not ambitious enough. The drive for higher skills has to be promoted on the back of wider efforts towards business improvement to help organisations move up-market and stimulate demand for skills through adopting higher specification product strategies and better quality jobs. This suggests we must give as much attention to business support services, innovation, management, and entrepreneurship strategies, as to improving the supply of training and learning provision and qualifications..... The integration of action to improve business performance with complementary support for skills and management development offers great potential to boost the performance of companies in Wales and create increased demand for higher level skills.

The specific proposals relating to management development are as follows:

Management Development

In response to SEAPI the Wales Management Council published its *Management and Leadership Development and Training in Wales – Agenda for Action* in May 2003. Good leadership and management are vital to success in both the private and the public sectors

Action

C4. ELWa will work with the Wales Management Council to develop an improvement plan for management and leadership development incorporating recommendations from its review of workplace learning including:

- a dedicated budget to develop networks of providers with management and leadership development competence
- developing a delivery model for management training in small and micro-businesses, including workshops, networks of managers and mentoring support
- ensuring that the Credit and Qualifications Framework for Wales (CQFW) recognises and accredits the full range of management development and leadership learning.

Target: plan in place with agreed timetables by May 2005.

C5. In partnership with the Welsh Assembly Government, the CBI, the FSB, the Wales TUC, and the Wales Management Council, ELWa will work with IIP UK to develop a strategy for IIP in Wales. ELWa will continue to provide a high quality assessment and review service to employers in Wales and fund the initial diagnostic assessment for IIP recognition.

Targets: strategy in place by June 2005. Increase take up of IIP by 75% over 3 years.



12. WORKPLACE LEARNING REVIEW

The Wales Management Council was a member of the Steering Group for ELWa's Workplace Learning Review throughout 2004 – 2005, and we have contributed a number of key recommendations in relation to management and leadership development which have been incorporated into the final report *Developing the Workforce – learning in and for the workplace*. The final report received Ministerial approval at the end of 2004, and forms an integral part of the recommendations in the *Skills and Employment Action Plan 2005*.

Management Development and Leadership

Welsh business needs capable leaders and managers, they are the key drivers for change and growth in all sections of the Welsh economy. Developing the skills of our managers and leaders must therefore be a priority if other positive changes in workforce learning are to happen and have a beneficial impact on organisations and the economy of Wales as a whole. It is essential that managers and leaders are offered effective mechanisms and products which allow them to invest in their own skills development, that of their staff, in order to realise their corporate objectives and to achieve the economic growth that Wales needs. The Review found however, that management and leadership training is currently fragmented and difficult to access. The Review recommends that a clear pathway needs to be established from skills diagnosis to support and action. The development of the new Workforce Development Programme ... will go some way to address this. It will provide further ways of increasing business uptake under the IIP Management and Leadership model. There is however, an underlying problem with management, leadership and entrepreneurship in Wales. A problem which is often masked by an employment situation which is healthier than it was 15–20 years ago. In terms of relative wealth creation capacity, Wales has not moved forward. Guided by clear strategic objectives in management, leadership and entrepreneurship, improved engagement with Wales' majority SME and micro - businesses is crucial for the economy. The Wales Management Council further advises that any strategic action on management and leadership needs to be reviewed and revised at least every three years.

Recommendation:

Management Development and Leadership training should be enhanced and prioritised to meet employer need:

- C24. Develop, approve and accredit, a national self - diagnostic tool to help managers (especially SME owner/managers) assess management/leadership gaps/needs and draw up appropriate skills plans within the framework of new National Occupational Standards for Management and Leadership
- raise awareness of the benefits of this tool and management development generally through a marketing campaign aimed at small business.
- C25. ELWa to engage with the Sector Skills Development Agency (in coordination with other Welsh Assembly partners i.e. WDA and economic development) in creating a central database specifically dedicated to disseminating information on management development and leadership opportunities and funding within Wales/UK. This database needs to be an intrinsic arm of the single business support database of the newly merged organisation.
- C26. Establish a dedicated budget, within the Workforce Development Programme,
- to respond flexibly to management and leadership needs especially of SMEs
 - to develop networks of providers with specific Management Development and Leadership competence.

- C27. Develop delivery models for Management Development and Leadership that recognise and respond to the training needs of SMEs and micro-businesses
- ELWa to maximise the impact of mentoring on SMEs by investing in the training of mentors and high quality training advisors who can engage effectively and credibly with SMEs. (Linked to WDA mentoring programmes.)
 - exploit existing employer networks to promote self-learning/exchange of good practice particularly among owner/managers and small business generally
 - roll out an all Wales open access programme of management and leadership generic workshops (based upon new National Occupational Standards) particularly focused on the needs of SMEs
 - in the short term, focus on learning products attractive to small business managers, including where appropriate Modern Skills Diplomas and learning products through the medium of Welsh
 - develop ways of increasing business take up of IIP Leadership and Management Model.
- C28. Working with HEFCW, facilitate business learning networks across Wales to exploit the advantages of peer /informal learning across sectors
- ELWa should support learning networks which enable owner/senior managers to learn from their peer group
- C29. Remove barriers, to achieve a logical and continuous progression path for managers and leaders through dialogue with delivery partners especially Higher Education:
- promote opportunities for accreditation of management development and leadership learning through CQFW.

13. MARKET STATISTICS

a. Businesses

The latest DTI statistics for the number of enterprises in the private sector (including public corporations and nationalised bodies; excluding Government and non-profit organisations) in Wales are from the start of 2003, as follows:

Employees	Enterprises		Employment		Turnover	
		%	'000s	%	£million	%
None	122,680	71.2	142	20.2	5,611	10.1
1-4	34,260	19.9	102	14.5	7,589	13.6
5-9	8,135	4.7	58	8.3	4,306	7.7
10-19	3,705	2.1	54	7.7	3,957	7.1
20-49	2,325	1.3	71	10.1	5,086	9.1
50-99	690	0.4	48	6.8	3,902	7.0
100-199	305	0.2	41	5.8	4,158	7.5
200-249	60	0.0	13	1.8	1,589	2.9
250-499	105	0.1	37	5.3	3,453	6.2
500+	70	0.0	137	19.5	16,008	28.8
TOTAL	172,335	100.0	703	100.0	55,659	100.0

The key facts to break out of this table are that:

- There are just under 50,000 enterprises in Wales with more than one employee
- 99% of all enterprises in Wales have less than 50 employees, and represent 61% of employment, and 48% of turnover.
- 98% of all enterprises in Wales have less than 20 employees, and represent 51% of employment, and 38% of turnover.
- 1% of enterprises in Wales have more than 50 employees, and represent 39% of employment, and 52% of turnover.

There are some significant increases in the number of enterprises, particularly those with less than 10 staff, since the figures for 2001 (the last available for Wales) were published, as shown in the table below

Employees	Enterprises 2001		Enterprises 2003		Increase/(decrease)	
		%		%		%
None	106,300	68.8	122,680	71.2	16,380	15.4
1-4	32,670	21.1	34,260	19.9	1,590	4.9
5-9	7,855	5.1	8,135	4.7	280	3.6
10-19	4,395	2.8	3,705	2.1	(690)	(15.7)
20-49	2,105	1.4	2,325	1.3	220	10.5
50-99	660	0.4	690	0.4	30	4.5
100-199	255	0.2	305	0.2	50	19.6
200-249	55	0.0	60	0.0	5	9.1
250-499	105	0.1	105	0.1	0	0
500+	95	0.1	70	0.0	(25)	(26.3)
TOTAL	154,495	100.0	172,335	100.0	17,840	11.5

The DTI explains this increase as follows in relation to statistics for the UK as a whole:

This is the first time that the estimated number of enterprises in the UK has reached 4.0 million since the series began in 1994. This is an increase from estimates of 3.8 million in 2002, and 3.7 million in the previous seven years.

Technical reasons account for some of the increase. In March 2004, the Office of National Statistics revised the Labour Force Survey estimates of self-employed jobs ... which accounts for about 70,000 of the increase. Also the last estimates (for the tax year 2001/2002) from Inland Revenue Survey of Personal Incomes show an increase from 2000/01 in the proportion of self-employed people working alone rather than in partnership. However the rest of the increase reflects an actual increase in the number of enterprises in the UK.

Whilst the estimated number of enterprises without employees has risen by 240,000 (9%), the number of enterprises with employees has fallen by 10,000 (1.1%).

The number of sole proprietors has increased by 200,000 (8.5%). The number of companies increased by 60,000 (6.2%), whilst the number of partnerships has fallen by 30,000 (5.2%).

Employment analysed by SIC code is as follows for organisations with more than one employee. Sole traders are not included in this table as DTI data for small companies sector by sector is incomplete.

SIC code	Enterprises		Employment	
		%	'000s	%
A,B Agriculture, forestry, fishing	2,980	6.0	14	2.5
C,D,E Mining, manufacturing, electricity, gas, water	4,730	9.5	165	29.5
F Construction	5,750	11.6	40	7.1
G,H Wholesale, retail, repairs, hotels, restaurants	18,010	36.3	175	31.2
I Transport, storage, communication	2,130	4.3	22	3.9
J,K Financial, real estate, renting, business	9,480	19.1	77	13.7
M,N,O Health, education, other services	6,580	13.2	68	12.1
TOTAL	49,660	100.0	561	100.0

b. Managers

Approximate figures for managers based on the above statistics are:

Employees	Employment '000s	Ratio	Managers '000s
None	142	1:1	142
1-4	102	1:4	25
5-19	112	1:5	22
20-50	71	1:6	12
50-500	139	1:8	17
500+	137	1:13	11
TOTAL	703		229

c. Networks

The Wales Management Council works to influence four different networks, many of whom have networks embedded within them, and interact with each other. The situation is extremely complex, made more so by the fact that many bodies in Wales are involved in all four networks which are:

Influencers

Government departments, government agencies, research bodies, and the whole gamut of strategies and action plans emanating from them:

Funders

Those who provide money directly or indirectly to support management and leadership development, in all its forms.

Deliverers

Those in any sector, public, private or voluntary, who supply face to face, individual or group, management and leadership development support.

Employers

Employers are the main client cohort for all the above, but the importance of informal learning, and in-company provision mean that employers are also significant providers of training and development themselves.

In the course of the year we plan to produce a detailed map of these networks, and our relationship with each, to amplify the network “wiring diagram” on page 25.

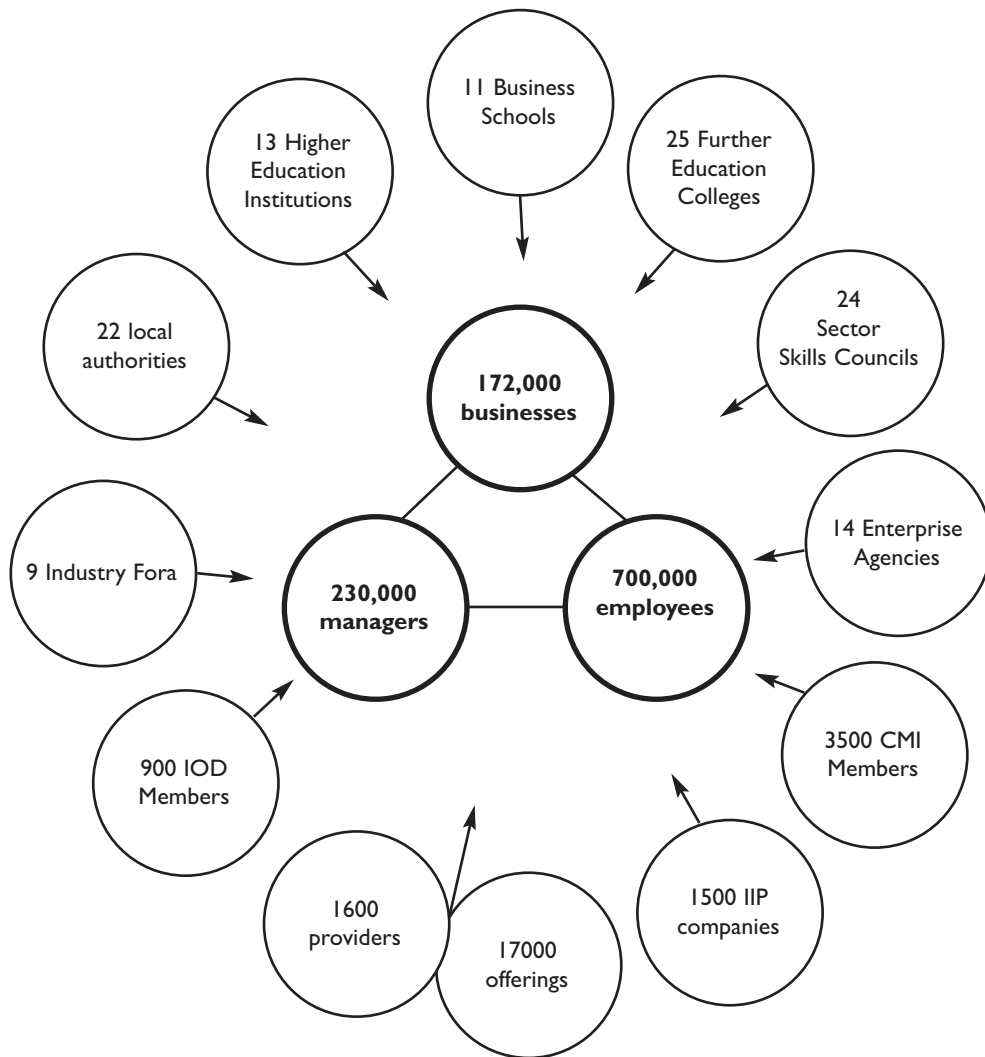
d. Management and leadership development providers

In 2004 Cardiff Business School published its ELWa-funded, research report *Review of the Provision of Management Development and Leadership Training in Wales*. This report is available in full on our website.

The headline data is that there are an estimated 1601 organisations offering at least 17,000 management and leadership programmes – approximately one course for every 12 managers.

The next chapter contains the Executive Summary and Recommendations from this report.

Other relevant, but disparate, data is set out on the next page:





14. SUPPLY

In June 2004 Small Firms Research Unit (now renamed the Leadership, Entrepreneurship and Economic Development Unit) at Cardiff Business School compiled a report on the provision of management development and leadership training in Wales on behalf of ELWa.

The full report is available on the Wales Management Council's website.

The following are extracts from the Executive Summary and the concluding Summary and Recommendations.

Executive Summary

The Small Firms Research Unit of Cardiff Business School has compiled this report on behalf of ELWa. It aims to inform policy makers about the availability of management and leadership development programmes to Welsh businesses. The report is based on the findings of a 5-month study investigating management and leadership provision in both the public and private sectors across Wales. The emphasis of the research has been focused on assessing quantitative information on organisations offering management and leadership training as opposed to developing qualitative data...

...The report shows that a wide range of opportunities exist in Wales to develop leadership and management skills. However the report also highlights the sheer number of available programmes, which can cause confusion for managers trying to identify the most suitable programme for their specific needs. There is often limited information available on the content of programmes – especially for those that are being made available outside the Higher Education (HE) and Further Education (FE) sectors. Furthermore there appears to be very little information on the quality, relevance and value to business of current provision in both the public and private sectors. This latter point is becoming increasingly important because it is also apparent from the interviews with stakeholders that SME managers are not fully engaging with private sector provision nor are they completely persuaded by the relevance of HE and FE offerings.

The report found there are issues related to the quality of training and the perceived benefits of training to the firm. For development programmes to be successful they have to be focused on the interests of individual managers and related to the needs of the company. Overcoming these problems will require a better balance to be struck between demand and supply. And here lies the conundrum: to boost Management and Leadership Development (MLD) in Wales will necessitate an increase in the demand-side in terms of encouraging increased take-up of skills development programmes and raising awareness of the benefits of training to both the company and the individual. However, to achieve this, and to successfully engage those managers who are sceptical of the benefits of training, improvements are required in the quality and relevance of the supply-side.

In terms of quantity and availability, the system currently appears to be skewed towards the supply side. For example, the Wales Management Council's *Agenda for Action* suggests there are approximately 150,000 managers in Wales across all sectors. The findings in this report suggest there are an estimated 1601 organisations offering at least 17,000 management and leadership programmes - approximately 1 course to every 10 managers. However the number of managers actually receiving some form of training in management and leadership skills is likely to total less than 10,000 - which would appear unsustainable. These figures suggest some rationalisation is required to ensure managers are able to see the wood for the trees and some quality assurance of supply is introduced.

The report also highlights the wide variety and high numbers of courses available via HE and FE – altogether over 500 'courses' are on offer. However differences in data collection procedures and methodologies meant meaningful estimates of the number of participants were difficult. For example, there was a lack of consistent data relating to the status of part time learners and so the report could not estimate accurately the approximate number of 'managers' engaged in management development. However, a more dependable data set is being developed by the Higher Education Statistics Agency (HESA) which will help the development of future estimates.

With the Objective 1 Programme reaching its mid term the report devotes considerable space to assessing the management and leadership programmes being delivered with European funding. The vast majority of these programmes are being delivered by the public sector. However, the full evaluation of these programmes has not yet reached the public domain so little data currently exists for a meaningful analysis of the nature of the provision and number of beneficiaries.

Another major part of the study was devoted to an analysis of management and leadership providers in the private sector. The study found a vast array of programmes being offered of which less than a third are accredited and approximately a third of those accredited are GNVQs. Encouragingly, the study found that more than 60% of the providers advised they were delivering 'management development'. However the study found the sector is diffuse and uncoordinated with more than two-thirds of providers being micro organisations.....

Summary of Findings

The sheer number of organisations that have been identified as working in the field of MLD in Wales is quite amazing. This poses a difficult challenge to policy-makers, SME managers and others if they are to maintain current information on the activities of organisations in the area – the vast majority of them are micro businesses. The continuing churn of these micro SMEs adds to the challenge.

Major differentials exist in terms of the type and levels of management and leadership development offered and ultimately provided across Wales. Around half of these providers receive some funding from the public purse which begs the question of whether the Government stimulates to a certain extent the multitude of organisations involved in the area.

The task of policy-makers is further complicated by the vast array of training and consultancy services offered by each organisation. Many of the organisations funded by the public purse, such as HE and FE, offer the greatest number and diversity of courses.

The upshot of this is that there is no shortage of providers or qualifications for MLD. Some of the providers have a world-class reputation – for example, MBAs from top Business Schools. But, too often the forms of training and the qualifications offered are not sufficiently attractive or focused, to achieve the scale of improvement in leadership and management skills required by Welsh SMEs.

This review of existing provision reinforced to some extent the anecdotal evidence provided in the stakeholder interviews. The mapping exercise demonstrated that there is a plethora of poorly coordinated publicly funded initiatives - particularly European funding. Much of this appears to be driven by Government agendas and existing funding regimes, rather than any direct demand from SMEs themselves. Existing provision is very 'supply-led' and there is a crucial absence of 'demand-led' solutions that understand and reflect the needs of the SME manager.

The main gaps in provision lie in the area of practical, vocational, hands-on approaches to training delivered in a workshop environment that actively engages the participant. Managers complain that benchmarks are few and far between and there is no widely acceptable MLD qualification at senior management level.

A key issue emerging from this study is that significant differentials exist in the availability of data across the board from HE, FE, public and private sectors and European funded programmes. This has a continuing impact on the ability to effectively measure and benchmark MLD. This in turn constrains the type of initiatives that policy makers can introduce.

Small businesses are the backbone of the Welsh economy. Effective management of people and other resources within SMEs is fundamental to the success of Wales' economy. Managers need the right skills to enable them to operate effectively and flexibly in an ever-changing employment market. The lack of managerial and leadership skills is likely to be directly related to the high failure rate in SMEs. For example, the stock of VAT registered companies in Wales has been falling rapidly over the last ten years compared with other regions of the UK.

In addition to the high failure rate, there is also concern about the low number of new firms that succeed in growing to an appreciable size in Wales - less than 2% of start ups grow to employ 50 or more people. The poor performance of the SME sector in Wales is increasingly being linked to weaknesses in management and leadership and to related training issues within the sector.

The managerial skills deficit in Wales is being singled out for attention because many of the other factors that can influence the success or failure of firms, like the level of the exchange rate or the phase of the business cycle, are common across the UK. Clearly, helping improve the quality, calibre and capacity of managers and leaders in SMEs is becoming one of the most important policy options for the Welsh Assembly Government seeking to close the prosperity gap with the rest of the UK. Not only are skills and training within the Assembly's remit but, compared with all the other factors that might be holding back economic growth, the managerial skills gap appears to be the most significant independent obstacle to growth.

A huge amount of funding for management and leadership has come from European programmes, with a range of projects available across Wales. Some are focused heavily on MLD, whilst others have a more indirect impact. However, despite the millions of pounds of European money being spent on MLD, there appears to be little work being carried out as yet to assess the full impact of these projects. Current outputs are not particularly meaningful in measuring both the up-take and effectiveness of MLD in SMEs. The good news is that up until the end of 2006 when the current European programmes end there is ample funding available to develop more focused management and leadership projects across key sectors of the Welsh economy.

The results of the questionnaire show that ELWa is currently the most common source of funding for respondents. There are two main explanations for this; firstly, the majority of lead organisations for European funding are public sector organisations (from whom we had a relatively low response rate to the questionnaire) and/or secondly, the amounts of money being made available from ELWa are small in size, but fairly widely dispersed.

Different people have different conceptions of what management is about. This inevitably shapes their view about the way in which managers ought to learn and be developed. Because the availability of funding leads the development of training programmes this has created an impression from managers that all forms of training have to be subsidised. This leads to reluctance to spend resources on training. Also, the wide array of funding and the plethora of poorly coordinated provision mean that the individual manager has difficulty choosing a relevant training package.

Ultimately, improvements in management and leadership skills will only happen if employers, facing the day-to-day realities of running their organisations, see a value and purpose in investing scarce resources in upskilling their senior management team. They are more likely to engage in management development if it is offered through the types of communication channels and intermediaries that they trust. The trick is to deliver MLD in ways that encourage employers and individuals to adopt, in their own interest, the strategies that will drive up performance and enable their organisations to respond positively to changes in the economy.

Recommendations

Outline recommendations, that have not been prioritised, are summarised below to aid further research. These proposals have emerged from the desk research, from the results of the questionnaire, from follow up discussions with correspondents and from the stakeholder interviews. They have been categorised under the three key areas which need to be addressed; stimulating demand and raising the quality of supply, funding for MLD, and informal learning.

Stimulating Demand / Raising the Quality of Supply

- Build credibility of MLD through raising quality standards and developing appropriate kite marks for courses relevant to industrialists and middle managers
- Greater assessment of provider credentials (i.e. qualifications / managerial experience etc)

- Simplifying current qualifications and structure
- Take action on identified gaps in provision i.e. in strategic decision making and in meeting the needs of micro SMEs
- Benchmarking Performance – there is a need to develop a framework of indicators (personal and organisational) to assess management capability and evaluate the impact of any development undertaken. (To be effective, guidance will need to be given to providers on how to use it)
- Appropriate benchmarking tools should also be developed in the public and voluntary sectors
- Best Practice - develop and highlight case studies of best practice and exemplars of successful leaders to demonstrate the 'real' benefits of MLD
- Engaging intermediaries (i.e. Business Eye, Enterprise Agencies, Business Advisors, and Membership organisations) to understand the importance of the role of MLD. In this way they can play an important role as catalysts for MLD (particularly for informal learning)
- Rationalisation of existing support structures
- Identify the key drivers of business growth in the SME sector and develop better methods of articulating the role of MLD in addressing these drivers
- Development of a diagnostic to assess the needs of SME managers and their capacity to undertake training so as to make more efficient use of scarce resources
- Utilise the data from this project to begin to build and populate a database of providers. For the database to be successfully used by the network it must provide access to local learning opportunities, formal and informal, supported with qualitative, objective assessments of their effectiveness (i.e. Amazon style), tailored to identified needs of SME managers

Funding for management and leadership development

- Develop information on funding available for MLD provided through key stakeholders i.e. ELWa, WDA, WAG and WEFO
- Develop close links with other on-going research in the area, such as that being undertaken by SSDA who have substantial funding to carry out a major study of MLD in the UK
- Implementing 'seed-corn' funding for innovative ideas to establish a desire for MLD which is self-sustaining
- Review the funding regime. The focus of the funding regime is currently too much on outcomes rather than learning – there is a need to redress the balance
- The funding regime has given impetus to the development of a large number of uncoordinated deliverers. Need to develop a more flexible funding regime that responds better to SME needs
- Capitalise on £27m + of un-spent European funding by developing more focused MLD options for key sectors of the economy
- Use this funding to move management and leadership to the top of the training agenda and establish existing best practice across all sectors. Develop MLD as a key channel for business support
- Integration of MLD funding - funding for MLD should not be considered in isolation – it should be integral to other business support packages, through demonstration of management competencies

Informal Learning

- Incentivise and stimulate demand for informal learning and continuing professional development (CPD). Some of this research has emphasised the significance of informal over formal learning to SMEs. The lack of support from Government for informal learning needs to be reversed
- Recognise the contribution to MLD that informal learning such as mentoring, skill swapping, work-shadowing, and networking groups can provide. We recommend that a significant amount of the remaining European Funding (in the key period up to 2006) be dedicated to Informal Learning and CPD to support existing networks and clusters and enhance informal learning opportunities.

The Cardiff Business School research outlined in this chapter provides valuable insights into the nature of the supply-side - who is providing what and where in the management and leadership development arena in Wales.

We hope that this research will be repeated in two years time to see whether there has been any significant change in focus, or a rationalisation of what is on offer to meet the demands of the market.

However, this is only part of the picture. We also need to have a clearer picture of what is happening on the demand-side – what are managers in Wales doing about their management development, and what are their priorities? The results of Wales Management Council's research to answer these questions are summarised in the next chapter.



15. DEMAND

In 2004 the Wales Management Council retained the services of Strategic Marketing in Cardiff to investigate the demand-side of management development in Wales. We wanted a clearer picture of what companies and organisations across Wales were doing to develop their managers and leaders. The following is the Executive Summary from that report.

a. Aims and objectives

The aim of this research was to carry out a robust and statistically valid, cross-sector survey of the extent and nature of management and leadership development activity in companies and organisations across Wales. This will provide information and data against which future developments and progress can be measured, and to which policy makers, funders, and training providers can respond.

b. Response profile

The research questionnaire was sent to just under 10,000 organisations across Wales. 592 organisations replied, a response rate of 6%. This was boosted to 1,576 with the addition of 984 telephone interviews.

77% of respondents were from organisations with less than 50 employees; 23% were from organisations with over 50 employees.

All sectors were represented, but dominated by wholesale, retail and catering (25%), manufacturing (22%), education, health, recreation, and other services (19%), financial and business services (16%).

27% of respondents were recognised or committed to achieving Investors in People; 14% were not pursuing but considering IIP; 58% had no interest in pursuing IIP.

36% of organisations (mostly those with less than 10 employees) do not undertake any management development at all. This is most prevalent in the construction, agriculture, retail, and hospitality sectors.

The responses, weighted by employee numbers, suggest that there are 181,600 managers in Wales.

c. Definitions

We based our definition of management and leadership skills on the work carried out by the Council for Excellence in Management and Leadership (CEML) in 2002 and the new National Occupational Standards for Managers completed in 2004. We focused on three core skill areas: *thinking*, *people*, and *task*.

d. Skills

We attempted to find out which management and leadership skills organisations think are the most important, and where they devote most attention and resources. The responses were largely inconclusive, with responses evenly balanced across all three of the options listed above. *Task* and *people* abilities came out slightly ahead of *strategic thinking*, though this scored more highly with smaller companies than large, who focused on *people* skills. Further analysis of *people* and *task* skills provided little conclusive information. All this however suggests that the problem may lie in the language of the questions as managers do not naturally categorise their activity in this way. However, categorisation of some sort is vital if managers are going to explore the strengths and weaknesses of their own management skills as a way in to defining their development needs.

e. Development

We asked how managers develop their skills on-the-job and off-the-job. *Getting better by practice* topped the poll of on-the-job options, followed by *mentoring*, *job shadowing* and *advice from others*. From the off-the-job options, *in-house training (away from desk)*, and *self-directed learning* scored high, followed by *external seminars/conferences* and *external courses*. The prevalence of in-house training over external training was notable, as was the lack of emphasis on *networking* despite the fact that this is seen by many as an integral part of attending seminars and conferences.

f. Training

Moving from the “what” and the “how” to the “how much”, we asked how much management training does each manager receive each year. The mean was 6.5 days. 60% of organisations say that their managers receive 1 – 5 days, 25% say 6 – 10 days. Larger organisations (over 50 employees) invest in more training days than smaller. The overall estimate of the number of management training days that take place each year in Wales is 550,240 with an estimated total spend of £138 million. 22% of organisations have a training budget, and this is much more prevalent in larger organisations. On average, those who have a training budget devote 33% to management training, but this rises to 40% in smaller organisations. 80% of small businesses in Wales do not have any training budget at all. Larger organisations are more likely to have a specific training plan for managers than smaller. Training plans for managers are selective, with 75% of organisations having plans for less than half their managers. Just under 40% of those with training plans for managers include both on-the-job and off-the-job learning. Those who follow programmes leading to qualifications put business schools and universities at the top of the list of where those qualifications come from. Very few organisations use other awarding bodies such as CMI, ILM or CIPD. 65% of organisations say their training takes place mostly in Wales, 20% said that it was equally divided in and outside Wales, 15% said mostly outside.

g. Advice

Recent research from Cardiff Business School identified 1600 providers of management and leadership development, and 17,000 different programmes or offerings. We wanted to find out where organisations get advice to find their way through this maze. Colleges and universities came top of the list, followed by WDA (who have no specific remit for management development), and then ELWa, accountants, banks and Learn Direct.

h. Change

Finally we asked what respondents believed needed to change to increase the provision and take-up of management and leadership development in Wales. There was a positive response to all the options given, but those receiving the highest scores were:

- Learning approaches more closely aligned to the development needs of the business
- Training that fits seamlessly into the way organisations work normally
- Learning approaches that integrate on and off the job training
- Evidence that management development is a profitable investment.

Mentoring scored in the mid-range over all, but higher with larger organisations. *Informal forums* for managers to share experiences scored low over all (as did *networking* above), but was rated high by larger organisations.

i. Action

Out of this research we have identified ten actions for the future:

- | | |
|---------------------------------|--|
| ● <i>Future research</i> | Repeat this research every two years to measure progress |
| ● <i>Development priorities</i> | Help businesses understand the range of management skills that they need |

● <i>Strategic thinking</i>	More emphasis to be given to strategic thinking and planning
● <i>Informal v. formal learning</i>	Think about training “in the round” to embrace formal and informal methods
● <i>HE, FE and in-house training</i>	In future research, differentiate HE/FE provision, and explore who provides in-house training
● <i>Networking</i>	Facilitate informal learning and problem-solving networks
● <i>Mentoring</i>	Increase mentoring capacity and support
● <i>Training days</i>	Persuade businesses to devote more time to management development
● <i>Training location</i>	Research the reasons for take-up of training outside rather than inside Wales
● <i>Help and advice</i>	Capitalise on trust placed in college and universities.

We believe this research provides valuable base data against which future progress in the demand for management and leadership development across Wales can be measured.



16. INFORMAL LEARNING

Informal learning, particularly for small businesses, has always been high on the management development agenda, but has been given little attention by policy makers and those charged with delivering pragmatic and relevant solutions to the problems of management development in SMEs.

Four recent reports from the Small Business Council, CBI, SFEDI, and the Centre for Enterprise have all emphasised that, in the CBI's phrase "informality works".

Some selections from these reports drive the point home. First of all from the Small Business Council report *Measuring Training in Small Firms*, published in 2003

Small businesses train more than the Government recognises; they have different but equally valid methods of training. Of particular importance in the small business context is informal training – learning that takes place at the workplace on- or off-the-job. Studies based on large-scale quantitative surveys have frequently concluded that small businesses provide less training than larger businesses; policymakers have extended the argument to suggest that small employers provide insufficient training. Just because informal training is 'invisible' to policymakers and government only measures formal qualifications or participation in government initiatives, it does not mean that there is no training or that training is inadequate. A greater sensitivity on the part of policymakers to the variety and extent of actual training practice within small businesses is required.

The Small Business Council report goes on to present a "continuum of training activity" from the formal to the informal:

Informal ↑ ↓ Formal	Experiential learning: acquired through performance or routine working practices
	Self-directed learning, at or away from the workplace
	Working on-the-job, while being overseen by more experienced workers
	On-the-job demonstration by experienced workers
	In-house, off-the-job learning and training events
	Short-term courses/seminars/events with a high off-the-job content, not leading to qualifications
	Short-term courses/seminars/events with a high off-the-job content, leading to a recognised qualification
	Long-term taught courses with a high off-the-job content, leading to a recognised qualification.

And the same report emphasises that "small businesses value skills over qualifications"

In some situations, there is a need for formal qualifications, for example health and safety, or as a 'foot in the door' to certain industries, after which specific job-related training can begin. However, for small businesses, formal qualifications and accreditation are often an incidental consequence of developing workforce skills, rather than the primary motive for training. For a small business, the ability of staff to do their job is more important than a piece of paper, because qualifications are neither a guarantee of quality nor a reflection of actual skills.

The Small Firms Enterprise Development Initiative (SFEDI) carried out a survey in 2003 into "learning solutions for small firms" to identify what had contributed most to improved performance among owner-managers. The results were as follows:

Learn from mistakes	60%
Other people in the business	36%
Professional advice	25%
Other	18%
Books, articles, internet pages	17%
Other businesses	16%
Training course	11%
A coach or mentor	9%

SFEDI have long championed the case for making training and development opportunities relevant to small business needs. In their Small Firms Skills Assessment 2004 they say

Small businesses rely heavily on informal learning. Experiential learning is particularly important for owner-managers. Provision to support learning and development needs to be convenient, practical, relevant, complementing their working time and methods.

In the same document, SFEDI sets out its view of the “learning continuum”

Informal  Formal	Learn from mistakes
	Self-analysis/psychometric
	Learn from others
	Facilitation networking
	Mentoring/coaching
	Business advisors
	Training courses
	MBA/formal qualifications

The CBI threw its weight behind the same issues in its Human Resources Brief of April 2003 *Informality Works: a new approach to training for SMEs*:

General perceptions of SMEs are misleading. They are a diverse group that includes some of the most highly skilled and productive companies in the UK. The majority of SMEs do train, although often in an informal ad hoc manner.

SMEs face distinctive constraints on training formally. Managers need to be convinced that training will add value, as the costs of formal training – and particularly tailored training – are disproportionately higher for SMEs. SMEs have difficulty getting information they can trust on training and learning opportunities and need help in identifying what training is needed.

Government should support SMEs in four key areas:

- Help SMEs to identify means of improving business performance, including skills development
- Support informal learning for managers
- Provide qualitative information and support employers in finding suitable training
- Ensure SMEs can access flexible and relevant training.

The CBI report goes on to explore in more depth why informal training is so important for small firms:

Tailored, off-the-job training is more costly for small firms as they cannot benefit from economies of scale. Moreover, a small or medium-sized firm can less afford to have key employees absent from work. On-the-job training causes much less disruption and can be fitted into the day-to-day activities of the business. Many SMEs prefer informal training in the workplace because it can focus more closely on the work roles and specific skills of individual workers. Informal training is often more cost-efficient and effective.

The Federation of Small Businesses (FSB)/SFEDI report *Developing the Business and Developing the People: the view of small firms*, also published in 2003, gives further support for these arguments:

A crucial innovation in this study was to ask about the abilities people had developed, how this was achieved and the preferred methods of learning ... This offers vital insights into learning and development that are missed in surveys that consider only formal training and qualifications.

- Small businesses do develop people but predominantly by informal means that rely heavily on learning from experience.
- About two-thirds of owner-managers thought practice, discovering what works and reviewing what they did had made very important or critical contributions to helping them do their job better.
- The most common routes to employee development were from learning by doing the job (85%) and discussions with their manager (81%), followed by observing employees (67%), coaching or mentoring (61%), on-job training (40%), off-job training (36%), using a learning package (17%).
- Substantial proportions of owner-managers:
 - believe more effective learning occurs if it is directed at solving problems for the business;
 - thought you could learn a lot from the experience of other small businesses;
 - find time is the biggest constraint on personal development activities;
 - prefer learning-by-doing;
 - would do more self-development if activities were 'bite-size'.
- Help from an advice agency had made, on average, the smallest contribution to improvements in owner-managers' ability to do their jobs. Almost three-quarters also thought that agencies promoted training and development programmes that were not relevant or appropriate to their business.
- Methods of development are highly diverse. Thirteen routes to improved performance were identified (in descending order of importance):
 - discovering what does and does not work
 - reviewing what I did and thinking how to do it better
 - getting better by practice
 - advice from people in the business
 - learning from other people running a business
 - help from accountant/bank manager
 - other training away from my desk
 - other training while at my desk
 - business mentoring or coaching
 - other professional help or advice
 - networking at business events
 - training from suppliers or customers
 - help from an advice agency.

Finally, the Centre for Enterprise in Leicester, published a report, again in 2003, entitled *Leaders and Managers: learning their way* which focuses on the development needs of managers and leaders, and adds to the important growing list of policy recommendations in the field of informal learning:

Improving management and leadership skills can make a valuable contribution to rising prosperity. Yet we seem to have a weakness, especially in smaller businesses. We have made many attempts to tackle this problem, but solutions have been shorter on successes than on creating more initiatives. The customer is too often left a bystander. ... Smaller businesses learn in less formal ways, like experience and networks, which in turn have not historically been well supported by policy interventions.

Everybody supports CEML's proposition that we need to support informal learning – but the concept remains unclear. Part of the problem is that informal learning is defined as *not* formal learning ... Formal and informal learning is a continuum, rather than distinct categories. Learning becomes more formal as we move (a) from an open content and context to a prescribed learning framework; (b) from learning focused on practical experience to teaching and assessment; and (c) away from learning for its own sake, without a conscious purpose.

There is some good evidence that we have a sustained gap in the workforce's management and leadership skills. Some of this may be down to wider issues, with low competition blunting incentives to grow. Other factors point to institutional failures. For example, management and leadership provision doesn't seem to meet small business customers' needs. They are offered technical management courses but want practical skills to build leadership. The functional specialisms of much that is offered reflect a large company division of labour, which doesn't work for small business leaders, who need the knowledge to lead the whole business, not a subset.

A shared goal for policymakers and practitioners should be that small business managers and leaders are offered opportunities to gain practical knowledge through more open and less formal learning opportunities. This practical knowledge is about the skills to (a) *lead* a business, by identifying and acting upon opportunities in a changing environment, and (b) *manage* a business, by bringing together the resources to realise the value of those opportunities. Those less formal learning experiences will (a) draw out more value from managers' own experiences; and (b) offer forums for open learning rather than prescribing outcomes.

The report sets out its own “continuum of learning” in the business context

<i>Formal</i>				<i>Informal</i>		
- prescribed learning framework				open content and context		
- teaching and assessment				learning by experience		
- conscious purpose				unconscious intent/action		
Taught course leading to a qualification	Course or seminar, not leading to a qualification	Self-directed learning on a set topic	Adviser or non-exec director	Informal mentorship	Interaction with peers/colleagues or business network	Learning by doing.

and goes on to make a number of recommendations for practitioners and policymakers to work towards, not as a complete answer, but as a “steer to ensure that the customer stays centre stage in our actions”:

1. Greater action to stimulate and signpost demand for management and leadership development.
2. Recognition of the role business intermediaries can play as catalysts for informal learning.
3. Wider conscious combination of informal and formal learning methods.
4. Greater support for managers and leaders in developing the skills to acquire and accumulate practical knowledge.
5. Greater recognition of the autonomy of practical and technical knowledge.
6. More reflection on how we create informal learning opportunities.

Further thoughts on management education come from a groundbreaking article by Jonathan Gosling, director of the Centre for Leadership Studies at the University of Exeter, and Henry Mintzberg, the John Cleghorn Professor of Management Studies at McGill University in

Montreal, entitled *The Education of Practising Managers* in the Summer 2004 edition of the MIT Sloan *Management Review*. The article is mainly focused on the inadequacies of traditional MBA programmes, but the authors argue that

Companies and business schools must work together to reinvent management education, rooting it in the context of managers' practical experiences, shared insights, and thoughtful reflection.

They establish “seven basic tenets upon which we believe true management education should be built”. These tenets have much to say about the way we approach management development as a whole, and not just in relation to business school programmes:

- Tenet 1: Management education should be restricted to practising managers, selected on the basis of performance.
- Tenet 2: Management education and practice should be concurrent and integrated.
- Tenet 3: Management education should leverage work and life experience.
- Tenet 4: The key to learning is thoughtful reflection.
- Tenet 5: Management development should result in organization development.
- Tenet 6: Management education must be an interactive process.
- Tenet 7: Every aspect of education must facilitate learning.

And the authors concisely sum up what management is all about in a quotation that is repeated on the title page of this report:

Management is neither a science nor a profession, neither a function nor a combination of functions. Management is a practice – it has to be appreciated through experience, in context. Management may use science, but is an art that is combined with science through craft. In other words, managers have to face issues in the full complexity of living, not as compartmentalised packages. Knowledge may be important, but wisdom – the capacity to combine knowledge from different sources and use it judiciously – is the key.



17. MANAGEMENT SKILLS

The new occupational standards for management and leadership, approved in May 2004, describe the level of performance expected in employment for a range of management and leadership functions or activities.

The new standards are the third edition to be produced and were developed by the Management Standards Centre between 2002 – 2004 following extensive consultation with individuals, employers and other key stakeholders.

The standards are designed to act as a benchmark of best practice. They represent a major progression from the 1997 standards (the second edition) as the number of units has been reduced from 77 to 47. This reflects that fact that many managers felt that the 1997 suite was too unwieldy for practical use and contained large areas of duplication.

The other major development is that the standards now include behaviours that underpin effective performance. This is in recognition of feedback from employers that the soft skills which managers bring to their role are as important as the hard technical skills they possess.

The standards contain a matrix to show how each unit applies to each of four levels of management: team leader, first line manager, middle manager, and senior manager.

Unlike previous versions of the standards it is intended that this suite will be subject to incremental change using feedback collected from new and existing users.

The standards are intended to be benchmarks of best practice.

They coherently bring together the outcomes, behaviours and knowledge required to deliver identified management functions into a tool that can be used by individual managers and their employers to

- describe the key activities of a manager
- describe the skills they need
- evaluate the skills they already have
- identify the skills they will need
- support continuing professional development
- evaluate the skills already in the workforce
- identify skill gaps
- plan training and recruitment
- prepare job descriptions
- prepare recruitment advertisements
- support appraisals
- aid selection and recruitment
- aid employee retention.

The main unit headings are listed below.

The key purpose of management and leadership is to provide direction, gain commitment, facilitate change and achieve results through the efficient, creative and responsible deployment of people and other resources.

A. Managing self and personal skills

1. Manage your own resources
2. Manage your own resources and professional development
3. Develop your personal networks

B. Providing direction

1. Develop and implement operational plans for your area of responsibility
2. Map the environment in which your organisation operates
3. Develop a strategic business plan for your organisation
4. Put the strategic business plan into action
5. Provide leadership for your team
6. Provide leadership in your area of responsibility
7. Provide leadership for your organisation
8. Ensure compliance with legal, regulatory, ethical and social requirements
9. Develop the culture of your organisation
10. Manage risk
11. Promote equal opportunity and diversity in your area of responsibility
12. Promote equal opportunity and diversity in your organisation.

C. Facilitating change

1. Encourage innovation in your team
2. Encourage innovation in your area of responsibility
3. Encourage innovation in your organisation
4. Lead change
5. Plan change
6. Implement change

D. Working with people

1. Develop productive relationships with colleagues
2. Develop productive relationships with colleagues and stakeholders
3. Recruit, select and keep colleagues
4. Plan the workforce
5. Allocate and check work in your team
6. Allocate and monitor the progress and quality of work in your area of responsibility
7. Provide learning opportunities for colleagues

E. Using resources

1. Manage a budget
2. Manage finance in your area of responsibility
3. Obtain additional finance for your organisation
4. Promote the use of technology within your organisation
5. Ensure your own action reduces risks to health and safety
6. Ensure health and safety requirements are met in your area of responsibility
7. Ensure an effective organisational approach to health and safety

F. Achieving results

1. Manage a project
2. Manage a programme of complementary projects
3. Manage business processes
4. Develop and review a framework for marketing
5. Resolve customer service problems
6. Monitor and solve customer service problems
7. Support customer service improvements
8. Work with others to improve customer service
9. Build your organisation's understanding of its markets and customers
10. Develop a customer-focused organisation
11. Manage the achievement of customer satisfaction
12. Improve organisational performance

Full details of the standards can be downloaded free of charge from www.management-standards.org. A CD-ROM is also available, via the website, for £5.

The Small Firms Enterprise Development Initiative (SFEDI) has always been at the forefront of identifying the skills needed to manage and lead a small business. Their small business development standards are a valuable complement to the national occupational standards summarised above. SFEDI defines the skills needed in relation to the tasks that need to be addressed, as follows

Getting more sales

- Plan how to improve your sales and marketing
- Explore markets abroad
- Negotiate sales

Getting new customers

- Look after customers
- Improve your service to customers
- Solve customers' problems with the service of the business

Getting the direction and controls right

- Carry out your business plan
- Improve the quality of your products and services

Getting the premises, equipment and materials

- Get the right premises for the business
- Improve your use of equipment, tools and materials

Getting the most from IT

- Develop a website for the business
- Communicate using IT
- Choose and use computers and software

Getting the most for your money

- Plan how to improve the finances of the business
- Get finance for the business
- Get customers to pay more quickly

Delegating and managing your time

- Improve your time management and delegation skills

Getting the right people

- Review your staffing
- Deal with poor performance and handle staff complaints
- Recruit staff

Getting more from staff and contractors

- Make sure your staff can do their work
- Get the right services or supplies from another business

Health and safety

- Control risks to health and safety
- Conduct an assessment of risks in the workplace

Business healthcheck

- Review the business
- Develop your plans for the business
- Check your own skills

In the *Small Firms Skills Assessment 2004*, SFEDI reports on research into the skills and abilities that are needed to run a small business. These skills are categorised under three headings originally developed by CEML: business strategy and analytical thinking, people abilities and task abilities:

<i>Business strategy and analytical thinking</i>	<i>People abilities</i>	<i>Task abilities</i>
Visionary	Communication	Financial awareness
Strategic and analytical thinking	Motivation	Marketing
Manage/implement change	Emotional intelligence	Delegation
Decision-making	Teamwork	Organisational skills
Problem-solving	Build confidence	Technical skills
Setting goals	Social/emotional support	Multitasking
Business planning	Ability to engage and listen	Time and resource management
Direction and strategy	Give feedback	Depth of knowledge
Spot/seize opportunities	Personnel management	Achieving objectives
Manage work horizontally	Respect	Supervising
Common sense	Inspire	Manipulation
Forward thinking	Get commitment	Budgeting
Think globally	Give responsibility	Human resource skills
Implement structure	Diplomatic	Staff development
	Networking	Appraisals
		Prioritise
		Keep things simple
		Keep control and order
		Managing projects
		Multi-skilled

And to these are added a list of personal characteristics, in alphabetical order

Active (proactive/reactive)	Energetic	Open-minded
Adaptable	Flexible	Patience
Approachable	Hard-working	Positive
Assertive	Honest	Reliable
Confident	Independent	Respectful
Creative	Innovative	Responsible
Decisive	Intelligent	Risk-taker
Drive/determination	Judgement and intuition	Self-belief



18. LEADERSHIP SKILLS

There is no let up in the number of books, magazine and web-site articles that are published on leadership, or the number of conferences with leadership as their theme.

Inspiring as the messages are from those whose talent for leadership is recognised and acknowledged by others, whether followers or merely observers, all too often the models of excellence seem remote from our own situation and the realities of our working life.

In Wales we have in 2005 taken a step forward to find and recognise leadership exemplars who live and work in Wales, and who are making a significant difference to Welsh businesses and organisations, and to the economy as a whole.

The *Leading Wales Awards* were launched in 2004 and the first winners were announced in February 2005, in four categories, businesses over 250 staff, businesses under 250 staff, public sector, and voluntary/not for profit sector.

Every candidate for the Awards had to be nominated by a colleague who was asked to explain how their nominee demonstrated his or her ability to “provide direction, gain commitment, facilitate change and achieve results, through the efficient, creative and responsible deployment of people and resources”. This description is the definition in the new occupational standards for management and leadership of “the key purpose of management and leadership.”

But at the end of the application form each nominator had to sum up the unique qualities of their nominee in three words. This for the first time provided a rich source of home-grown definitions of what makes a good leader.

All the words used are reproduced below, grouped in descending order of frequency of use.

The first box contains the cumulative results from the 70 applications received. The next boxes show the ranking from the applications from each sector.

The top five attributes over all are:

- Inspiring
- Committed
- Enthusiastic
- Visionary
- Innovative

But there are interesting variations in each sector, which give food for thought about the importance of understanding leadership qualities in context:

<i>Over 250 staff</i>	<i>Under 250 staff</i>	<i>Public sector</i>	<i>Voluntary</i>
Determined Committed Inspiring Motivating Visionary	Inspiring Visionary Enthusiastic Innovative Committed	Inspiring Committed Enthusiastic Dedicated Professional	Innovative Dedicated Enthusiastic Caring Committed

All entries	
Inspiring/inspiration/inspirational	Efficiency
Committed/commitment	Encouraging
Enthusiasm/enthusiast/ enthusiastic/enthusing	Engaging
	Entrepreneurial
Vision/visionary	Fairness
	Giving
Innovative/innovation	Imagination
	Infectious leadership
Dedicated/dedication	In touch
	Making a difference
Carer/Caring	Nothing is too much trouble
Determined/determination	Objectivity
	One of a kind
Supportive	Openness
Focused	Optimistic
Motivated/motivating/motivational	Pacesetter
	Putting others first
Driven	Realistic
Passion/passionate	Reliable
Professional	Resilience
	Respected
Achieving/achievement	Results-driven
Energetic/energising	Sensitive
Integrity	Sharing
Leadership/leads	She's the best
	Simply the best
Approachable	Skilled
Capability/capable	Special
Compassionate	Strength
Considerate	Successful
Creative	Superb
Dynamic	Unconventional
Empathetic/empathy	Values based leadership
Empowering	Wonderful
Friend/friendly	
Honest/honesty	
Perseverance/persistent	
Positive	
Respect/respected	
Admired	
Appreciation	
Challenging	
Charismatic	
Coaching	
Cool	
Cosmopolitan	
Credibility	
Decisive	
Dignified	
Direction	
Effective	

Businesses over 250	Businesses under 250	Public Sector	Voluntary/ Not for profit
Determination/ determined	Inspiration/inspirational	Inspiring/inspirational	Innovative
Commitment/ Committed	Vision/visionary	Commitment/ committed	Dedicated
Inspirational	Enthusiasm/enthusiastic	Enthusiastic/enthusiasm	Enthusiasm/enthusiastic
Motivational/motivating	Innovation/innovative	Dedicated/dedication	Caring
Vision	Committed	Professional	Committed
Achievement	Passion/passionate	Vision/visionary	Determined/ Determination
Admired	Supportive	Carer/caring	Honest/honesty
Appreciation	Caring	Driven	Inspirational
Capability	Creative	Motivated/motivational	Visionary
Caring	Achieving	Supportive	Achievement
Challenging	Approachable	Approachable	Compassionate
Coaching	Capable	Considerate	Creative
Cool	Charismatic	Credibility	Driven
Cosmopolitan	Compassionate	Determined	Dynamic
Driven	Considerate	Effective	Energetic
Encouraging	Decisive	Efficiency	Entrepreneurial
Enthusiastic	Determination	Empathetic	Fairness
Focused on people	Dignified	Empowering	Focused
Integrity	Dynamic	Energetic	Giving
Putting others first	Empathy	Engaging	Integrity
	Empowering	Focused	Leadership
	Energising	Friend	Objectivity
	Focused	In Touch	Pacesetter
	Friendly	Innovative	Passionate
	Imagination	Making a difference	Reliable
	Integrity	Openness	Sharing
	Leads by example	Optimistic	Skilled
	Motivational	Perseverance	Special
	Nothing is too much trouble	Positive infectious leadership	Values based leadership
	One of a kind	Realistic	
	Persistent	Respected	
	Positive	Results-driven	
	Professional	Sensitive	
	Resilience	Successful	
	She's the best	Unconventional	
	Simply the best	Wonderful	
	Strength		
	Superb direction and respect		

In October 2002 the Institute of Leadership and Management held its annual conference in London with the theme “People @ the Heart of Leadership.”

Some of the keynote speakers’ thoughts on leadership are captured below:

- *Rene Carayol MBE, business speaker, author and broadcaster*

Leadership is about optimism.

Great leaders have a sense of excitement about them, an aura of confidence and a natural air of urgency. Most of all they are passionate.

If management is about doing things a little better, leadership is doing better things, thinking the unthinkable and having a vision of what the world could be like.

If someone is managing you it hurts. When you are being led you smile.

- *Cathy Holley, headhunter and partner Boyden UK*

The really good leaders are able to deal with shifting sands and nebulous requirements, rather than just people management.

Good leaders can deal with changing market forces, they are not afraid to take risks, as well as making bold decisions. They remain focused on goals even in times of turbulence.

They are able to adjust their communication skills to whoever they are speaking with, and are able to judge what kind of style would get a good reaction from this person.

Good leaders come across as being able to treat whoever it is with a great deal of respect.

- *David Taylor, author of *The Naked Leader**

Organisations can no longer grow through mergers and acquisitions, so we have to grow organically and that has to be through the awakening of the leadership talent within our people.

I believe emotional leadership/intelligence – an awareness of our natural abilities as to who we are – is at the forefront of the world.... Transformation comes from within.

Leaders know how to make the best choices themselves, and to inspire people to make the best choices.

(Leaders) have incredible confidence, they're very, very persistent, the main thing though is that they are prepared to encourage other people to be successful.

- *John Seddon, managing director, Vanguard Consulting*

My definition of leadership is “being able to work on the work with the workers” – when leaders do that, their workers solve the problems.

If you want to improve your performance, change the system, change the way you think.

If your business has targets, standards and activity measures, it will be providing a poorer service and at higher costs. People want meaning from work, a sense of collaboration and purpose.

We have built our organisations on command and control, where the ethic is to manage the people and manage the budgets. The alternative is to work from the outside in, instead of from the top down, and integrate decision-making with work.

But what of the future?

In their 2004 report *What is Leadership?* Leadership South West and the University of Exeter quote the findings of Bolden and Gosling's 2003 report for the Windsor Leadership Trust *Leadership, Society and the Next Ten Years* which sets out the "key leadership qualities for the next ten years":

- Integrity and moral courage
- Self-awareness and humility
- Empathy and emotional engagement
- Transparency and openness
- Clarity of vision
- Adaptability and flexibility
- Energy and resilience
- Decisiveness in the face of uncertainty
- Judgement, consistency and fairness
- Ability to inspire, motivate and listen
- Respect and trust
- Knowledge and expertise
- Delivering results

They also cite some "leadership dilemmas for the 21st century"

- Can outcomes justify the means by which they are achieved?
- When values clash how do we choose which takes priority?
- What should be done when the interests of the organisation/shareholders are in conflict with the interests of society?
- Can you lead if you don't subscribe to the core values of the organisation?
- How can we achieve consensus without negating minority views?

Food for thought for all leaders.



19. EVALUATION

The problem with management and leadership development is that we all believe it is important, and we all have personal anecdotes of the way in which raising skill levels has helped to improve business performance, but there is no hard, convincing, public evidence that developing management skills impacts on the bottom or the top line. It is therefore not surprising that managers question whether an investment in management development will bring a measurable return.

The fifth strategic objective in *Agenda for Action* was to

Set up an evaluation and monitoring framework to assess the outcomes and impact of leadership and management development in Wales.

The difficulties associated with evaluation of this kind are set out in a recent paper by Ewart Keep and Ken Mayhew of the ESRC Centre on Skills, Knowledge and Organisational Performance entitled *The Future Shape and Direction of Workforce Development in Wales – Analysis and Options Paper*.

The paper does not in fact say very much about Wales, and is discussing skills development in general, not management development in particular, but it has some important observations to make about the difficulties of making

a clear, concise and watertight business case that “skills pay” in a way that will convince sceptical employers to alter their investment patterns significantly.

The same difficulties are identified in a report published by DFES in 2004, written by John Burgoyne, Wendy Hirsch and Sadie Williams of the Management and Leadership Development Research Network, entitled *The Development of Management and Leadership Capability and its Contribution to Performance: the evidence, the prospects and the research needed*.

In this report John Burgoyne argues that

More evaluation research needs to be built in to management and leadership development initiatives themselves, so that evidence is used to steer and improve, on the base of evidence, their effectiveness.....

More research is needed to understand *how* management and leadership capability contributes to performance, and how the different channels through which this operates are activated in different contexts. This will help to target management and leadership development effort.....

The key conclusions of this report are

- Management and leadership development can and does, in the UK and elsewhere, enhance performance for economic and social benefit.
- It does not currently do so to its full potential, and there are therefore further performance gains to be had from improving it.
- This improvement can come as much or more from improving the *precision* with which the management and leadership development investment is made (by individuals, organisations and the state), than by increasing the *scale* of the investment – though the latter might usefully grow as confidence in performance benefit becomes more secure.

- This is because management and leadership development contributes to performance in multiple rather than a single way, and what is effective varies very much with situation and context. Fitting the right approach to the specific context is the key.

But the task is not an easy one. As Lyn Bicker, managing director of TSO Consulting argues in a recent article in the ILM's *Edge* magazine

The impact of training investment on financial performance is less likely to be through a sudden increase in share price than an incremental improvement in areas such as productivity, quality and customer care

Distinguishing the benefits of training from other business drivers can prove tricky. Training evaluations can often be inconsistent and subjective, while miscommunication between those who commission training and those participating in it can lead to mutual frustration and lack of trust. The result? Measurement for many organisations amounts to little more than a poorly designed and costly tick-in-the-box evaluation sheet. These post-training so-called 'happy sheets' are often nothing but a short-lived and sometimes defensive sticky-plaster solution. Simple satisfaction with a training event is arguably the least relevant business intelligence managers require.

The article goes on to emphasise the importance of relating the training to the needs of the business (not simply because there is money to be spent), post-training debriefing sessions, knowledge sharing, and

Measuring training over the longer-term and through a comprehensive assessment of knowledge, skills attitude and performance, ensures a consistent approach. Processes for this include the appraisal system or 360-degree feedback which help to make explicit the link between development and effective job performance.

and finally and tellingly

The single most important ingredient in successful return on investment, which makes a positive contribution to a wide range of organisations, is enjoyment. Learning should be enjoyed and seen as an opportunity for personal and professional growth. Because satisfied staff help create the kind of organisational culture that positively impacts on the bottom line.

Evaluation is becoming increasingly important for organisations, training providers and government agencies alike. In 2004 Training Zone surveyed just under 500 members on their attitudes to the future of training. They reported that

Two-thirds of members say that evaluation of training is becoming more important to them, however, the happy sheet is still the most common method of evaluation. This reliance on feedback sheets may need to change if the predicted rise in individual forms of development such as coaching and self-directed learning continues.

The idea of calculating return-on-investment (ROI) of training still seems to be rare, with just 18% saying they regularly evaluate in this way. However, the trend for making the business case for training continues, and more than a third expected ROI to become an issue for them in 2004.

The Wales Management Council believes that we need to grasp the nettle of the evaluation of management and leadership development in Wales. ELWVa and other agencies are already giving priority to this in relation to their various programmes, but we believe there is an equally important need to bring this down to the level of individual companies and organisations.

What is lacking at present is an effective questioning process that will help businesses and organisations establish for themselves whether management and leadership development activity is making any difference to the productivity of their staff and their organisation.

The problems associated with research of this kind have been clearly identified in the reports cited above, and cannot be ignored.

However, the Wales Management Council believes that there is a need and opportunity to tackle these difficulties in Wales through research that could provide a lead for the rest of the UK.

We have therefore commissioned research that will aim to propose solutions to the following two problems:

- How do we help businesses and organisations measure whether improvements in management and leadership skills impact on their business performance?
- What would be the most appropriate methods to use in the Welsh context where the business profile is dominated by SMEs with under 20 staff?

and then to pilot their proposed solution with a select group of companies and organisations across Wales.

This research will be carried out in the first half of 2005, and the results published in the Autumn.



20. THE FUTURE

The WDA's report *Future Technologies* published in 2004 contains the following "aspirations for a future Wales":

- The application of leading edge technologies that:
 - enhance social sustainability
 - improve the quality of life
 - create balanced communities
 - generate high value job creation
 - encourage social and economic inclusiveness.
- A vibrant 21st century culture within which there is a growing SME sector.
- Closer inter-firm collaboration, both locally and internationally that encourages technological innovation and application.
- The existence of world class Centres of Excellence that collaborate both locally and globally and which transfer laboratory-based knowledge to wealth-creating business applications.
- Economic growth driven by the general convergence of technologies and the rapid advances in biosciences and nanotechnology.
- An education system that provides skills that are relevant to the needs of companies locally and globally.
- Using the capabilities of technology to improve the quality of life for an ageing population.
- Making full use of the experience and employability of the ageing population to meet skill shortages.
- Appropriate infrastructure for life-long learning.
- A pro-active and facilitating public sector.

These aspirations are balanced against the views of a wide range of stakeholders on the issues Wales needs to address now if it is to realise its potential and make its aspirations a reality:

- Lack of competitiveness with other European regions
- Persisting dependency culture
- Perception of the absence of world class research institutes
- Lack of collaboration between universities in Wales
- Lack of inter-firm collaboration
- Industrial age mind-sets in a knowledge-based global economy
- Declining opportunities for foreign direct investment
- Little acknowledgement of future demographic shifts
- Poor skill set – lack of fit between education system and employment opportunities
- Need for life long learning
- Weaknesses in transport infrastructure – north/south links, road, rail, and air
- Weak international air links with the rest of Europe/world.

It is noticeable that the quality of Wales' managers and leaders does not appear on either list, but we believe that all these issues – both the aspirations and the current views – are as important in the arena of management and leadership (which is going to be the driving force for change) as it is in the world of technology.

The way forward for SMEs in Wales is going to be by collaboration and learning from each other, as this verbatim quotation from the same WDA report makes clear:

What small and medium sized companies need is a network system so they've got a close communityWherever they are, they know that they can get in touch with one another.....We haven't got any of that at all. And for a nation our size, we need that to give us an edge, and a sharp one it will give us too.

The *Harvard Business Review* in its February 2005 issue published its “Breakthrough ideas for 2005“, their annual survey of emerging management ideas from a wide range of experts. There were 20 ideas on their list covering a spectrum from biometrics and blogs to global management and IPR. Here are just ten ideas that give food for thought for any manager and leader in Wales who is thinking about the future for his or her organisation:

- **Leaders who change their mind**

Great leaders understand that changing course is sometimes the smartest thing to do. But what is the secret of doing this successfully? Prepare the ground well in advance, and present correction as courage. Leaders – and the public – must recognise that changing one’s mind does not signal an inability to lead, it signifies an ability to learn.

- **Improving business performance**

What levers do you need to pull to make sure your organisation is firing on all cylinders? The basic building blocks of corporate DNA are “ structure, decision rights, motivators and information”. But like human DNA, there are dangers of tinkering with one element in isolation. An alternative view of “performance anatomy” identifies five things that companies need to do better: balance the managerial demands of today and tomorrow; create “talent multipliers” that amplify people’s contributions; apply technology strategically rather than for incremental productivity gains; focus on a select few (but diverse) aspects of business that are critical to success; and continuously review the organisation’s vitality.

- **Innovation in customer relations**

Each new generation of products and services has half the shelf life of the previous one. To secure lasting competitive advantage, try shifting your innovation efforts to the demand-side. Ultimately it’s how companies orchestrate customer interactions, not just what firms bring to the market, that determines whether they live or die.

- **Reliability versus validity**

Companies don’t realise that when they make their systems more reliable, they render them less valid or meaningful. Validity is reflected in a robust strategy, customer intimacy, design excellence, creativity, jobs that have meaning, corporate social responsibility and a successful company. To save themselves, corporations will have to figure out how to become more welcoming for people who are comfortable handling fuzzy data, using their judgement, and creating a sense of purpose in the workplace. Boards need to understand that variability of outcomes is as likely to be a sign of creativity as a sign of bad management, and the more they drive out variability, the more they settle for mediocrity.

- **Dialogue marketing**

Marketing managers spend so much time fretting over which people to target with what message that they largely ignore the question of *when*. Identifying when needs and desires change and determining when customers want help are the best ways to get through. “Dialogue marketing” helps companies “spot the hot irons – and strike”.

- **Champions of continuity**

The ability to champion change is the very mark of a leader, we are told. But that does not mean that continuity can fend for itself. Continuity needs champions too – and rarely gets them, or gets the wrong kind. It’s true that without change a company goes nowhere but down. But the role of the champion of continuity is every bit as challenging. The job is to get the maximum effectiveness in coping with change, combined with minimum disruption of that business that, after all, got you to where you are today.

- **Mid-life opportunity**

People are living longer so we picture them spending more time in retirement. That's the wrong way to look at longevity. Instead we should capitalise on it, giving employees in midlife a year or two to renew their energy and pursue new passions. Many would return to their jobs motivated to embark on a second stage of high performance.

- **Parasite strategy**

The “survival of the fittest” approach to business calls for the mobilisation of all resources to deny access to intruders. Parasitism, in contrast, suggests to the strategist that there may be benefits in letting down one's defences. Nature offers some ideas for turning threats into a platform for innovation. For instance, might makers of branded luxury goods view cheap imitations as “pollen” in winning brand awareness of consumers whose income does not match their taste for fashion? Or might firms learn valuable insights from their imitators' low-cost production, sourcing and distribution methods? There are no ready answers to such questions, but for that very reason they offer a chance to escape from the conception of business as being exclusively competitive or predatory and to envision entirely new ways of formulating strategy.

- **Make the technology work for you**

Companies load up knowledge workers with desktop and laptop computers, PDAs, mobile phones, wireless communicators, e-mail, voice-mail and instant messaging – then leave them to their own devices, so to speak. Employees receive little or no guidance about how to apply those technologies to their work, and the devices remain largely unintegrated. As a result, valuable employees spend a large proportion of their day doing something they don't do well. There are as yet, no best practices for improving personal-information management, so companies should be experimenting to get the best out of the technology. Employees whose external information environment is well managed can keep their internal environment – their brain – clutter free and operating at peak efficiency.

- **A good read?**

Publishers churn out thousands of business titles each year, and there are too many management-related articles, newsletters and websites to count, but much of this advice is at best a waste of time, and at worst – if followed – creates more problems than it solves. So how do you separate the gold from the dross in the management-idea marketplace? Beware anything touted as “new”. Be sceptical of “proof by anecdote”. Be alert for half-truths. Avoid self-proclaimed gurus. Understand cognitive biases e.g. the desire to hear good news, or to prefer ideas we agree with or people who agree with us. Like diet advice, if management advice doesn't cause at least a bit of discomfort, it's probably not going to have much impact.

Managers and leaders in Wales need to move on from yesterday's solutions to today's problems, and begin to develop their skills today to meet the challenges of tomorrow.

To do this, we would suggest there are ten key factors:

I. Collaboration

We must do more to share ideas and best practice, through an expansion of initiatives such as the Inside Welsh Industry programme, and new efforts to facilitate networks of businesses and organisations who are eager to learn from each other, and can use this collaboration to give them greater buying power to support their management and leadership development.

2. Self-awareness

As managers and leaders we need to be more aware of the skills that we need to meet the challenges of our particular business or industry, and much more self-critical of how we personally measure up against those skill sets. We need to diagnose our skills, and then speedily address areas of weakness, because the world will not wait for us to catch up if we are falling behind.

3. Investment in development

We must break out of the strangle-hold of a dependency culture where nothing happens unless there is a grant attached to it, and people ask “Who is going to pay?” before they even begin to explore what is on offer. Management and leadership development must be seen in terms of an investment with a measurable return, not a cost that is a drain on scarce resources. It is unlikely that public funding will continue to support management and leadership development in companies who have the capacity, if not the will, to invest in this themselves. There is going to be a radical change of culture in which businesses and organisations will be expected to fund their own investment in development activity.

4. Strategic thinking

Managers in businesses of all sizes must spend more time asking the fundamental questions: Where is my business, industry, sector going? What are the global challenges? What would happen if I lost my top three customers tomorrow? What do I want my business to become? Where would I like to be in five years time? What do my staff want from me? It is questions like these that are at the heart of real management and leadership development.

5. Understanding technology

Technology is changing, and changing us, faster than we can ever imagine. This does not mean that we all have to be proud owners of the latest hand-held devices and communications technology. What it does mean is that managers must approach technology of all kinds as intelligent layman, who ask simple questions - how will it help me do things better, quicker, smarter? – and get equally simple, but cost effective answers, and plan accordingly.

6. Innovation

Innovation has been the buzz-word for a long time now, so much so that for many it no longer seems innovative. But we need to go back to basics. There is certainly a vitally important place for radical innovation in technology, in products, processes and systems. But for the majority of small businesses the question is frighteningly simple, and the answer a real challenge: What new thing can I do today/this week/this month to improve my business? And if the answer is “Use e-mail more”, that is the right answer for you, and that’s innovation.

7. Managing uncertainty

Much as we would some times like it to be, the world is not all straightforward or black and white. As managers and leaders we are more acutely aware of this than anybody, but we sometimes feel that it's our job to make the grey appear black and white, because that's what our staff expect of us. We have to learn to live, and help others live, with the fact that the world is uncertain and unpredictable, but that is the crucible for creativity and innovation.

8. Leadership

We can all read books (and there are hundreds of them) on leadership, we can listen to the leadership gurus (and there are hundreds of them too), and we can read the lists of leadership skills and attributes (no shortage of them either), but what matters is your leadership in your organisation, and the simple question, for which you need to find a clear and unequivocal answer, is "What will make people follow me?"

9. Emotional intelligence

You heard it here first. Emotional intelligence will soon begin to rival leadership as the "must read" topic. Why? Because it is all about understanding what makes us and other people tick. Or as John Mayer and Peter Salovey put it "The ability to perceive, to integrate, to understand and reflectively manage one's own and other people's feelings." It is that understanding that makes things happen. Daniel Goleman puts it even more strongly "For star performance in all jobs in every field emotional competence is twice as important as purely cognitive abilities. For success at the highest levels, in leadership positions, emotional competence accounts for virtually the entire advantage."

10. Values

What really matters? This goes to the heart of everything we have said above. What really matters to you, to your staff, to your business, to your view of society, to your view of Wales? It is your values that underpin your view of life, your view of the world now, and your view of the world as you would like it to be. And as leaders and managers we all have a part to play in creating the world we would like, rather than accepting the world that we have.

APPENDICES



APPENDIX I

Marketing

The following is the Executive Summary of the Wales Management Council's report *Pressing the Right Buttons – the marketing of management and leadership development in Wales* published in 2004.

- **Why is marketing important?**

There is a well-known mnemonic from marketing courses used to summarise the key elements of any campaign or piece of marketing literature: AIDA – attention, interest, desire, action.

Gain the attention of the customers, excite their interest, increase their desire, and turn all this into action, which is to buy.

There is a strong body of evidence that small and medium sized enterprises across the UK (this is not a peculiarly Welsh problem) pay little attention to management and leadership development, have no interest in it, even less desire for it, and as a result do little or nothing about it.

We have to address this problem of demand at the very fundamental level of attention, interest and desire, that has more to do with the concept of management and leadership development, and its benefits, than the actual purchase of products and services.

- **Who are we talking to?**

Managers are not a homogeneous group. Their attitudes, behaviour, roles, responsibilities and development needs will be defined by the business, organisation, and sector in which they operate, and within those categories by the size of organisation, and its current standing in the market place.

SMEs dominate the industrial profile in Wales, and it is SMEs who face the greatest barriers of attitude, and motivation, and as a result invest less in training than larger organisations.

99% of all enterprises in Wales have less than 50 employees, and represent 55% of employment, and 46% of turnover. Only 1% of enterprises in Wales have more than 50 employees, and represent 45% of employment, and 54% of turnover.

We have to attract the attention and interest of SMEs in Wales and use the particular characteristics of that sector to define the marketing approach that will convert interest into desire and action.

- **How do we overcome the barriers?**

There are significant barriers of resource and attitude that prevent or inhibit managers in small and medium sized enterprises thinking about, exploring, and taking full advantage of the management and leadership development opportunities that are available to them. These barriers include:

time; cover for absence; cost; lack of funding; quality of training; availability of training; lack of information; language; relevance; short term views; lack of support; retention of staff; lack of enthusiasm; motivation; company culture.

Any marketing campaign or initiative needs to be mindful of these, and do whatever it can to turn negative attitudes into positive action.

- **What do we need to say?**

What is needed are words that get under the skin of the customers, that have undeniable appeal, and obvious benefit. The key message is that management development is:

a route to success; about getting results; a means to help people think differently about themselves and their skills; a way of helping people to act differently, with better results and more job satisfaction; something that is worth doing because being good at what you do is great.

Management development must be truly aspirational, aimed at making a real difference, and a natural part of life, not an optional extra.

- **What buttons do we need to press?**

The marketing of management and leadership development needs to focus primarily on attitudes and motivation, as a precursor to action. But many managers are “too busy chopping the wood to sharpen the axe.” What are the emotional triggers that might change this:

self-esteem; desire for success; fear of personal failure; a better job; retain staff; not staying still; expecting the unexpected; low skills lead to high stress; reduce risk; customer confidence; raise money; a helping hand; growing people for a growing business; can you afford not to.

- **What needs to happen?**

A general marketing campaign or individual, provider-led marketing initiatives will achieve little unless there are complementary actions to change a culture of apathy and indifference to one of purposeful engagement. These complementary actions relate to:

relevance of provision; flexibility; catch them young; graduate skills; middle managers; role models; anti-heroes; mentors; industry clusters; case studies; converts; learning; solution based marketing; packaging; co-operation; pressing the buttons; dependency culture; value for money; funding; media.

And who is going to do all this? We are. By choosing to develop ourselves, and by making sure that as customers the help that we need is available where and when we need it, at a price we can afford, with benefits that we specify and that we measure.

- **Next steps**

We need a fresh approach to the marketing of management and leadership development in Wales, as exemplified in this report. But the buttons that need to be pressed are not confined to managers in general or SME managers in particular, they include:

- Welsh Assembly Government: marketing has to start at the top
- National Council-ELWa and WDA: make resources match rhetoric
- public sector training providers: find imaginative ways to sell benefits not products
- private sector training providers: be driven by the market, not the funders
- marketing consultants: devise and sell imaginative campaigns to all of the above.

We need to market the need for better marketing. This is just a start. But it's a long game.



APPENDIX 2

Innovation

The following is the Executive Summary of the Wales Management Council's report *Management and Innovation* published in 2003.

Wales for Innovation, the Welsh Assembly Government's Action Plan for Innovation, commits the Wales Management Council to playing a leading role in "Better Equipping People to Innovate."

During 2002, the Wales Management Council asked William Battle Associates to conduct a series of in-depth interviews with 12 companies in Wales to find their "secrets of innovation".

This report presents the findings of that research as a way of sharing best practice and encouraging others to both innovate and create an environment where innovation can flourish.

Innovation is not merely the development of new products and technologies, but the whole process of introducing and maintaining a culture of creativity and original thought throughout all aspects of running a business.

DTI and CBI research has established that the most competitive companies in the UK are led by visionary, enthusiastic champions of change, who know their customers and constantly introduce new, differentiated products and services.

Research in Wales has identified seven "secrets of innovation"

- Leadership
- Strategy
- People
- Process
- Products/Services
- Customer Focus
- Profitability through Competitive Advantage

Leadership for innovation is a combination of managing the status quo and external focus to understand the market and where it is going. Leaders set the pace and direction of the business. The skill set is different from management. Leaders must think outside the box, challenge what currently exists, have the dynamism to succeed, and above all value people.

Innovation must help to deliver company strategy and must be applied within a context of where the business wants to be. Management and workforce must then work as a team to innovate to achieve shared business goals.

The culture of a company is critical to promoting innovation and competitive advantage. The key question for Welsh managers is 'Are we getting the best from our people?'

They must ensure that all employees find their work fulfilling and rewarding, and then maximise the opportunities for capturing ideas and thereby increasing profitability.

Innovative companies demonstrate the characteristics of High Performance Working with great emphasis on teamwork, autonomy of decision-making, full involvement in the whole business process, emphasis on skills development, and reward for success.

Innovative leaders and managers are open to critical information, are excellent communicators, have a sense of urgency, and

- Question the status-quo
- Know the customer intimately
- Practice 'hands on' management
- Know the power of a good idea
- Seek to learn and share experience

They must also ensure that they recruit the right people, deploy them in the most effective way possible, and recognise and reward the innovative contributions that each and every employee can make.

There must be a process for managing and stimulating innovation. This process must

- capture ideas quickly from employees and customers
- highlight key issues to find solutions to problems or to develop new ideas
- measure the right things and put this data to innovative use
- network with those outside the company to gain a fresh business perspective.

Managers who aspire to lead innovation must be prepared to challenge what already exists and if necessary be unpopular so that the business can exploit new opportunities. The innovative manager must be a master of change. The key question is 'Have I as a manager scanned the horizon for opportunities and threats which affect my business?'

Managers must also learn to manage the innovators by being open, reflective, responsive to ideas, supportive and able to embrace change. The manager who has a vested interest in the status quo will stifle innovation.

Innovative companies have an intimate knowledge of their customers who will provide the greatest stimulus for new products and services. But the innovation must also be proactive, anticipating customer needs many years in advance.

Companies in this research demonstrated that they also took the fullest possible advantage of good luck and business opportunities that came their way to develop new products and services that further differentiated them in their market.

A major barrier to innovation can be current success and the gradual continuous improvement of the current business. This can create complacency. Innovation is not continuous improvement, it is a step change where the customer offering delivers significant added value and satisfies a sometimes an unarticulated customer need.

For innovative companies customer focus and the depth of customer knowledge are vital factors for success. Allowing staff at all levels to visit customers and learn from them, and creative analysis of customer complaints, are just two ways in which innovative companies put themselves in their customers' shoes.

Innovation provides a competitive edge; it is the means by which companies differentiate their goods and services from the competition.

This research suggests that the greater the level of empowerment for innovation, the higher the profitability of the company.

Innovative managers need continually to ask questions about their business and their market, and act on the answers to innovate and improve their business.

This report not only summarises the secrets of innovation from leading companies in Wales, but uses this as a stimulus for further questions every manager should ask about his or her own business, so that they can become more innovative, more successful, and more profitable.



APPENDIX 3

Mentoring

The following is the Executive Summary of the Wales Management Council's report *Mentoring in Wales* published in 2004

Background

The Wales Management Council's report *Management and Leadership Development and Training in Wales – An Agenda for Action*, published in June 2003, highlights the importance of mentoring as one of the key development methods for managers, particularly those in small businesses.

One of the six strategic objectives in *Agenda for Action* is “to help managers identify their development needs” and top of the list of the key actions proposed to achieve this is to “set up, maintain, deliver and evaluate a national business-to-business, organisation-to-organisation, and individual-to-individual mentoring scheme.”

Subsequent reports from SFEDI and CBI have given further endorsement to the need to develop mentoring schemes in and for business.

In 2004 the Wales Management Council took these proposals forward by convening a Working Group to consider the current status and future development of mentoring in Wales.

The members of the Working Group, listed in the Acknowledgements on page 4, are people from the public, private and voluntary sector who are involved in setting up or running mentoring programmes in their own organisations, managing mentoring programmes on a Wales-wide basis, or providing mentoring services to individuals, businesses or organisations in Wales.

This report on the Working Group's discussions and recommendations is designed to stimulate an increase in the

- understanding of the meaning and the benefits of mentoring
- interest and participation in mentoring schemes
- number of mentoring schemes and mentors
- training of mentors
- co-ordination of existing mentoring schemes

all of which will have a significant impact on the quality of managers and staff, organisational success, and the economic development of Wales.

Definitions

The simplest definition is that mentoring is “help by one person to another in making significant transitions in knowledge, work, or thinking”, but longer definitions have key elements in common focusing on learning, confidentiality, trust, change, holistic approach, and personal relevance.

Importance

Mentoring is important in the business context to prepare potential high flyers for senior management and for direction, attract quality recruits, retain the best talent, improve equal opportunities performance, reinforce cultural change, release potential, and demonstrate new ways of working.

Mentors and mentees

The key attributes of a mentor are that he or she must be able to establish and build rapport, listen actively, use a good understanding of the learning process, have a positive mental attitude, ask insightful questions, provide feedback, signpost to other sources of help, and promote commitment to action to achieve agreed goals.

To benefit from the mentoring relationship mentees should be motivated, pro-active, experimenting, open-minded, reflective, self-disciplined, enthusiastic, and communicative. If they are not, a mentor will need to challenge and support them to develop these characteristics or at least raise their awareness of the lost opportunities that may result.

Framework

All mentoring must be within a context set by a clear framework and agreement at the outset that covers the four Ps: procedural, professional, personal and psychological.

Pitfalls

The most common reasons for the failure of mentoring relationships and programmes are contextual, interpersonal, and procedural:

- the organisation is not sufficiently supportive or clear about why mentoring is important
- adverse reactions from third parties, or breakdown of trust and rapport between mentor and mentee
- being over- or under-managed.

Mentoring in Wales

Mentoring in Wales takes many forms:

- mentoring used as a key part of staff development in organisations large and small
- business advice networks in which mentoring plays a part
- publicly funded mentoring programmes
- private consultants offering mentoring support and training
- business to business mentoring relationships
- mentoring relationship between colleagues.

The challenges and opportunities are:

- recognise the importance of mentoring in all sectors
- provide greater support for public sector mentoring programmes
- co-ordinate and extend current provision
- provide more information about the techniques, ethics and boundaries of mentoring
- help advisors and consultants define their role as mentors more precisely
- give wider recognition that many people are already involved in mentoring
- promote mentoring as a strategic, high impact, cost-effective development route
- to clearly differentiate between mentoring, coaching, counselling, and advice.

Strategy

We believe that Wales should develop mentoring through a wide range of initiatives to:

- promote mentoring
- encourage internal mentoring programmes
- facilitate inter-company mentoring
- co-ordinate and extend existing provision
- train and accredit mentors

- develop supervisory structures
- develop mentor networks.

Unlike many other training and development programmes, mentoring is

- flexible
- focused entirely on client needs
- aims to achieve results the client defines
- is driven by the client.

This means that success (over time) is assured, results are immediately visible, and cost effectiveness can be assessed. As a result, businesses, particularly small businesses, quickly come to realise that mentoring really works.

Recommendations

To change the face of mentoring in Wales, the Group makes 15 recommendations relating to

- strategy
- investment
- networks
- supervision
- standards
- professional development
- professional bodies
- endorsement
- definitions
- best practice
- events
- research
- quality
- marketing
- training.

Results

The strategic and tactical recommendations will result in

- greater awareness of mentoring
- better linkage between providers
- clearer frameworks of best practice
- increased demand
- improve corporate development
- economic success



APPENDIX 4

Diagnositics

The following is the Executive Summary of the report by CRG Consultancy on the research into diagnostic tools for managers commissioned by ELWw in 2004

CRG Research Ltd were commissioned by ELWw in March 2004 to carry out a project whose overall aim was to review the need for, and depending on the outcome of desk research and consultations/ fieldwork, outline a specification for one or more self-diagnostic tools for managers in Wales – particularly managers within SMEs.

The project had 3 objectives:

- To undertake research with SMEs to gain an understanding of their awareness, use and requirements of a diagnostic tool.
- To research and review the current diagnostic tools against the requirements identified during the work programme, producing an analysis of the strengths and weaknesses of existing tools.
- If supported by the research programme, to produce recommendations for the development of a self-diagnostic leadership and management tool.

The work programme for the project consisted of:

- Face-to-face interviews with 26 'key informants' from ELWw, Welsh Assembly Government, WDA, Education/training sector and a number of other bodies (including representative bodies for businesses, private sector business advisers and consultants, SSDA).
- Desk research to review a wide range of reports and existing tools addressing management/leadership issues
- An initial group of telephone interviews with 53 SME owner/ managers within Wales.
- Developing a draft specification for a possible self-diagnostic tool.
- Reviewing the draft specification with individual SME owner/ managers, and in 3 focus groups.
- Finalising a specification for a management/leadership self-diagnostic tool, and making recommendations for how it might best be developed and used.

Initial conclusions confirmed that – despite a very large number of tools which look at all-organisation and personality-specific issues – there are currently very few tools which genuinely address the needs of SME owner/ managers seeking to identify their management/ leadership strengths and weaknesses.

Ample confirmation came through the research programme that current levels of *demand* for management and leadership development activities within Wales is relatively low – particularly from SMEs - and this is almost certainly going to be reflected in initial demand for self-diagnostic tools.

On the other hand, there is strong evidence of a *need* for an effective self-diagnostic tool, and the report identifies a number of ways in which this need might be translated into demand through appropriate introductions, promotion and support.

A high proportion of interviewees did, however, express concern about the *supply* of effective management/ leadership development support services. There are concerns that managers using a self-diagnostic tool might not find it easy to identify high-quality ways of meeting the needs they have identified. As well as careful alignment of any tool with existing support services, there is a major need for upgrading the general management and leadership development 'infrastructure'.

Key recommendations are, first, that development work to produce a self-diagnostic management and leadership development tool should be taken further by ELWVa and its strategic partners.

By way of specification, the tool should:

- be based on the new occupational standards for managers
- cover all potentially relevant competencies, but be capable of ‘homing in’ on high priority areas rapidly
- offer modules and options, so that managers may gain more detailed information about key areas for them/their organisation
- be of immediate interest to managers who give little thought to personal development; minimise the use of jargon, and terms which will not be familiar to those without formal management education
- link into other business support activities where appropriate, both for promoting the tool and supporting the implementation of its findings
- be designed for use by hard-pressed, time-poor SME managers
- be attractively presented, stimulating and user-friendly
- be available in paper-based and on-line formats
- be capable of effective use both as a ‘free-standing’ tool and through ‘mediated’ discussions with an adviser
- be relevant to SME needs – both the needs of owner managers themselves, and the needs of the business
- be able to be completed (in part at least) in no more than 20 minutes; if modules are available, these will almost certainly take longer
- give results that are seen to be ‘robust’, ‘reliable’
- lead on to more in-depth diagnostic techniques where appropriate
- identify strengths as well as weaknesses
- point to development needs
- be capable of periodic re-use to assess ‘distance travelled’
- link into a range of high-quality, flexible development activities so that findings can quickly and effectively be acted on
- be available, at no cost, to anyone who wishes to use it (high-quality follow-on programmes ought normally to be charged for, however).

Major resource commitments would be required to develop a tool and give it the support it would require to achieve acceptance within more than a handful of Welsh SMEs. The report recommends further consideration by ELWVa and appropriate partners about how sources of funding and other support might be identified. A draft work-plan for developing a tool is, however, suggested.

Considering how best a tool might be integrated with other leadership/ management support services should be given high priority, and continued attention should also be given to enhancing the general ‘infrastructure’ available to support SME owner/ managers seeking to upgrade their management and leadership capabilities.



APPENDIX 5

High Performance Working

The following is the Executive Summary of the Wales Management Council's report *High Performance Wales – real experience, real success: high performance working in action* published in 2005.

High performance working has been defined in a number of ways. We have sought to synthesise various approaches in the following:

High performance work practices promote high levels of adaptability, flexibility and involvement and enable people at all levels within organisations to participate in the development of processes, products and services. They involve the promotion of teamworking, and learning and practices that move away from the tradition of 'command and control', to achieve constant incremental improvement and step changes in performance.

There is no doubt that this does represent a new way to manage for most organisations. Although none of the case study organisations talk about high performance working as such, it is clear that our case study organisations have consciously decided that their survival and success will depend on their ability to manage in this way. They see what they are doing as a way to run their organisations successfully and to continue to do so. This is evident from the highlighted high performance work features found in each:

- **Anthony A Davies**

A vision of the possibilities for performance improvement achieved by engaging people's involvement. Process improvement proposals worked through by a staff group. An 'innovation day' held to encourage creative thinking about the future of the firm.

- **Coleg Sir Gar**

A vision of a high performance farm, network and learning facility. People given space to use their initiative in a traditional educational organisation. Learning recycling, from farm to college to the network and back again.

- **Halo Foods**

A strategy that maintains competitiveness by increasing added value through the efforts and enhanced capability of all staff. The integration of technical advance with people development. Continuing reliance on teamworking and effective leadership with innovation and self and team management skills.

- **Land Registry**

Organisational changes to streamline processes, focus responsibilities, raise skill levels and release talents. Managers who could see that the problems were as much cultural as organisational. Recruitment of people whose attitudes and aptitudes match the needs of high performance work practices.

- **Meritor HVBS**

Skill enhancement, particularly of management and self management skills using competence frameworks. Teamworking skills and experience used on improvement projects. Linking learning, involvement and performance management.

- **Orangebox**

A strategy that relies on constant re-invention of manufacturing capability. Engagement and development of existing talent and initiative in production improvement. Increasing use of cross-departmental projects to tackle wider issues.

- **PerkinElmer**

A vision and values worked through by managers and supervisors. Engagement of everyone in the regeneration and establishment of a continuous improvement culture in the plant. Learning as a basis for change.

- **United Welsh Housing Association**

The linking of better employment relations with better performance. Using staff experience to improved customer service. Focusing management development on the cascading of a partnership culture.

The first conclusion from these case studies is that *high performance work practices have been adopted because they contribute to organisational objectives*. The decision to introduce teamworking, to involve people in redesigning the processes they use or to devolve decision-making has to be seen as a better way of working – a better way to delight customers. Among the other practices and behaviours observed are:

- people moving work between teams and individuals to get the job done
- talent spotting by staff to enable people to move between jobs
- operatives learning management and technical skills
- vigorous suggestion schemes
- project working on performance issues
- greater use of discretion by operational staff
- management skills developed to encourage staff involvement

The second conclusion is that, as anyone who has tried to implement change in an organisation will have found it's not that easy. The report distinguishes between performance and enabling practices.

Performance practices are the things, like teamworking, that you want people to do differently.

Enabling practices are ones that managers need to put in place to make sure that people are motivated and equipped to change the way they work.

Some of the case study organisations found out from prior experience that, to be successful, *performance and enabling practices need to be integrated*.

Enabling practices take a number of forms including communications, reward, learning and performance management. They have to build and ensure a sufficient level of trust and motivation, otherwise change will not gain momentum. It should not be assumed that trust exists. Equally, it should not be assumed that people will be reluctant to change. What most people want is to be part of - to have some ownership of - a process in which they have confidence and that provides sufficient support to enable them to change.

Also, to do things differently, jobs need to change and the people doing them need to learn to change. Learning, ownership and performance management need to be integrated and robust. A 'sheep dip' training course is not enough.

Working in a high performance work organisation is different. It requires different skills and behaviours. It is helpful to define the new capabilities or competences needed. In particular, this is the case with the role and skills of managers, who need to encourage, empower, facilitate and coach, as well as monitor, guide and even control change.

The case study organisations are found in a variety of industry sectors. Some were faced with the immediate need to change. Others were no less clear about the need for change but were not faced with an absolute deadline. But all felt an imperative need to change in order to prosper. Their *chief executives provided an impetus for change* and influenced the climate of trust that determined whether people were willing to change and learn. However, the changes described here were in some cases led by other people and supported by other change leaders who grasped the moment to make a contribution and to further their personal development.

Although many change leaders were not themselves managers, all managers in key positions had to be change leaders.

So, should your organisation take the high performance work approach? Fundamentally, the answer has to do with the business strategy you want to follow. It also depends on your vision of the contribution people could or need to make to the future of the organisation. Don't be put off by the apparent complexity of the achievements of the case study organisations; all change looks complex when viewed from the outside and it is not usually necessary to change the whole organisation in one go. As they say in Meritor HVBS, 'keep it simple, make it ours, make it happen'.

To get started, those considering the high performance approach need to answer three questions :

- *why* - to be sure that their organisation would benefit?
- *what* needs to be done in terms of performance and enabling practices?
- *who* will lead and champion change at all levels within the organisation, bearing in mind that as change progresses, change leaders need to be found across the organisation.



APPENDIX 6

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APPENDIX 7

List of Abbreviations

ABS	Association of Business Schools
ACAS	Advice Conciliation and Arbitration Service
CBI	Confederation of British Industry
CCETs	Community Consortia for Education and Training
CfE	Centre for Enterprise
CEL	Centre for Excellence in Leadership
CEML	Council for Excellence in Management and Leadership
CIPD	Chartered Institute of Personnel and Development
CMI	Chartered Management Institute
CQFW	Credit and Qualifications Framework for Wales
CUBS	Cardiff University Business School
DFES	Department for Education and Skills
DTI	Department of Trade and Industry
EC	European Commission
ELWa	Education and Learning Wales
ERDF	European Regional Development Fund
ESF	European Social Fund
ESRC	Economic and Social Research Council
FE	Further Education
FSB	Federation of Small Businesses
FSW	Future Skills Wales
HE	Higher Education
HEFCW	Higher Education Funding Council of Wales
HEI	Higher Education Institution
HESA	Higher Education Statistics Agency
HRD	Human Resource Development
IES	Institute for Employment Studies
liP	Investors in People
ILM	Institute of Leadership and Management
IOD	Institute of Directors
LEED	Leadership, Entrepreneurship and Economic Development Unit, CUBS.
LSC	Learning and Skills Council
LSDA	Learning and Skills Development Agency
NVQ	National Vocational Qualification
QAA	Quality Assurance Agency
QCA	Qualifications and Curriculum Authority
RDA	Regional Development Agency
SBC	Small Business Council
SBS	Small Business Service
SFEDI	Small Firms Enterprise Development Initiative
SfBN	Skills for Business Network
SMEs	Small and Medium Sized Enterprises
SSC	Sector Skills Council
SSDA	Sector Skills Development Agency
TUC	Trades Union Congress
Ufi	University for Industry
UUK	Universities UK
WAG	Welsh Assembly Government
WCVA	Wales Council for Voluntary Action
WDA	Welsh Development Agency
WEFO	Welsh European Funding Office
WLGA	Welsh Local Government Association
WMC	Wales Management Council

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