

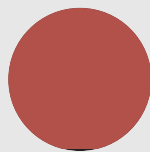
The never-ending quest:

effective strategy-making

and change management

for high-performing

VET organisations



Findings from an evaluation of pilot

projects from the Reframing the Future

sub-program on Strategic Management

and Change Management, 2001–2002.

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Abbreviations

For brevity, the following abbreviations are used throughout this report:

ANTA	Australian National Training Authority
AQTF	Australian Quality Training Framework
ITAB	Industry Training Advisory Board
ITT	Institute of TAFE Tasmania
MEGT	MEGT (Australia) Ltd
NTF	National Training Framework
RTO	Registered Training Organisation
TAFE	Technical and Further Education
VET	Vocational Education and Training

This report shows that every Registered Training Organisation (RTO) in the vocational education and training (VET) sector in Australia needs managers who can design effective strategies. Cusumano and Markides (2001) suggest that 'designing a successful strategy is a never-ending quest' for managers (p. 4).

Introduction

The report summarises the evaluation of projects undertaken in 2001-2002 as part of Reframing the Future's sub-program on Strategic Management and Change Management. Reframing the Future is the national staff development and change management program that supports the implementation of the National Training Framework (NTF). The NTF involves, in part, implementing competency-based Training Packages, providing workplace assessment, developing relationships between training providers, industry and individual enterprises, monitoring client demand and working in a competitive training market.

The Reframing the Future sub-program is a direct result of the research undertaken for the report *High-skilled, High-performing VET* (Mitchell & Young, 2001), which found that one of the keys to achieving a fully integrated national training system was to encourage the development of high-performing VET organisations. High-performing VET organisations are characterised by creativity, innovation, flexibility and competitiveness. (BCA, 2000)

A pilot of the sub-program commenced in early October 2001 and concluded in late March 2002 and the three project teams involved in the pilot – the Institute of TAFE Tasmania, TAFE NSW's North Sydney College and MEGT – provided valuable exemplars of good practice, documented in this report.

John Mitchell from John Mitchell & Associates undertook the evaluation, using the brief set out in Appendix One. The evaluator used a participative evaluation methodology and worked collaboratively with the National Project Director of Reframing the Future, Susan Young, as described in Appendix Two. Names of project participants are provided in Appendix Three.

This report illuminates important issues such as the value of strategic management and change management for RTOs and the value of RTOs pursuing the goal of becoming high-performing VET organisations.

Major findings

Importance of strategy-making in RTOs

While there is no one, accepted definition of strategy, a common theme in the literature is that strategy involves making choices about which customers to focus on, which products to offer and which activities to perform. Strategy-making, or forming strategies, is a dynamic, ongoing activity in organisations, requiring a range of skills, ideally drawing on both the planned approach to strategy formation and the intuitive, unplanned approach. Strategy-making emerges from the evaluation of the 2001 Strategic Management and Change Management projects as one of the most important activities undertaken by the project teams.

The VET industry has undergone substantial change since the introduction of the National Training Framework (NTF) in 1996, not just because of competency based training and Training Packages, but also because of changes in industries and consequent changes in VET clients' expectations and training demands. In this shifting environment, RTOs' strategies need to be constantly updated and effective strategy-making needs to be acknowledged as a critical function for all RTO managers.

Customising strategic management in RTOs

The strategic context for an RTO includes all the external factors that impact on the organisation's business and the role of the strategic manager is critical in responding to this context. The strategic contexts for the three RTOs who participated in the Reframing the Future pilot activities in 2001-2002 are very different, requiring different strategies. As every RTO is unique in terms of its skills, resources, objectives, competitors and external operating environment, strategies cannot easily be copied from other RTOs.

A useful definition of strategic management is that it is about identifying, choosing and implementing activities that will enhance the performance of an organisation. However, the complexities of client demands and of the external and internal environments of organisations make strategic management a difficult art to practise. Because RTOs need strategies that are appropriate both now and in the future, the emphasis in strategic management needs to be on flexible strategy-making, not fixed plans.

The three RTOs in the 2001-2002 sub-program engaged in strategic management in different ways. One focused on reassessing its strategic positioning; another used Porter's (1980) model of industry forces to analyse its strategic context; and the third focused on crafting a specific, new strategy to improve performance.

Customising change management in RTOs

Change management is defined as the deliberate use of strategies to manage change within an organisation, to suit the particular organisation's context and the type of change required. In each RTO, the approach taken to change management will vary, depending on the RTO's particular environment. For example, in response to their specific contexts, the Institute of TAFE Tasmania chose Kotter's change management framework, MEGT applied McKinsey's model and North Sydney College used aspects of the Phases of Planned Change Model.

Each of the three RTOs sought to make changes that would be sustainable and were mindful of exhausting their managers by trying to achieve too much, too quickly. Change management requires VET managers to use a mix of wisdom, judgement, sensitivity, patience and flexibility.

The three RTOs in this Reframing the Future sub-program addressed both cultural and structural change, through the use of change management strategies customised to suit their contexts. Cultural changes achieved by the RTOs included the development of improved relationships with industry and an improved client-orientation and a move away from a 'classroom mentality and into a newer, more flexible mode'. Structural changes achieved by the RTOs included the creation of new roles and the development, by one, of fast-acting 'Operations Response Teams'. This evaluation report shows that, to improve organisational effectiveness, RTOs need to analyse their own cultures and structures, identify appropriate change management methodologies and expect different results from their counterparts.

Benefits of RTOs pursuing high-performance

The concept of a 'high-performing organisation' was promoted by the BCA (2000), but the BCA's definition of the term, quoted above, was very brief. The project teams in the Reframing the Future pilot sub-program in 2001-2002 were invited to define the term for themselves, in ways that suited their organisation. Each of the teams found it valuable to form their own definition.

The 2001-2002 sub-program showed that constant strategy-making helps organisations to thrive and that ongoing change management enables organisations to modify their

culture and structure to support the achievement of external strategies. For the 2001-2002 participants, the main benefits of strategy-making were that managers learnt critical, new skills and managers developed a heightened sense of unity and purpose in pursuing the goals of the NTF, particularly to be demand-driven and client-focused. The main benefits of change management included the changing of their internal cultures by encouraging increased cooperation across internal departments and the changing of the structure of their organisations to become more responsive to external clients.

Developing strategy-making skills on-the-job

The sub-program encouraged strategy-making in a collaborative, workbased environment. The sub-program enabled RTOs to create the conditions for managers to feel safe to ask questions and to experiment, which is essential for the development of skills in strategy-making. Ideally, a contemporary RTO manager will experience and benefit from many, different management development activities, including the conventional management training from a postgraduate degree or similar and the workbased learning method advocated by Reframing the Future.

The report provides a window for viewing RTO managers who are developing, on-the-job, the appropriate knowledge, skills and attitudes to enable them to formulate effective strategies.

1. What is strategy and strategy-making?

This chapter discusses the key concepts of strategy and strategy-making in the context of Registered Training Organisations needing to become 'high performing'.

Key points

The key points in this chapter include:

- While there is no one, accepted definition of strategy, a common theme in the literature is that strategy involves making choices about which customers to focus on, which products to offer, and which activities to perform.
- Strategy-making emerges from the evaluation of the 2001 Strategic Management and Change Management sub-program as one of the most important activities undertaken by the project teams. Strategy-making, or forming strategies, is a dynamic, ongoing activity in organisations, requiring a range of skills, ideally drawing on both the planned approach to strategy formation and the intuitive, unplanned approach.
- The VET industry has undergone substantial change since the introduction of the National Training Framework (NTF) in 1996, not just because of competency based training and Training Packages, but because of changes in industries and consequent changes in clients' expectations and training demand. In this environment, RTOs' strategies need to be constantly updated.

What is strategy?

Following is a selection of definitions of strategy, showing the diversity of interpretations of this single word.

Firstly, Eisenhardt (2001) provides a very brief but compelling definition:

To use a simple but powerful definition from *The Economist*, strategy answers two basic questions: 'Where do you want to go?' and 'How do you want to get there?' (p. 85)

Secondly, Drucker (2001) defines strategy as converting into performance the assumptions that you hold about your business:

Every organisation operates on a Theory of Business, that is, a set of assumptions as to what its business is, what its objectives are, how it defines results, who its customers are, what the customers value and pay for.

Strategy converts this Theory of Business into performance. Its purpose is to enable an organisation to achieve its desired results in an unpredictable environment. For strategy allows an organisation to be purposefully opportunistic. (p. 43)

Thirdly, Markides (2001) suggests that strategy involves making tough decisions:

Strategy involves making tough choices on three dimensions: which customers to focus on, which products to offer, and which activities to perform. Strategy involves *choosing*, and a company will be successful if it chooses a *distinctive* strategic position that differs from those of its competitors. (p. 231)

Fourthly, Browne et al (1999) suggest that strategy is a general view of your business, involving a planned and systematic consideration of how to remain in business:

A strategy is a general view of what sort of business the enterprise is in or should be in, and entails some planned and systematic consideration of how to remain or become successful in that business, addressing factors internal to the organisation, such as its structure and people, and external factors, such as its customers and competitors. (p. 407)

However, signalling that very different views exist about what is strategy, Browne et al (1999) also provide a fifth and alternative definition:

An alternative view of strategy is that it is a story, or narrative, which attempts to 'write' or account for a whole series of disconnected and emergent elements as they were a unified whole – but more than one such story is possible. These stories then act as guides to action. (p. 407)

As the above examples show, there is no one, accepted definition of strategy. The meaning of the word strategy is much debated and the debate has raged particularly over the last two decades after the rigid rational planning approach in the 1970s was challenged in the 1980s by theorists who were sceptical about the benefits of rational planning and who preferred to emphasise planning efforts 'around turbulent environments using ideas such as corporate culture, vision, mission and transformational leadership'. (Browne et al, 1999, p. 367) Mintzberg (1994) famously heralded the rise and fall of strategic planning that is based solely on rational planning. Mintzberg & Lampel (2001) prefer organisations to adopt an eclectic approach to strategy, drawing on elements from up to ten different schools or approaches to strategy formation.

Despite the differences in definition of strategy, most contemporary business theorists agree that strategy is fundamental to being in business. For instance, Kaplan & Norton (2001) believe that strategies are 'the unique and sustainable ways by which companies create value'. (p. 2) The next section considers how strategies are made.

What is strategy-making?

Strategy-making means developing, forming or formulating strategies. Strategy-making can occur in a variety of ways, such as by identifying external and internal factors impacting on the organisation, or by undertaking a SWOT (strengths, weaknesses, opportunities and threats) analysis of the organisation, or by undertaking the 'blue sky anticipatory exercises involved in scenario planning'. (Browne et al, 1999, p. 407) Kaplan & Norton (1996) believe that strategy formulation involves choosing, identifying and selecting:

...choosing the market and customer segments the business unit intends to serve, identifying the critical internal business processes that the unit must excel at to deliver the value propositions to customers in the target market segments, and selecting the individual and organisational capabilities required for the internal, customer, and financial objectives. (p. 37)

Hamel (2001) argues that strategy-making is an activity that organisations always need to undertake, if they are to stay competitive and viable in the future:

In a discontinuous world, strategy innovation is the key to wealth creation. Strategy innovation is the capacity to re-conceive the existing industry model in ways that create new value for customers, wrong-foot competitors and produce new wealth for all stakeholders. (p. 182)

The concept of strategy-making is a major focus of this report because it emerged from the evaluation of the 2001 Strategic Management and Change Management projects as one of the most important activities undertaken by the project teams; more important than, say, an inert product of planning such as a documented strategic plan, which will need constant review. The documented plan is useful, but it is much more valuable if it is constantly updated by fresh strategy-making.

The findings from this evaluation study of three pilot RTOs in the vocational education and training (VET) sector in 2001-2002 amplify insights from contemporary literature on strategy-making. For example, this evaluation study reinforces the position of Cusumano & Markides (2001) who argue that:

- Designing a successful strategy is not a science: it is an art.
- Both rational planning and intuition are valuable in developing strategies.
- It is possible for a company to design a superior strategy; and it is possible for others to learn the art of crafting superior strategies.
- Strategies need to be developed in response to a company's stage of evolution.
- Strategies need to be developed to fit an organisation's current and future context.
- Effective strategic thinking is a process of continuously asking questions and thinking through the issues in a creative way.
- Designing successful strategy is a never-ending quest. (pp. 1-6)

Similarly, Mintzberg & Lampel (2001) argue that effective strategy-making draws on both major schools of thought about strategic management: the prescriptive or planned approach and the descriptive, emergent approach. Mintzberg & Lampel (2001) also suggest that strategy-making is influenced by a wide range of influences, such as the following very different factors:

- New kinds of strategies emerge from collaborative contacts between organisations. Firms can't avoid learning and borrowing when they trade and work together.
- The evolution of strategy is also pushed along by competition and confrontation.
- New strategies are often a recasting of the old.
- Strategy is pushed along by the sheer creativity of managers, because they explore new ways of doing things. (p. 51)

Strategy-making is a dynamic, ongoing activity in organisations, requiring a range of skills, ideally drawing on both the planned approach to strategy formation and the intuitive, unplanned approach.

Kaplan & Norton (2001) add an important qualifier to this focus on strategy-making. They stress that strategies on their own are not enough and that the strategies must be implemented:

A study of 275 portfolio managers reported that the ability to execute strategy was more important than the quality of the strategy itself. These managers cited strategy implementation as the most important factor shaping management and corporate valuations. (p. 1)

With this caution in mind, in this report, the term 'strategy-making' will also assume strategy implementation.

Why is this sub-program focused on strategy-making?

This report summarises the evaluation of pilot projects undertaken in 2001-2002 as part of Reframing the Future's sub-program on Strategic Management and Change Management. The sub-program is a direct result of the research undertaken for the report, *High-skilled, High-performing VET* (Mitchell & Young, 2001), which found that one of the keys to achieving a fully integrated national training system was to encourage the development of high-performing VET organisations. High-performing VET organisations are characterised by creativity, innovation, flexibility and competitiveness. (BCA, 2000)

High-performing VET organisations are needed to cope with the relentless changes to industry and industry training, resulting from factors such as global economic forces, increased use of information and communications and rising customer demand. High-performing organisations are also needed to underpin the fully integrated national training system: an innovative but challenging training system that is industry-led, nationally applied and recognised, is very flexible and is of a high quality with a minimum of regulation.

The VET industry has undergone substantial change since the introduction of the National Training Framework (NTF) in 1996, not just because of the NTF and its components such as competency-based training and the introduction of Training Packages. Changes in the VET industry also have been brought about by external forces such as changes to industry and consequent changes in clients' expectations and training demand. Markides (2001) notes that in this environment, strategies need to be constantly updated:

Changing industry conditions and customer needs or preferences, countermoves by competitors, and a company's evolving competencies give rise to new opportunities and the potential for new ways to play the game. A strategy adopted a decade ago on the basis of prevailing industry conditions is certainly not a guaranteed game plan for the future. (p. 246)

Mitchell & Young (2001) argued that, to become high-performing, VET organisations need to develop a client-focused, responsive culture and an appropriate structure, which requires the use of both change management and strategic management strategies. These skills are needed to respond to the range of organisational challenges facing senior VET managers, including:

- the capacity to change directions to meet market requirements;
- an ability to function effectively in a competitive training market;
- an ability to establish and maintain training arrangements with industry;
- the retraining of tenured staff to meet new training demands;
- an ability to appropriately manage sessional staff;
- a competence in marketing to overseas students. (Mitchell & Young, 2001)

VET organisations are responding to the above challenges and to influences such as new technology and the changing nature of work and employment by a number of means, leading to a greater demand for strategic management skills. According to PETE (2000), VET organisations are responding internally in the following ways:

- by departmental amalgamations;
- by reviewing the mix of permanently employed staff;
- by accessing sessional and contract staff;
- by outsourcing some functions;
- by redesigning jobs;
- by seeking alliances with enterprises. (p. 77)

Accompanying these structural changes is a 'shortening of the planning horizon and a growing concern about managing in an uncertain environment'. (PETE, 2000, p. 77) This VET industry environment has generated a demand within RTOs for the development of specific, new management skills:

the development of greater flexibility *in strategic and management skills* among heads of departments and teaching and non-teaching areas. (PETE, 2000, p. 77; italics added)

More recently, Mulcahy (2002) reported on research which confirms that ‘strategic management has been adopted as an adaptive response to the changing character of work within VET organisations’.

Developing these strategic and management skills is at the core of Reframing the Future’s sub-program on Strategic Management and Change Management.

Mitchell & Young (2001, p. 46) move beyond identifying the need for the above management skills: they itemise the cultural enhancement needs and job and business redesign needs of VET organisations, in relation to implementing the NTF. For example, cultural enhancements needed for VET organisations include providers focusing more on clients’ outcomes, not providers’ inputs, and provider staff moving away from a curriculum and teacher-dominant culture to a service culture. Job and business redesigns needed include defining the changing role of the VET professional amidst the move to workplace training and assessment, and building the capacity of RTOs to form and maintain partnerships with industry.

The emphasis of Mitchell & Young (2001) is on RTOs constantly developing and implementing and reviewing their strategies, structures and cultures – the never-ending quest for successful strategies – a theme reinforced by Browne et al (1999), who argue that:

Although structures, cultures and strategies may be more or less formal and visible, they will always be present, always in change or flux. The question therefore is not whether organisations need a strategy, as they will have one whether they like it or not, but whether the strategy they have ... is the one they really want. (p. 408)

This Reframing the Future sub-program enables participating VET organisations to review whether the strategy or strategies they have are the ones they really want, given the imperative for VET organisations to operate effectively within a national training system and a changing industry.

Aim, target and goals

The overall aim of this sub-program is to enable VET organisations to become more culturally and structurally responsive to meet the needs of the National Training Framework; and hence to become high-performing. The sub-program is designed for managers in VET organisations and requires them to use strategic management and change management strategies to bring about change and to achieve new goals. It is expected that VET managers participating in a project will focus on one or both of the following detailed goals:

- Enabling VET organisations to develop industry-driven, demand-driven, and outcomes-focused *cultures* supportive of the NTF and satisfying the needs of students.
- Enabling VET organisations to review and redesign their organisational *structures and staff roles* to become high performing and to better support the achievement of the NTF.

The teams who participated in the 2001-2002 pilot activities are described in the next chapter.

Concluding comment

This chapter provided a discussion on strategy and strategy-making, as a theoretical background for the 2001-2002 Reframing the Future sub-program on Strategic Management and Change Management. The discussion echoed a position taken by Markides (2001):

...designing a successful strategy is never-ending. A company needs to continuously revisit and challenge its answers to the who-what-how questions in order to remain flexible and ready to adjust its strategy if feedback from the market is unfavourable. (p. 246)

The VET industry, like every industry, continues to change, buffeted by both external forces such as globalisation and the changing nature of work, shifting client demand and challenges to the capabilities of provider organisations.

2. What are the strategic contexts and needs of the three RTOs?

This chapter sets out the strategic contexts and needs of the three RTOs that participated in the 2001 Reframing the Future sub-program on Strategic Management and Change Management.

Key points

The key points in this chapter include:

- The strategic context for an RTO includes all the external factors that impact on the organisation's business and the role of the strategic manager is critical in responding to this changing environment.
- The strategic contexts for the three RTOs who participated in the Reframing the Future pilot activities in 2001-2002 are very different, requiring different strategies.
- As every RTO is unique in terms of its skills, resources, objectives, competitors and external operating environment, strategies cannot easily be copied from other RTOs.

Background

In July-August 2001, the National Project Director of Reframing the Future, Susan Young, collaborated with the Australian National Training Authority (ANTA) to identify three representative organisations to participate in a small trial of the sub-program in 2001. The results of their investigations were as follows:

- The Institute of TAFE Tasmania's CEO John Smyth, a member of the Executive of TAFE Directors' Australia (TDA), volunteered to participate.
- Norma Smith, Director of North Sydney College, Northern Institute of TAFE, expressed interest.
- The Australian Council of Private Education and Training (ACPET) nominated MEGT, who accepted. MEGT's Chief Executive Officer David Windridge is a member of the Board of ACPET.

Different strategic contexts

The strategic context for an RTO includes all the external factors that impact on the organisation's business, including the political, economic, socio-cultural, technological, competitive and customer variables (Viljoen, 1997, p. 7) The role of the strategic manager is critical in responding to this changing environment:

It is...obligatory for strategic managers to constantly and carefully monitor the external environment relevant to their organisation to ensure that the organisation is continuing to perform its primary functions effectively. (Viljoen, 1997, p. 7)

It was felt that the managers in the three selected RTOs organisations faced different strategic contexts, and hence provided a useful, if small, sample of RTOs, for evaluation purposes. Some introductory comments on the three RTOs illustrate their different contexts:

- *The Institute of TAFE Tasmania (ITT)* is a State-wide RTO with nearly 1,000 staff and it is significant that it was a recent (2000) winner of the Australian Training Provider of the Year Award. To have a Training Provider of the Year willing to participate in the program and hence declare that it wanted to continue to improve, is a great credit to the ITT and an encouragement to all other RTOs to always aspire to new heights. ITT does not wish to rest on its laurels: the number and intensity of its competitors are growing.

- *MEGT* is a small, progressive, not-for-profit private provider with over 100 staff, with ten branches in Melbourne, one in Sydney and one in Newcastle. *MEGT* also delivers training in South Australia. *MEGT* has decided not to be a 'one-stop shop' for all training in fields such as apprenticeships. Instead, it actively seeks to form partnerships with other training organisations. *MEGT* experiences the same challenges and opportunities as many other private providers, such as needing to comply with Government regulations as well as needing to be dynamic and innovative. A feature of *MEGT* is that almost all of its training is delivered on-the-job, not in *MEGT* classrooms.
- *TAFE NSW's North Sydney College* has a staff of 565, including full and part-time teaching staff and administrative and support staff. It not only services students in the local neighbourhood: the senior staff members have Institute-wide responsibilities. For instance, Nigel Howard manages the Business Studies program and Keith Maidment manages the IT program across this huge Institute, which stretches from the North Shore to Palm Beach. The Institute area also takes in the heart of the IT industry in Australia, from North Sydney to Ryde. The pressure on businesses in this area to remain on the cutting edge is intense and North Sydney College needs to be on the pace in servicing local industry-client demand.

While the diversity of VET is often commented upon in terms of the backgrounds of clients, the above portraits are a reminder of the range of types of providers in VET, differing internally in terms of charter, size and organisational structure and externally in terms of locations and markets served. The above thumbnail sketches also reveal that, although all RTOs are part of the national training system, different RTOs face very different challenges in developing strategies for their various markets. Additionally, the cultural and structural changes required within each RTO will vary considerably from one RTO to the next.

What was the focus of the strategic and change management?

Strategic management and change management, both defined below, are needed to respond to the strategic contexts faced by RTOs. The following table summarises the strategic and change management focus of the three project teams and, in one case, describes some modifications made after the project commenced.

Table 2.1: Focus of the strategic and change management activities of the three pilot projects in 2001-2002

Organisation and project leader	Participants	Focus of the strategic management and change management
<p>Institute of TAFE Tasmania (ITT)</p> <p>John Smyth CEO</p>	<p>The CEO, four General Managers and nine faculty managers</p>	<p>Although the largest RTO on the island, the Institute is facing increasing competition from other providers from the mainland and from local private providers. The Institute is also constantly reviewing industry and individual client needs, to ensure a fit between the Institute's service provision and current and emerging customer need.</p> <p>According to Institute CEO John Smyth, at the start of the project the Institute had commenced the transition journey to becoming a high-performing VET organisation, with some teams excelling and with some individuals emerging as 'stars of excellence' in the delivery of VET. However, every delivery team in ITT and every element of its business processes need to rise to the highest possible levels of excellence in practice, in the context of the NTF.</p>

Table 2.1 (contd): Focus of the strategic and change management activities of the three pilot projects in 2001-2002

Organisation and project leader	Participants	Focus of the strategic management and change management
		<p>The ITT project engaged senior managers in a workbased learning process that enhanced their leadership capacity to individually lead their work teams, and collectively the whole organisation, in a changing and demanding VET environment. The project supported the development of a 'guiding coalition', with a shared vision of the Institute of TAFE Tasmania within the NTF, with an agreed set of messages to communicate and with agreed change strategies.</p>
<p>MEGT</p> <p>David Windridge Chief Executive Officer</p>	<p>Chief Executive Officer, David Windridge; Training Centre Manager, Monique Mullaly; and Financial Controller, Chet Lee, in consultation with their senior staff.</p>	<p>MEGT exists within a highly competitive market in Melbourne, Sydney and Newcastle and constantly needs to review its delivery strategies, to ensure it is meeting the needs of its clients.</p> <p>The focus of the project was on MEGT becoming more flexible in training delivery methods, specifically within the areas of Call Centre and Retail training. This change to delivery methods required MEGT to address both cultural and structural changes within the organisation.</p> <p>The aim of this project supported MEGT's strategic intent to be a leading edge provider of employment and training solutions in the marketplace.</p>
<p>TAFE NSW-Northern Sydney Institute, North Sydney College</p> <p>Norma Smith Director</p>	<p>The Director, Norma Smith, and two Educational Services Managers, Nigel Howard and Keith Maidment, and two other senior staff who joined in Feb 2002, Lorna MacKellar and Peter Mehan</p>	<p>The North Sydney College not only services clients in the local suburbs: a number of Institute-wide programs are managed by the College's managers. The North Shore of Sydney includes the headquarters of many of Australia's leading IT and telecommunications companies, reflecting the cutting-edge nature of much the College's client base.</p> <p>The North Sydney College project team originally set out to develop a model for an inter-disciplinary team (Total Business Solutions Team) from across sections and units of the Institute (maximum of 6 people). The model challenges cultural barriers across training areas, trials a flexible and collegiate approach to growing the Institute business and meets industry needs by utilising the NTF (especially Training Packages) as a vehicle for change, individual development and organisational learning.</p> <p>After further analysis of their staff during the project, the project team modified the project focus, to develop Operations Response Teams, within North Sydney College initially, revolving around the heads of sections. The four Operations Response Teams, formed as a result of the project, each consist of about five sections and they meet formally three times per semester, to plan and review actions. The Response Teams are mechanisms for developing senior staff. One focus of the Response Teams is on developing customised commercial services within each teaching centre.</p>

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

Concluding comment

While the strategic context for all RTOs includes external factors such as changes in technology or in the economy, the strategic contexts for the three RTOs who participated in the Reframing the Future pilot activities in 2001-2002 are very different, requiring different strategies. Viljoen (1997) comments:

...strategies cannot simply be copied from other organisations, whether in the same or a different industry. Every organisation is unique in terms of its skills, resources, objectives, competitors and external operating environment. Every strategy, therefore, should be unique, if not in concept, then at least in the way it is implemented by an organisation. (p. 6)

RTO managers need continuously to develop new and customised strategies for their organisation to stay effective in business. The next chapter explores the demands of such customised strategic management.

3. *How did the RTOs undertake strategic management?*

This chapter analyses how the three RTOs, within their Reframing the Future project in 2001-2002, undertook strategic management.

Key points

The key points in this chapter include:

- A useful definition of strategic management suggests that it is about identifying, choosing and implementing activities that will enhance the performance of an organisation. However, the complexities of client demands and of the external and internal environments of organisations make strategic management a difficult art to practise.
- The three RTOs in the 2001-2002 sub-program engaged in strategic management in many different ways. One focused on reassessing its strategic positioning; another used Porter's (1980) model of industry forces to analyse its strategic context; and the third focused on crafting a specific, new strategy to improve performance.
- Because RTOs need strategies and capabilities that are appropriate both now and in the future, the emphasis in strategic management needs to be on flexible strategy-making, not just fixed plans.

What is strategic management?

Viljoen (1997) defines strategic management as 'the process of identifying, choosing and implementing activities that will enhance the long-term performance of an organisation'. (p. 4) Viljoen prefers to talk about strategic management, not simply management, as the term strategic management highlights the fact that effective managers are continually involved in developing strategies to ensure 'the long-run success' of the organisation (p. 4).

Viljoen (1997)'s approach to strategic management draws on insights from a range of schools of strategic planning:

- the classical model of rational decision making, which encourages the identification of objectives, a situation analysis, an evaluation of alternatives and the making of choices
- the use of SWOT analysis (an analysis of internal strengths and weaknesses and external opportunities and strengths)
- the development of a corporate vision and mission
- and the development of detailed plans and budgets, evaluation systems and controls.

Browne et al (1999) suggest that this type of model for strategic management is attractive because of it appears 'systematic, comprehensive and ostensibly practical', but warn that it is almost entirely a theoretical construct. (p. 376). Browne et al (1999) argue that the analysis of the strategic context of an organisation is not a simple task. The analysis is affected by the nature of external environments, which are likely to be 'diverse, complex and dynamic. That is, they are subject to change and uncertainty'. (p. 378)

Adding to the complexity, Browne et al (1999) stress that strategic management involves a range of economic relationships:

Strategic management is concerned with the management of organisations in the context of their economic relationships with customers and other organisations (as competitors, strategic allies, suppliers or joint ventures, etc.). (p. 378)

Browne et al's (1999) emphasis on the complexity of the environment is complemented by Mintzberg & Lampel (2001) who suggest that strategic management requires multiple skills, much flexibility of intellect and emotion and an ability to improve practice, and not rely solely on theories:

We need to ask better questions and generate fewer hypotheses to allow ourselves to be pulled by real-life concerns rather than be pushed by reified concepts. We need better practice, not neater theory. So we must concern ourselves with process and content, statics and dynamics, constraint and inspiration, the cognitive and the collective, the planned and the learned, the economic and the political. (p. 52)

Strategic management is affected not only by complex external environments and changing client demands; it is also affected by the complexities of the internal aspects of the organisation. Viljoen (1997) underlines this need to understand the organisation's skills, resources, culture and other features:

A great deal of the complexity of strategic management derives from the need to understand all aspects of the organisation within the context of a multivariate and turbulent environment. (p. 7)

While Viljoen's (1997) comprehensive, theoretical model enables the identification of many of the core activities undertaken by strategic managers, Browne et al (1999) and Mintzberg & Lampel (2001) highlight the need for strategic managers to develop multiple skills to cope with complexity. Strategic management is a dynamic management process and is never in a settled state.

The above discussion of the nature of strategic management provides a reference point for analysing the strategic management undertaken by the three RTOs in the 2001-2002 Reframing the Future sub-program.

Institute of TAFE Tasmania: reassessing strategic positioning

The following account by John Smyth, the CEO of the Institute of TAFE Tasmania, of the strategic management activities undertaken with his senior managers, reinforces the points made above by Browne et al (1999) and Mintzberg & Lampel (2001), that strategic management takes place amidst continual and substantial changes in the external environment. In the case of Tasmania, John Smyth points out in Figure 3.1 below that because the regional economy is undergoing structural change, his organisation is reassessing its strategic positioning in relation to its key stakeholders. He identifies as a major challenge the need to create organisational agility and change strategies to respond to emerging client demands. John Smyth also finds that the linear, step-by-step strategic management model advocated by Viljoen (1997) does not fit well with his complex external and internal environments.

Figure 3.1: Institute of TAFE Tasmania: use of strategic management (John Smyth, ITT Final Report, 2002)

Regardless of how well you believe that you have positioned the organisation, a strategic analysis inevitably identifies some apparent gaps between customer/client needs and service delivery. In a regional economy undergoing structural change, it has proven invaluable to reassess our strategic positioning in relation to key stakeholders; the challenge is in creating the organisational agility and change strategies to respond to the emerging demands.

Our experience would suggest that while a single cycle (moving through the four-stage cycle of strategy analysis, setting a strategic direction, making a strategic choice and undertaking strategy implementation) may provide a generalisation of the whole organisation's development, the change forces are better represented through a series of concentric cycles. Our progress in responding to enterprises through Training Packages as a strategic direction is well into the development phase, yet our service culture is not

Figure 3.1 (contd): Institute of TAFE Tasmania: use of strategic management (John Smyth, ITT Final Report, 2002)

yet a position of choice for every aspect of service by our staff. The inner circles need to click around at a faster rate in order, it seems, to move the outer, embracing one.

The project enabled the management team to invest considerable time in examining the first two phases of the strategic management cycle. While we have generated a strategic option for priority action, we are still actively engaged in the development of our preferred strategies.

By the end of the project we have a guiding rather than strong coalition of managers moving into the implementation phases of a number of change processes – given that they are accepted as a series of concurrent drivers. This will lead to refinement of the organisational structure, particularly to enhance the ability of particular managers to effect change by bringing into their responsibility common areas in which we prioritise change – in particular relating to external service.

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

The emphasis by the Institute of TAFE Tasmania on strategic positioning is similar to an approach advocated by Williamson (2001), who argues that successful strategy-making must combine both planning and opportunism:

Planning builds new capabilities and augments knowledge of new, potential markets and customer behaviour. Because investing in these options costs money, however, the number of strategic options must be optimised and managed. Actively managing a portfolio of strategic options allows a company room to manoeuvre and reposition. Short-term opportunism must determine which precise option a company chooses to exercise. (p. 177)

The Institute of TAFE Tasmania is effectively balancing planning and opportunism.

MEGT: using Porter's model to develop competitive strategies in the VET industry

After the first two months of the project, following Viljoen's framework, MEGT prepared a comprehensive strategic analysis of their external and internal environments and their clients' needs. One of the conceptual frameworks the senior staff used in their strategic analysis was Michael Porter's (1980) Five Forces Model of industry. Porter's model is useful in dissecting aspects of the external environment, as it shows how the structures of industries influence the competitive strategies of enterprises and their profitability. The MEGT analysis follows:

The RTO-industry environment is changing rapidly in the following ways:

- Industry rivalry. Intense rivalry exists due to low entry barriers, lack of product differentiation and low switching costs for buyers. Price competition not likely to be sustainable for smaller RTOs in marketplace in fee for service courses. Large RTOs are pressured to find new revenue streams to survive or risk being forced to merge with others by State Governments.
- Substitute products. Traditional class room type delivery mode has progressively shifted toward on-the job-delivery mechanism. Technological advances are creating pressure for RTOs to move toward e-learning model using internet web-based technology to satisfy employers' demand in the marketplace. Early adopters of this delivery mode are likely to increase their market share and to enjoy the benefits of both economies of scale and scope.
- Suppliers. Trend in marketplace for smaller RTOs hiring a larger proportion of sessional trainers to reduce labour costs as a key driver to improve operating margin.

- Buyers. Competition is strong in market place especially in delivery of retail and office administration Training Packages. Buyers in these packages can exercise choice particularly in forcing small RTOs to lower their prices for their fee paying existing workers.
- New entrants. Potential market entrants have low entry barriers. Government registration process is relatively simple and inexpensive compared to other industries such as banking and telecommunication. (MEGT Strategy Analysis, December 2001)

Guided by Porter (1980), who encourages the development of strategies that will enable MEGT to prosper in the VET industry, MEGT formulated these bold and conservative strategic options:

The following are some of the strategic options that have been identified as a result of the foregoing external and internal analyses:

Bold Strategic Options

- Acquisitions/Takeover. Pursue takeover other smaller competing private RTOs in Melbourne to consolidate our position as a leading privately owned RTO in the marketplace
- Industry skill centre. Establish an industry skill centre focussing on carpentry and joinery, plumbing and electrical courses to complement growth in Group Training division
- Specialist content provider. Become a specialist content provider in marketplace
- Fee for service. Intensify marketing of fee for service activities in targeted areas including call centre and popular short business courses
- Strategic alliances. Develop strategic alliances with industry associations to develop more customise training packages

Conservative Strategic Options

- Flexible learning model. Implement flexible-learning model to complement on-the-job training model for students
- Scope of registration. Expand scope of registration of training packages that is related to mission of company
- Strategic and change management. Conduct in-house strategic and change management programs with an emphasis on promoting a flexible learning model
- Strategic alliances. Develop strategic alliances with industry associations to develop more customised Training Packages.
- Marketing. Restructure to create a dedicated marketing role to intensify marketing initiatives to grow customer base and to become closer to existing customers in terms of understanding and meeting their needs innovatively.

In using Porter's model, MEGT demonstrates the value of rigorous strategy-making, enabling MEGT to find positive ways to flourish in the face of competitive forces. Figure 3.2 shows that MEGT translated the Porter model into practical achievements.

Figure 3.2: MEGT's use of strategic management (MEGT Final Report, 2002)

MEGT reached the stage of strategy implementation during our project. The IT workshop was completed and major issues are now being addressed. Other planned workshops on flexible learning and action learning did not proceed as intended due to adequate knowledge and understanding gained by our staff from other facilitation strategies

The factors that helped us reach this stage included:

- The MEGT IT strategic planning day
- Staff attendance at IT/Flexible learning seminars/ACPET E-Learning breakfasts
- Awareness of competitors' progress in the implementation of flexible learning.
- Implementation of 'Learningfast' within the Training Centre: An online ICT skills program aimed at improving the trainers' confidence and skill levels. All trainers are participating.
- Reframing the Future project discussions.

We had a few problems with the implementation of Learningfast, due to network difficulties. This took about a month to rectify. As a result, the staff lost momentum and will need to be encouraged to pick up where they left off.

From our strategic analysis undertaken during this project, we identified a key skill gap in marketing. To address this critical issue, our CEO decided recently to trial a newly created corporate marketing and sales role to support training division initially. Over time this role is expected to support marketing of other divisions of MEGT. This was a major unexpected result from our strategic analysis completed in December 2001.

The development of a marketing role within MEGT was a strategy not expected before the strategic analysis was undertaken. MEGT went beyond using Porter's structured model of an industry, and was creative and divergent in its subsequent strategy-making.

TAFE NSW – North Sydney College: crafting a successful, new strategy

Strategic management needs to be supported by senior management, who often need to endorse and frame the strategies. Fortunately, the project team at North Sydney College was the College Executive. However, it was a new team and for the first three months of the project the team consisted of only three substantive members. The team was conscious that two more members were to be recruited, and that any strategic activity had to include them and their respective roles within the College.

Strategic management needs to be open to modification when new information is found about the external or internal environment or about client needs. The North Sydney team undertook an extensive analysis of its external environment, its internal skills and resources and its clients' needs. The project began very optimistically, with an end in mind, but 'was reshaped and refocused in order to be able to implement a strategy which was part of daily routine and management'. (North Sydney College Final Report, 2002) The reshaping was due, in part, to the detailed analysis of the internal skills and resources, which influenced the rethinking of the possible strategies.

The following excerpt from the North Sydney College Final Report details the team's strategies, the unexpected results and the factors that helped or hindered them. The excerpt is an indication of the breadth of strategic management needed, just for one initiative involving the development of rapid response teams.

Figure 3.3: North Sydney College's use of strategic management (North Sydney College Final Report, 2002)

Strategic management strategies used by North Sydney to assist the implementation of the National Training Framework included:

- an analysis of internal and external environment
- an analysis of VET/industry sectors
- an evaluation of employee readiness for project strategies
- the use of a cross-sectional team strategy for one of the central project strategies
- an implementation strategy designed to be part of day-to-day management and grounded in the work of the target group.

North Sydney's undertaking of a strategy analysis (i.e. a consideration of external environment, customer and client needs and your internal skills and resources) provided the following unexpected results:

- the level of target group readiness was below the expectation of the project team
- there was a mismatch between internal and external environment
- indicated the need to start with the simple and basic and relate very strongly to the work of the target group
- project team had to modify the strategy and its own expectations.

The factors that helped the North Sydney team contain and manage their strategic management activity included:

- the need to keep the project manageable internally
- the need to relate the project to actual work and program delivery outcomes
- the need to link it with the Northern Sydney Strategic Business Plan
- the requirement to link it to staff development; i.e. capability enhancement
- resource limitations
- the needs of the senior management team within the College
- the outcomes of the College Business Action Plan

Factors that hindered the progress of the strategic management in the project included the delayed implementation of the Institute's Human Resources Design and industrial relations issues, for example, the Teachers' Award.

The team at North Sydney College has reached Stage IV in terms of Viljoen's steps. We are undertaking a progressive rolling out of the strategy and will record results and progress over a significant period of time.

The North Sydney College team believes that the strategy being implemented as a result of the project is only a beginning in terms of influencing the culture of the organisation and in building a high-skilled, high-performing VET organisation. The team estimates that over a period of at least the next two years, given the current culture, the age of the workforce and the possible and expected external and internal influences, change can only be developmental, not transformational. The team considers it is 'building a foundation, from which managers will challenge, innovate and grow the business and enhance their own individual professional development and the staff they lead'. The North Sydney College team echoes the advice of Cusumano and Markides (2001) who suggest that if strategists 'understand the building blocks of successful strategies, they are more likely to craft a successful strategy when their current approach runs its course' (p. 5)

Concluding comment

The three RTOs involved in the pilot project in 2001-2002 identified their unique external environments, client needs and internal resources. The three RTOs also demonstrated an understanding of the point made by Cusumano and Markides (2001): 'Companies need strategies and capabilities that are appropriate for their current environment while remaining flexible enough to respond (or even create) changes in their environment'. (p. 5) However, Cusumano and Markides (2001) note that it is easy to talk about being flexible, but achieving it is more difficult:

But what does it mean when we say that a firm 'must remain flexible'? The trouble is that managers do not know for sure how the environment will change or when. How, then, can they prepare for the unknown in advance? (p. 5)

One way to prepare for the uncertain future, as demonstrated by the three RTOs in the pilot sub-program, is to continually refine management capability in strategy-making.

4. *How did the RTOs use change management?*

This chapter analyses how the three RTOs used change management strategies as part of their Reframing the Future project in 2001-2002.

Key points

The key points in this chapter include:

- Change management is defined as the deliberate use of strategies to manage change within an organisation, to suit the particular organisation's context and the type of change required.
- In each RTO, the approach taken to change management will vary, depending on the RTO's particular environment. For example, in response to their specific contexts, the Institute of TAFE Tasmania chose Kotter's change management framework, MEGT applied McKinsey's model and North Sydney College used aspects of the Phases of Planned Change Model.
- Each of the three RTOs sought to make changes that would be sustainable and were mindful of exhausting their managers by trying to achieve too much, too quickly.
- Change management requires VET managers leading the change to use a mix of wisdom, judgement, sensitivity, patience and flexibility.

What is change management?

Change management is defined as the deliberate use of strategies to manage change within an organisation, to suit the particular organisation's context and the type of change required. This deliberate, conscious use of strategies is a characteristic of change management:

Whatever particular form change takes and whatever objectives it seeks to achieve, organisations cannot expect to achieve success unless those responsible for managing it understand the different approaches on offer and can match them to their circumstances and preferences. (Burnes, 1996, p. 173)

Change management is different from strategic management: Viljoen (1997) explains that change management 'occurs within the overall context of strategic management' (p. 121); that is, change management is a sub-set of ongoing strategic management.

Viljoen (1997) agrees that, in one sense, strategic management and change management are one and the same thing, that is, strategies developed in response to environmental trends and issues (p. 114). But there are differences:

Strategic management is, however, often not focused on the process of managing change but on the end result of change – the achievement of predetermined goals and objectives, the establishment of appropriate structures, the development of new systems, and so on. (p. 114)

Viljoen (1997) points out that on some occasions, the standard processes of strategic management will not accommodate the change requirements of the organisation:

It is here that management must focus on the process of change itself as a critical and separate feature of the overall strategic plan. Change must be managed purposefully in parallel with the strategy process. (p. 114)

There are numerous templates for and approaches to change management. For example, Cummins and Worley (1997, p. 153) note that contemporary approaches to change management aim at creating visions and desired futures, gaining political support for them and managing the transition of the organisation toward them. Cummins and

Worley (1997, p. 168) suggest that change agents must carry out five kinds of activities when planning and implementing changes:

- Creating readiness for change and overcoming resistance to change
- Creating a vision, by articulating a compelling reason for the change
- Developing political support for the change
- Managing the transition of the organisation from its current state to the desired state
- Sustaining momentum for the changes so they are carried to completion.

In comparison to these five activities, Kotter (1996), another leading change management theorist, provides an alternative eight-stage model for producing change in organisations. His eight steps include establishing a sense of urgency, creating the guiding coalition and developing a vision and strategy.

Burnes (1996) identifies two main approaches to change management: the planned approach and the emergent. The planned approach is largely derived from Organisational Development theory and from Kurt Lewin. Three models of the planned change process that emerged from Lewin's work were: the Action Research Model (planning, acting, observing, reviewing); the Three-Step Model (unfreezing, moving to the new level, freezing); and the Phases of Planned Change Model (e.g. exploration phase, planning phase, action phase, integration phase). (Burnes, 1996, p. 180). The emergent approach to change has also been called 'continuous improvement' or 'organisational learning'. It tends to see change as from the bottom-up rather than top-down and it stresses that change is an open-ended and continuous process of adaptation to changing conditions and circumstances. Stace and Dunphy (see Burnes, 1996, pp. 197-98) propose a model of change that accommodates both the planned and emergent approaches to change management.

These alternative change management models provide a general framework from which to analyse the use of change management by the RTOs involved in the 2001-2002 Reframing the Future sub-program.

Institute of TAFE Tasmania: forming a Kotter-style coalition of managers

Change management is a common activity within the Institute of TAFE Tasmania. Structured change management strategies previously were used to introduce Training Packages across the organisation and similar processes are facilitating implementation of the AQTF standards. (ITT Final Report, 2002)

For this Reframing the Future project, the CEO of the Institute of TAFE Tasmania, John Smyth, used Kotter's model for change management:

We have been fairly committed to Kotter – as a guide rather than a prescription in helping us to manage significant change; this project has used his concept of a guiding coalition to raise a management team to a higher level of collective performance. While we have not implemented it with a faithful interpretation, we have adapted it to meet our goal of a cohesive management team that provides consistent messages and direction to staff. (ITT Mid-term Report, 2002).

John Smyth commented on the challenge in forming a coalition of managers, given his managers' varying backgrounds and roles:

The project concept uses Kotter's model for change and, in particular the development of a change coalition. However, it diverged from the Kotter model by attempting to bring all of the two top levels of managers into the change coalition – a 'coalition of managers'. This differs significantly from the Kotter 'coalition of champions'. Given the

diversity of the management group in terms of location, interests, ambitions, views, and roles, it is a challenge to find the common ground on which to build a strong and driving coalition. While there is common support for the strategic direction, underpinning values often shadow implementation. (ITT Final Report, 2002)

John Smyth found that establishing common ground to form a coalition of his managers is challenging, contradicting any observers who believe that change management is straightforward:

The management team involved in this project is a large group of sixteen; it was likely to be significantly challenging to achieve their commitment to a coalition for change. They range broadly in terms of age, experience in TAFE management, personal aspirations, and vision for 'their part' of the institute. Yet, as the final part of the project concluded, they were united in their support for leading performance-based change through the organisation. (ITT Final Report, 2002)

Instead of achieving a coalition, John Smyth ultimately felt that his managers acquired 'common paths' that led to a framework for continuous improvement:

The value from the process was embedded in the 'authentic conversations' that evolved as group maturity developed, as well as in the discovery of the commonality of change performance issues that they faced. It was their achievement of genuinely held 'common paths' that led to the development of a framework for continuous improvement and the honesty of feedback between team members to lead one of them to relate to the group that 'we would never be the same again' as a result of the process. (ITT Final Report, 2002)

Following is a summary of the results of the change management activity within the Institute of TAFE Tasmania.

Figure 4.1: Institute of TAFE Tasmania: results of change management activity (ITT Final Report, 2002)

The group members highly valued the action learning aspect of the project, which gave them time to explore new avenues of thinking in collaboration with colleagues with whom they seldom worked closely, and time to explore evolving concepts. They viewed, for example, the *High-skilled High-performing VET* report as an excellent support resource. The research and subsequent interactions moved managers beyond an appreciation of the abilities of individual team members to a realistic understanding of the capability of the management group.

For many of the team members, the project has provided the next bridge for their organisational growth. All of the working groups established during the project will continue their work and 'project coalition' will be a standing item at the monthly management meeting.

Above all, and as reflected in the Business Council of Australia publication 'Management Leadership in the Workplace', they have accepted a corporate accountability for building the institute as a competitive workplace and a high-performing VET institute. Their common starting point is to address the customer service culture across the organisation.

The synergy gained from the project work has significantly extended the horizons of the management group and built their confidence in being able to carry out both individual and corporate changes in a mutually supportive environment. This has, in turn, led to greater clarity in our vision giving the original goals greater purpose and significance.

Ideally, any change made as a result of a change management activity will endure. In the case of the Institute of TAFE Tasmania, change is being sustained by a number of factors:

A combination of factors stimulate and sustain the momentum of organisational change: an active external TAFE Board's involvement in the strategic analysis, government expectations, staff achievements, and individual strengths providing effective change leadership in their areas of responsibility. (ITT Final Report, 2002)

MEGT: applying the McKinsey model

MEGT adopted McKinsey's (1997) 5 Steps Change Management Model for its change management activity. A key feature of this model differentiating it from, say, Kotter's eight-step model, is that it readily accepts the fluid nature of organisations:

The dynamic nature of this model has worked well for us. Like other businesses, we are constantly in a state of flux. And at any point in time an external or internal event may result in changes being made to the original programs. (MEGT Final Report, 2002)

The McKinsey model consists of five 'laws', each with a key question, as described by MEGT's project team:

Law of Constituent Balance – Why Change? The current external environment highlights the need for change in order for MEGT's training division to remain competitive in an ever changing marketplace.

The Law of Leverage – What to Change? The focus of the change process will be on staff development, usage of the new programs and integration of the new and old, and the steps we need to take in order to successfully implement the change.

The Law of Momentum – Where is the energy to come from? The training division's staff is a young dynamic team who are very enthusiastic and passionate about the implementation of e-learning. The staff will leverage off each other's responses to the whole process.

The Law of Feedback and Adjustment – How to respond and adjust to change? The change process is one which will be continually monitored. We will monitor not only our trainers, but also the users of the new programs and their employers, to ascertain the flexibility of each program.

The Leadership of Change – What is the catalyst of change? The catalyst of change has been the "Reframing the Future" project. This has allowed us to look at implementing e-learning at a far earlier stage than what we may have done. (MEGT Strategy Analysis Paper, 2001)

Using the McKinsey model, MEGT diagnosed that they needed to concentrate on modifying their existing systems and training their staff, before they could realise their goal of becoming more flexible in delivering training:

Our original goal was to become more flexible in training delivery methods specifically within the areas of Call Centre and Retail. Our focus is still very much related to these goals. The process is one that is perhaps more detailed than first thought. In order to achieve these goals we needed to firstly concentrate on modifying the current systems and training the staff before we can offer it to our customers. (MEGT Final Report, 2002)

The organisational changes that resulted from MEGT's use of change management strategies included:

Staff change. A staff position within training division was restructured to align with its new business strategies

Corporate marketing. A new corporate marketing role was created to boost promotion of training NTF accredited Training Packages. (MEGT Final Report, 2002)

The flexibility of the McKinsey Model for change management enabled MEGT to change direction when the senior staff uncovered obstacles or barriers.

TAFE NSW's North Sydney College: adapting the Planned Change Model

While the Institute of TAFE Tasmania used Kotter's change management framework and MEGT used McKinsey's, North Sydney College used aspects of the Phases of Planned

Change Model (Burnes, 1996, p. 180). The Planned Change Model consists of four phases, the exploration phase, planning phase, action phase and integration phase:

We have certainly spent a great deal of time exploring – researching, interviewing and talking to managers, making observations and comparisons. We have discussed and evaluated the information and have planned a strategy to engage and involve the target group through their day-to-day duties and accountabilities. We are now ready to action the strategy – time will tell if it is truly integrated and influencing the performance of the people and the organisation. (North Sydney College Mid-term Report, 2002)

A characteristic of the North Sydney College approach was the focus on good communication and understanding during the change process:

The small teams-based meetings work well because they provide an informal and non-confrontational environment to talk with other Section Heads from similar sections with similar issues. At the moment, the groups are fairly homogeneous. However, it is anticipated that in the future, when the strategy is more established, the groups will be re-organised into less homogeneous groupings to facilitate an awareness of other sections and the issues confronting them as well as to challenge the traditions, myths and legends which limit thinking and innovation.

The communication aspects seem to be acceptable to Section Heads. The small developmental/information forums seem to be well received also.

The focus of the Operations Response Meetings is very relevant and draws on the existing knowledge of Section Heads so that contribution is happening from day one. (North Sydney College Mid-term Report, 2002)

The organisational changes resulting from the use of change management strategies included improved communication and new reporting mechanisms:

At this stage, communication is being facilitated and improved throughout the College among the members of the Senior Management Team. The Senior Management Team consists of all Sections Heads and Special Managers within the College.

The College Executive has developed a simple spreadsheet in terms of financial reporting to Sections on a monthly basis. This is a very great step forward for Section Heads in terms of their development, with the aim being to encourage accountability and responsibility for resources – all resources – within the Section. Such ‘global’ resourcing will enable Section Heads to achieve greater flexibility in how resources are used and thus achieve efficiencies and deploy savings to new or special initiatives for business growth.

The Operations Response Proforma also encourages Section Heads to think about the progress of their own section with some focus questions which are addressed at each of the Operations Response Meetings. The meetings become a vehicle for influence and transformation. (North Sydney College Final Report, 2002)

The North Sydney College team works within a large public provider, with multiple campuses. A structured change management framework of moving through four easily identifiable phases of exploring, planning, acting and integrating, suited the senior managers of one College within this complex organisation.

Concluding comment

The three RTOS involved in the Reframing the Future sub-program in 2001-2002 were satisfied with the success of their change strategies, but each used different frameworks for change management, reinforcing the claim by Stace and Dunphy (1998) that a range of change management approaches is valid, depending on the particular environment: ‘there is no single path to successful change implementation that holds in all situations’ (p. 93).

Planned approaches to change management, as opposed to the bottom-up, emergent approach, were preferred by the participating RTOs. However, the change management approaches of all three RTOs contained an element of the emergent approach in that all three teams were conscious that change is an open-ended and continuous process of adaptation to changing conditions and circumstances.

Each of the three RTOs sought to make changes that would be sustainable and were mindful of Marginson's (2000) caution about the expenses of an 'holistic' approach to change management:

From time to time ... holistic cultural change is needed. But for change to become routine and ongoing, it must be managed in such a way that down-time is minimised and energy is conserved. (p. 14)

Comprehensive change management activities can be exhausting. All three of the three teams heeded this advice and did not over-stretch their colleagues.

The activities of the three RTOs shows that change management 'is not a neutral restructuring process but involves intentions, aspirations and purposes of organisational members' (Brewer, 1995, p. 1). Change management requires VET managers leading the change to use a mix of wisdom, judgement, sensitivity, patience and flexibility.

5. *In what ways did the RTOs change their cultures and structures?*

This chapter describes how the three RTOs, within their Reframing the Future project in 2001-2002, used change management methodologies to modify their structures and cultures.

Key points

The key points in this chapter include:

- The three RTOs in this Reframing the Future sub-program addressed both cultural and structural change, through the use of customised change management strategies. Generally the three RTOs used developmental strategies to modify their cultures and task-focused strategies to modify their structures.
- Cultural changes achieved by the RTOs included the development of an improved industry and client-orientation and a move away from a 'classroom mentality and into a newer, more flexible mode'.
- Structural changes achieved by the RTOs included the creation of new roles and the development of 'Operations Response Teams'.
- To improve organisational effectiveness, every RTO will need to analyse its own cultures and structures, identify appropriate change management methodologies and expect different results from their counterparts.

Cultural and structural changes

According to Mitchell & Young (2001), the two change management approaches required to support the implementation of the National Training Framework are developmental transitions, involving significant cultural enhancement, and task-focused transitions, involving the redesign of not just jobs but also of businesses. (see Stace and Dunphy, 1998)

Mitchell & Young (2001) identified cultural aspects of VET organisations that could be influenced by undertaking developmental transitions, including:

Some providers are still resisting the shift to a demand-driven model from a supply-driven model, which involves a change of mindset by providers

RTOs need to value the diversity in the VET market and to aim for a real market-driven approach, encouraging staff to focus on customers and flexibility

Some teachers are still resisting the need to operate in a customer service culture not a teacher-dominant culture

Providers need to focus more on outcomes not inputs, to effectively implement the NTF

Historical sub-cultures in some RTOs need assistance to change their mindsets, while other business units in RTOs are already entrepreneurial

A new culture is needed that encourages VET staff to undertake ongoing skill development and to be confident about job mobility between States and Territories. (p. 46)

Mitchell & Young (2001) also identified structural aspects of VET organisations, such as jobs and business redesigns, that could be influenced by undertaking task-focused transitions, including:

The current structures of many RTOs may not provide the flexibility needed to respond quickly to customer demand and to fully implement the NTF

There is a need to build RTO and individuals' and organisations' capacities to respond flexibly to the NTF, for instance, in developing partnerships with industry and in customising training

The role of support staff is changing, with the implementation of the NTF requiring greater levels of reporting and accountability

There is a need for additional management development, e.g. to develop management and business skills needed to support the NTF, such as skills in managing risks.

There is a need for a range of leadership styles to support the NTF

The NTF implementation needs of private RTOs, particularly small RTOs, differ from the needs of large, publicly funded RTOs. (p. 46)

These identified needs for cultural and structural changes provide a backdrop for the cultural and structural changes achieved by the three RTOs participating in the Reframing the Future sub-program in 2001-2002.

Institute of TAFE Tasmania: developing a customer-driven culture and structure

By the mid-point of their project, the Institute of TAFE Tasmania expected that the following aspect of their culture would be modified as a result of this project:

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

Given the articulation of our 'high performance' goal and the underpinning relationship to a service culture – we have considerable implementation work ahead. (Institute of TAFE Tasmania Mid-term Report, 2002)

Also at the mid-point of their project, the Institute of TAFE Tasmania expected its project would lead to a refinement of the organisational structure,

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

Figure 5.1 summarises the changes made to the culture and structure of the Institute as a result of undertaking the project. The report emphasises a shift to a customer-oriented culture and, longer-term, to a customer-focused structure.

Figure 5.1: Institute of TAFE Tasmania: changes to culture and structure (Institute of TAFE Tasmania Final Report, 2002)

In what way did the organisation modify its culture to become more responsive?

As experienced by all TAFE institutes over the past decade, change has been a key characteristic of VET provision. For TAFE Tasmania, the amalgamation of regional institutes into the statutory authority TAFE Tasmania in 1998 was an overarching response to improved delivery.

Throughout the organisational development process, there have been a large number of structural evolutions, revised management practices, and improved business processes. They have led to improved efficiency and effectiveness for the Institute and, in business re-engineering terms, could be considered reasonably successful. However the Reframing the Future project led the management team to resolve, particularly in light of the feedback from the staff focus groups, review of satisfaction responses, and the work undertaken to plot the direction to a high performing VET institute, that while 'the process' might make the business successful, it is 'the people' and their customer culture in particular that will move it to be high performing.

Figure 5.1 (contd): Institute of TAFE Tasmania: changes to culture and structure (Institute of TAFE Tasmania Final Report, 2002)

The culture of TAFE Institutes across Australia has been subject to strong criticism by industry, policy bodies and observers; their criticisms are characterised by concerns for TAFE's responsiveness, flexibility and ability to customise its services to its customer's needs.

While there are many demonstrations of high customer orientation that confirm the value many TAFE staff have for their students and industry, this organisation is not easily characterised by a 'can do' customer service culture.

Most importantly, the value of TAFE in terms of its teachers, assessors, and support staff, its learning opportunities, and greatly improved efficiency makes the added value of a customer orientation an attractive proposition. TAFE, with a strong service culture, is an asset that adds value to both industry and community.

However, organisational culture and particularly one so strongly established, is extremely difficult to change. For the coalition team, they know that their leadership will need to reflect the customer orientated culture that they wish to see achieved. They recognise their need to model the values and behaviours that characterise the highest levels of customer service and to manifest those values and behaviours in all their actions and words if they are to build the confidence and trust of the staff, and ultimately, to achieve the staff's commitment to change.

Change management for a strong cultural shift to a customer orientation has begun; most appropriately, the first shift of culture is within the members of the management team themselves. This understanding and acceptance is the important first step of the modification of the Institute's culture.

In what ways did the Institute modify its structure?

Within the six months of the project there have not been direct project-aligned structural changes; however, they are now inevitable given the directions adopted by the management group.

The institute has evolved its structure a number of times over the past four years in response to business imperatives: to align statewide with industry, to breakdown the development of silo mentality in order to foster networking and achieve synergetic opportunities, to enhance the institute's capability in its core business of learning and in exploiting technology to support business outcomes.

While every member of staff has a responsibility to significantly enhance our customer orientation, we will need to ensure that the organisational structure is not managerially, staff, or process driven but entirely customer focussed from the point of student or client interest, through every contact point, to the establishment of a long term relationship that supports lifelong learning.

The pursuit of higher and higher levels of client and student responsiveness is driving both the culture and structure of the Institute of TAFE Tasmania.

MEGT: developing new flexibility and new roles

In the strategy analysis paper it prepared in December 2001, MEGT identified cultural and structural gaps it sought to fill:

- Some staff trainers lack of direct marketing, computing and strategic change management skills
- Lack of capability to deliver e-learning model presently
- Sub-culture consisting of some trainers with "teaching dominant culture"
- Need to develop more networks with targeted industries to share knowledge and expertise
- Limited application of workbased learning concept (i.e. structured staff development programs) within our training division. (MEGT Strategy Analysis Paper, December 2002)

MEGT believed that both its culture and structure changed as a result of the strategic and change management undertaken in the project. MEGT believed that its culture changed from a classroom mentality to a more flexible mindset:

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

A specific change to the organisation's structure was the introduction of new roles in the corporate marketing division including telemarketing, corporate marketing and sales consulting.

TAFE NSW's North Sydney College: developing an industry-oriented culture and operations response teams

At the mid-point of their project, the North Sydney College's team expected that the College's structure would be modified as a result of the project, particularly cross-teaching section collaboration and cross-Institute collaboration, through more effective communication, increased capability and improved performance. It was also expected that the College's culture would be modified, with the emergence of a more customer-focused approach; the development of a sharing ethos; the development of a version of succession planning; and the recognition of excellence at 'grass roots' level.

A number of the above goals, such as succession planning, were put aside as being too ambitious for this short project. The project team commented on the shift in strategy during the project, to a simpler, more practical, immediate focus:

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

Figure 5.2 summarises the changes made to the culture and structure of the College as a result of undertaking the project. The report emphasises a shift to an industry-oriented culture and the development of a structure of Operations Response Teams.

Figure 5.2: North Sydney College: changes to culture and structure (North Sydney College Final Report, 2002)

What modifications were made to the culture of the organisation?

The team is part of the Northern Sydney Institute (NSI) and as such, the Institute is currently implementing a revised HR design in order to address the operational needs of the delivery sites (colleges) as well as focus the Institute as an entity on strategic business growth, targeting customer service, strategic alliances and partnerships, process improvement (the Institute is seeking accreditation for ISO 9001 in 2002) as well as developing strategies to increase the capability of its staff.

The team is aiming for a gradual cultural change in terms of a growing awareness of 'the outside world' for the managers within the College, the significance of the NSI Strategic Business Plan and the four key focus areas, the need to become more flexible and industry-oriented and how these are part of not just the day-to-day work undertaken by Sections within the College, but how this work contributes to the National Training Framework through the outcomes of the Institute; the ultimate focus being on knowledge and skill enhancement.

Figure 5.2 (contd): North Sydney College: changes to culture and structure (North Sydney College Final Report, 2002)

In what ways did the College modify its structure? Operations Response Teams/Meetings

The strategy which the team has developed is a college-based initiative which forms Section Heads into small teams, to discuss operational matters primarily, but also to look at business opportunities and growth, staff learning and development and education in terms of how a high-skilled, high-performing VET organisation should function and perform in terms of targets and outcomes.

The concept is not new. It is based on the experience of the Director, North Sydney College, who in a previous Institute, experienced a similar strategy based on pure operations matters. However, the potential for streamlining and applying the strategy to a broader set of parameters, in the opinion of the North Sydney College Project Team, was obvious.

The strategy forms Sections Heads into small teams who meet two or three times each semester to discuss operations matters, but also to look at and work on those matters which influence the efficiency and effectiveness of operations; namely, our customer focus, our business sustainability, our people development and our process improvements. With these four focus areas, the Project Team believe that with time and improvements, the organisation can become high-skilled and high-performing. It is the concept of using and accessing the existing knowledge and expertise of the wider management group, that a proliferation of enhancements will occur. Perhaps there is even a little competition in there as well.

The Operations Response Pro-forma asks some simple focus questions of the Teams in order to assist in the discussions and the exchange of ideas. The meetings are entirely informal and interactive, but any actions agreed to are documented and followed up prior to the next meeting.

Backing up the operations side of things, is a series of seminars/forums, which have been planned for Section Heads in order to present them with innovative and thought-provoking concepts, so that they can think about their Section's culture, performance, processes, future and the development of staff.

The Project Team has made a beginning with the implementation of this strategy. The Team will conduct reviews, over the next 12 months, to establish whether any influences or transformations have been achieved.

The changes occurring in the external and internal environments are ongoing and therefore, focus on the key performance indicators may be modified. However, the links to the NTF, the TAFE NSW Strategic Directions, the NSI Strategic Business Plan and the College Business Plan are all interwoven into the structure and focus of the Operations Response Team philosophy.

Evaluation over time will indicate just how influential and transformational the strategy will be.

By developing a concrete, new structure – Operations Response Teams – North Sydney College is positioning itself to better achieve its goal of being more and more industry-oriented.

Concluding comment

Stace & Dunphy (1998) describe two different schools of thought about change management: those who focus on confronting, developing or remoulding the core cultural values of an organisation and those who focus on changing the structure of an organisation, such as numbers of levels in the hierarchy. Stace & Dunphy (1998, pp. 9-10) find that both approaches are needed for effective organisational change.

The three RTOs in this Reframing the Future sub-program addressed both cultural and structural change, through the use of customised change management strategies. Generally the three RTOs used developmental strategies to modify their cultures and task-focused strategies to modify their structures. (see Stace & Dunphy, 1998) The changes they made were as various as the cultures and structures of their organisations, showing

that, to improve organisational effectiveness, every RTO will need to analyse its own cultures and structures, identify appropriate change management methodologies and expect different results from their counterparts.

6. *In what ways did the RTOs become high-performing?*

This chapter analyses how the three RTOs defined the concept of a high-performing organisation and in what ways they achieved it, as part of their Reframing the Future project in 2001-2002.

Key points

The key points in this chapter include:

- The concept of a 'high-performing organisation' was promoted by the BCA (2000), but the BCA's definition of the term was very brief. Mitchell & Wood (2001) later identified additional characteristics of high-performing VET organisations.
- The teams in the Reframing the Future pilot sub-program in 2001-2002 were invited to define the term for themselves, in ways that suited their organisation and each of the teams found this exercise valuable. For example, the Institute of TAFE Tasmania believed that once the concept of high-performance was defined, refined and accepted across the Institute, it will provide a context for strategic changes to be better understood and accepted. MEGT found that, by defining the term, they were able to identify certain standards and criteria, which they could now focus on, and North Sydney College considered that it had begun the journey to becoming a high-performing VET organisation.

What is a high-performing VET organisation?

The Business Council of Australia (BCA, 2000) advocates that Australian organisations seek to become high-performing, to assist Australia's prosperity. The BCA describes high-performing enterprises as characterised by creativity, innovation, flexibility and competitiveness. These characteristics provide a valuable, initial set of criteria for analysing whether VET organisations are high-performing.

The case studies for the report by Mitchell & Wood (2001) suggest that other important characteristics of high-performing VET organisations are their:

- use of a strategic approach to human resource development;
- innovative responses to challenges arising from the implementation of the NTF; and
- development of collaborative arrangements with industry.

The following table sets out general and specific characteristics of high-performing VET organisations.

Table 6.1: Summary of characteristics of high-performing VET organisations, identified in case studies of Framing the Future projects, 1999-2000 (Mitchell & Wood, 2001)

General Characteristic	Specific Characteristics
Strategic approach to Human Resource Development	<ul style="list-style-type: none">• Staff development is valued at a strategic level• Staff development activities are provided in a range of key areas, each of which relate to specific organisational goals• A Staff Development Unit, or special research and development unit, or other specialist group, oversees and coordinates all staff development activities across the organisation• Staff development is targeted at and designed for specific staff – e.g. sessional staff• Staff development activities involve a variety of participants from different levels of the organisation

Table 6.1 (contd): Summary of characteristics of high-performing VET organisations, identified in case studies of Framing the Future projects, 1999-2000 (Mitchell & Wood, 2001)

General Characteristic	Specific Characteristics
Innovative response to challenges	<ul style="list-style-type: none"> • A challenge or opportunity is approached with creativity and courage • Flexible delivery is used to overcome the problems of distance and insufficient funding • Staff are provided with opportunities to learn and develop through staff development activities - designed to lead to further innovation
Collaborative arrangements with industry	<ul style="list-style-type: none"> • Training delivery is promoted and marketed to industry • Links with local companies are established to provide training and assessment services • Real-business activity is simulated within Institute-based training programs, using 'Practice Firms' sponsored by local industry • Flexible, innovative, quality training is provided to industries to ensure continued success • Contracts for the provision of training with national companies are pursued

The following discussion of the three RTOs involved in the Reframing the Future sub-program on Strategic Management and Change Management may further clarify the characteristics of high-performing organisations.

Institute of TAFE Tasmania: high-performing leadership and a service culture

The Institute's project team considered that developing a common vision of a 'high performing' TAFE Institute within the management team was a key element of the project. At the mid-point of their project they reported:

Given the articulation of our 'high performance' goal and the underpinning relationship to a service culture – we have considerable implementation work ahead. The 'high-performing TAFE' concept, once developed, refined and accepted across the Institute, will provide a context for these changes to be better understood and accepted. (Institute of TAFE Tasmania Mid-term Report, 2002)

A practical result of the discussion about the meaning of 'high-performing' is that, based on discussions in phase one of the project, a sub-group developed a measurement model which was reviewed during the first two-day workshop in November 2001. Initially the model consisted of four elements, Organisation, Learning, People and Business Performance, each with a number of criteria. It was refined in order to introduce key milestones of achievement for each criterion and was re-evaluated at the end of the project.

According to their Final Report, the managers within the Institute now understand the concept of a high-performing TAFE institute as it might apply to TAFE Tasmania. Perhaps more importantly, the concept has been accepted by them from their learning and reflection on other models of best practice, matched to their understanding of both the internal and external environments:

This level of change improvement needs a beginning and the catalyst for the change movement to begin. Having a vision for high-performance, a common understanding with some measurable elements, and a common commitment to achieve it is an

enormous achievement in six months. The management team strongly valued the opportunity to participate in the project. (Institute of TAFE Tasmania Final Report, 2002)

The CEO of the Institute believes that the negotiated goals from this project are the key to the Institute becoming customer-oriented:

In essence, the negotiated goals of this project may well be the key critical success factors in enabling the Institute to improve, particularly through the strengthening of its customer orientation. As reflected by the CEO in the Business Council of Australia Report '...the only way that we are going to get there is by better managerial leadership'. (Institute of TAFE Tasmania Final Report, 2002)

Two characteristics of a high-performing VET organisation identified and attained by the Institute include management leadership based on team-building and teamwork and using the different individual behavioural styles of their colleagues to build a strong management team committed to organisational improvement:

Clearly, the successful management leadership requires team-building and teamwork, goals that can be easily lost in a diverse, statewide, distributed organisation. The project helped the team members to overcome some of their interpersonal frustrations, hidden agendas and boundary issues. The project enabled them to appreciate the different individual behavioural styles of their colleagues and to use them to build a strong management team committed to organisational improvement. (Institute of TAFE Tasmania Final Report, 2002)

MEGT: high-performing in meeting customers' and industry needs

At the mid-point in their project, the understanding in the MEGT project team of the concept of a high-performing VET organisation included a range of criteria as follows:

MEGT's current understanding of a high performing VET organisation is one that incorporates several factors, as outlined below.

Relationship Management

Customer focused; being proactive rather than reactive

Taking ownership of the business

Having the ability to focus on our core business, whilst adhering to stringent government guidelines and being compliant with the AQTF

Being competitive

Education/Knowledge/Understanding. Be knowledgeable about the technical and professional expertise required for the business as well as understanding operating environment and direction.

Patience/Commitment. Lack of patience will disrupt the best laid plans. Perseverance and commitment must be resolutely applied to achieve business objectives.

Capital. Careful management of resources is essential to ensure continuity of business. Key to prosperity is the capacity to survive the next downturn.

Prudence/Critical thinking. Thoroughly analysing strategic options and executing preferred options prudently and with perseverance

Staff/People. Respect for staff for they are often the most critical asset of any organisation. Valued staff are likely to deliver quality performance to customers. Aim to apply talent where it can be best utilised

80/20 rule. Apply "Pareto principle" (which states that 20% cause generally produces 80% of the effect) in decision making process.

Leadership. History suggests that strong correlation between success of an enterprise and the calibre of leadership. Effective leaders usually possess key traits such as wisdom, credibility, compassion, courage and discipline. (MEGT Mid-term Report, 2002)

Together with the work of the Institute of TAFE Tasmania and North Sydney College, MEGT's identification of the above criteria of a high-performing VET organisation is a major contribution to this topic within VET.

During the course of the project MEGT applied the following strategies, which they believe contributed to their aim of becoming a high performing VET organisation:

Staff involvement in the selection process of an IT program for the Training Centre

Management commitment to the IT plan, which lays the foundations for future choices and the implementation of flexible learning. The support structure/infrastructure is now in place.

A CEO who is committed and passionate about the company

Attendance at several flexible learning seminars by management and staff to increase knowledge

Bringing in an external facilitator for the IT planning day.

Use of experienced strategic planners

Researching our competitors to see what the standards are in the current market/climate. (MEGT Mid-term Report, 2002)

Some critical success factors in MEGT's pursuit of the goal of developing a high-performing VET organisation included:

Commitment. Strong leadership and commitment to this process by CEO

Support. Excellent support from external project facilitators i.e. John Mitchell and Susan Young and IT support from internal staff

Resources. Adequate financial resources to fund project activities such as conducting workshop and attending relevant external seminars

Staff. Training Centre staff enthusiasm, understanding, commitment and input into the project and its goals

Learningfast. Success in implementing Learningfast within the Training Centre. (MEGT Mid-term Report, 2002)

Like the Institute of TAFE Tasmania, as discussed above, the MEGT project team found value in defining for their organisation what they meant by high-performing:

By defining the term, 'high performing organisation' we were able to identify certain standards/criteria, which we could focus on. MEGT aims to offer training in response to our customers' and industry needs. This means that we need to be able to offer a range of delivery modes if we are to become high performing and remain competitive in the marketplace. In order to achieve this goal, we needed to establish and implement change management and strategic management strategies. (MEGT Final Report, 2002)

TAFE NSW's North Sydney College: high-performing in innovation, experimentation and risk management

By the mid-point of the project, the North Sydney team developed the following

understanding of the concept of a high-performing VET organisation:

- a culture of working in the present but simultaneously preparing for the future
- employees who are flexible, with portable generic skills but undertaking just in-time specialist training for the current job/situation
- recruitment for skills, and not according to classification
- responsive as well as proactive with regard to trends; i.e. setting some and reacting to them too. (North Sydney College Mid-term Report, 2002)

In response to the question, In what senses did your organisation become a high-performing VET organisation, as a result of undertaking the project?, the project team responded:

At this stage, the team believes that we have begun the journey to becoming a high-performing VET organisation. Certainly communication has been improved in the first instance. The strategy is providing quality time for the Section Heads to be with the College Executive to discuss a wide range of issues from operational matters, staff and student issues through to the development of and participation in innovative, industry linked projects. Additionally, it is envisaged that by identifying 'champions' to lead the way, that innovation, experimentation and risk management will become part of the way the organisation operates. (North Sydney College Final Report, 2002)

Critical success factors affecting North Sydney's pursuit of the goal of developing a high-performing VET organisation included defining the term and linking the project to wider Institute initiatives:

The team had to be certain within themselves as to what a high-performing VET organisation in terms of TAFE NSW meant. Having established that, we then had to devise a strategy which would assist us in achieving that goal.

It must be said that this is by no means the only strategy which is currently being developed and implemented within NSI, e.g. the Managers of the Future initiative. (North Sydney College Final Report, 2002)

Northern Sydney Institute is developing a Managers of the Future training and development initiative, which will encourage change and innovation, through the Operations Response Meetings. This linkage occurs because the Managers of the Future program requires Section Heads to develop a project of some kind to implement within their Sections or perhaps across a number of Sections as a cross-sectoral initiative. The project team can use the Operations Response Meetings to monitor progress as well as provide guidance, support and sponsorship for the projects, thus ensuring some successful outcomes.

Concluding comment

One of the benefits of encouraging teams to define the concept of high-performing organisations is that it forces RTOs to identify criteria, discuss standards and inevitably benchmark themselves against other organisations. Each of the project teams is now more aware of the value of benchmarking. Benchmarking is a continuous improvement tool for increasing the competitive performance of an organisation in its key business processes. Benchmarking also encourages the analysis of key business processes from their clients' perspectives.

7. *What are the benefits for RTOs of strategy-making and change management?*

This chapter identifies the benefits of strategy-making and change management for the three RTOs that participated in the Reframing the Future project in 2001-2002.

Key points

The key points in this chapter include:

- Continual strategy-making helps organisations to continue to thrive. Ongoing change management enables organisations to modify their culture and structure to support the achievement of external strategies.
- For the 2001-2002 participants, the main benefits of this project were that individual managers learnt critical, new skills and the managers developed a heightened sense of unity and purpose in pursuing the goals of the National Training Framework, particularly to be demand-driven and client-focused.
- The main benefits of change management included the changing of RTOs' internal cultures by encouraging increased cooperation across internal departments and the changing of the structure of their organisations to become more responsive to external clients.

Theory

Theoretically, the benefits of improving strategy-making in an organisation are fundamental to its future survival and growth. Markides (2001) warns:

Even (or perhaps, especially) successful companies must continuously question the basis of their business and the assumptions behind their successful formulas. Because new who-what-how positions spring forth from the mass market almost ceaselessly, established companies must be on the lookout for these new positions. Like modern-day pioneers, corporate executives must set out to explore the evolving terrain of their industries in search of unexploited strategic positions. Only the intrepid who abandon the safety of the familiar to venture into the unknown will have a future worth discussing. (p. 247)

Primary benefits of undertaking change management in an organisation are the achievement of changes to both culture and structure. Stace & Dunphy (1998) point out that organisations often don't know what are the most important 'levers' to pull for the implementation of strategic change. (p. 8) Two broad levers are the organisation's culture and structure and Stace & Dunphy (1998) argue that normally both levers need to be modified to implement organisational change.

These theoretical benefits can now be compared with the benefits attained by the three RTOs involved in the Reframing the Future sub-program in 2001-2002.

Institute of TAFE Tasmania: 'a jolt into action'

The Institute of TAFE Tasmania considered that three 'very genuinely held' benefits of undertaking their project in strategic and change management, for individual managers, were:

Time to learn, reflect, share, contribute;

Relationships with their colleagues;

Commonality: pathways, issues, goals. (Institute of TAFE Tasmania Final Report, 2002)

In response to the question about the three main benefits of undertaking the project, for the organisation, the Institute responded:

Regardless of the eventual outcomes of the change process, and there is every reason to be positive about the prospects ahead, there are tangible outcomes already achieved:

Sense of unity – not cynicism;

Learning: time to learn, to value people and to endorse that managers are part of the Reframing the Future agenda as well as teaching staff;

A sense of purpose in striving to achieve change. (Institute of TAFE Tasmania Final Report, 2002)

The project team expects that the benefits will be sustained:

The project outcomes will not only be sustained but will be imbedded in the work program of the management team. To ensure that both the process and the task are maintained two groups have particular roles:

“pit-crews” – to keep the team oiled, greased and new tyres!

“Agenda” – to be in the monthly meeting agenda. (Institute of TAFE Tasmania Final Report, 2002)

Figure 7.1 sets out other project outcomes for the Institute.

Figure 7.1: Institute of TAFE Tasmania: project outcomes (Institute of TAFE Final Report, 2002)

In essence, the six month project was to provide the foundation for organisational change with the managers not only acknowledging their increased understanding and awareness of change management processes but expressing their commitment to the concept of improved performance and their value for the new levels of group maturity and unity in approach within the management team.

In the workshop summary session, the project was viewed by one manager as a ‘jolt into action’ at a point when the previous performance gains could easily have lifted them into a comfortable operational plateau that would end the successful and sustained performance the institute had achieved to date.

While the management team is fully aware that they have still to deliver extensive change outcomes, their unity in purpose and their commitment to one another to send common cultural messages consistent with the change performance goals that they view as critical for the future success of the organisation reflect the best elements of a guiding coalition for change.

In what other ways will implementation of NTF be enhanced?

In a sense, the focus of the project on ‘high-performance’ has implications for every aspect of the NTF – the development of the organisation’s 2002/05 corporate strategy reflects this through the adoption of a vision for the institute as an ‘agile’ organisation.

The value of the project is in enabling the management team to evaluate and reflect on their leadership role in this evolutionary change process. It is probably appropriate to respond that the Institute’s implementation of the NTF has the potential to be enhanced in every way by successful achievement of the outcomes of the project.

The benefits to the Institute of TAFE Tasmania of undertaking the project in strategic management and change management align with the thoughts of Markides (2001), quoted above, who encourages corporate executives to set out to explore the evolving terrain of their industries in search of unexploited strategic positions. The project enabled the senior managers to develop a coalition, in order to conduct the exploration together.

MEGT: ‘creation of new relationships with industry’

For MEGT, the major benefits for individual managers from participating in the project were as follows:

Greater understanding of flexible learning

Change management processes

Importance of strategic planning and all the factors that need to be taken into account; company involvement. A change in one department can mean changes throughout the entire organisation

Creation of new relationships with industry experts and practitioners

Increased knowledge about NTF goals and objectives

Exposure to cutting edge strategic and change management tools. (MEGT Final Report, 2002)

The major benefits of the project for the organisation were:

Greater understanding of Flexible Learning

An IT strategic plan is now in place

Learning to manage planning and implementation process as a team

Increased staff knowledge and understanding of NTF goals and objectives

Improved staff compliance with AQTF standards

Refined culture to support goal of become a high performing VET organisation

Created new relationships between us and major public RTOs. (MEGT Final Report, 2002)

MEGT measured the value of the project in the following ways: staff and management feedback; the new support structures put in place by the IT department; and the redevelopment of the company's website to better support flexible learning initiatives. (MEGT Final Report, 2002)

MEGT expects that these benefits of undertaking the project will be sustained due to the following factors:

Commitment. Continuing commitment and support by our CEO to staff training and professional development corporate wide

Participation. MEGT will seek to participate in other ANTA projects (e.g. LearnScope) to facilitate regular transfer of knowledge on NTF issues to its staff

Continuous learning. Training Centre staff will continue to attend Flexible Learning workshops to increase their knowledge. (MEGT Final Report, 2002)

The implementation of NTF will be enhanced in the following ways:

Increased understanding of technological impact on implementing NTF training packages using flexible learning tools such as Learnfast, IDSL, ANTA Toolboxes.

Expanded training scope to include aged care training packages that were identified as a high potential growth market segment from our strategic analysis. (MEGT Final Report, 2002)

To optimise the benefits it received from this project, MEGT followed the advice of Stace & Dunphy (1998) in attending to both cultural and structural issues.

TAFE NSW's North Sydney College: 'breaking down the silo mentality'

Figure 7.2 provides the views of the five participating managers from North Sydney College on the key benefits from participating in the project, for individual managers.

Figure 7.2: North Sydney College: benefits for managers (North Sydney College Final Report, 2002)

Norma:

- Getting to work on a specific task with the team and accessing their respective and many talents and learning about how they think and perceive things as individuals.
- Undertaking a project which is part of the management style and strategy of the College Executive and which is linked to the 'big picture'.
- Developing a project that includes the entire College Executive in influencing the culture of the organisation and working towards a high-skilled, high-performing VET organisation.

Keith:

- Learning about what other providers are doing in meeting the current and future challenges of the VET environment.
- Achieving a deeper and more meaningful understanding for the requirements of change management and processes to improve the implementation of the NTF.
- The benefit of taking time out to think about the longer-term goals and strategic directions in which VET is heading.

Nigel:

- The learning which comes from the interaction with the College Executive team members and with other providers.
- The benefit of knowing and learning about how the organisation can be influenced and moved slowly towards becoming high skilled and high performing.
- The building in of time to reflect on one's day to day work as well as to visualise and plan for the future.

Peter:

- The benefit of doing some forward planning and building in strategies to achieve goals.
- The chance to implement continuous improvement strategies and innovation in day-to-day work.
- Enabling the College Executive team to take a 'customer's view' of the organisation and work from that aspect.

Lorna:

- Enables promotion of customer service to be key performance criteria in an operational environment and for business growth and sustainability to be planned for and implemented in a coherent and consistent way.
- Encourages sections to have ownership of customer service initiatives, which facilitate sustainability and help to identify growth areas.
- Smoothed and paved the way of implementing new procedures for customer service in the context of the whole organisation.

The main benefits for North Sydney College from undertaking the project were:

The model is transferable to other units and across colleges/institutes.

The model can be used strategically to influence the 'soft' areas, such as culture, attitudes as well as the operations and business aspects of VET.

The model can be used to underpin other strategies currently used or being implemented within the college/institute, eg. staff training and development, organisational development initiatives, business planning. (North Sydney College Final Report, 2002)

The project team responded in the following way to the question: How have you measured the value of the project to your organisation?

No measurements have been done, but because the strategy is linked to the NSI Strategic Business Plan, these will form the basis for the key performance indicators of the initiative. The strategy is generic enough to be able to be linked into other initiatives either current or proposed within the Institute because of the flexibility and openness of the theme of these Operations Response Meetings. (North Sydney College Final Report, 2002)

These benefits will be sustained for the following reasons:

For the moment, if the strategy is linked to college/institute business, there is no reason why it will not continue. It is first and foremost a mechanism of communicating with Section Heads, and then there follows the facilitation, encouragement, sponsorship and development of ideas, people, projects and processes.

It is directly linked to day-to-day business so the relevance is obvious. The gradual education process of Section Heads will be a longer-term benefit. The strategy also challenges current Institute practice, which needs to be influenced in order to support the business in colleges throughout the Institute. This strategy is so simple yet direct in terms of putting business 'on the table' and requiring answers to issues in order to progress and grow. (North Sydney College Final Report, 2002)

The project will impact on the implementation of the National Training Framework by enabling managers to better network within the College and Institute before establishing external relationships that are critical to the growth of their business:

The role of a manager is by nature a solitary one at times. The managers within North Sydney College will benefit from the local networking, which the Operations Response Meetings will encourage. This networking will then be extended to other colleges across the Institute, then to other contacts external to the Institute.

The strategy will also facilitate sharing of ideas among College managers who can learn to form strategic links within the College as a first step to venturing into external relationships in order to sustain and grow the business.

The initiative is specifically designed and aiming at breaking down the 'silo' mentality within the organisation. And it is further hoped that by this facilitation process, some of the barriers will be challenged and removed through innovation, cross-sectional projects and professional development initiatives. This ultimately will free up the talents and expertise of staff to apply them in a broader context and in different environments. (North Sydney College Final Report, 2002)

The project team at North Sydney College focused particular attention on ensuring that any new structures it developed as a result of the project fitted with the structure of the rest of the Institute and the Department.

Concluding comment

Evidence provided by the three RTOs in this sub-program of Reframing the Future suggests that the benefits of this sub-program, which encourages strategy-making in a collaborative, workbased environment, are that individual managers learnt critical, new skills and that the managers developed a heightened sense of unity and purpose in pursuing the goals of the National Training Framework, particularly to be demand-driven and client-focused.

Each of the RTOs involved in this sub-program pursued different objectives for their change management activities. Generally, the resultant benefits of change management for each of the three were the changing of their internal culture by encouraging increased cooperation across internal departments and the changing of the structure of their organisations to become more responsive to external clients.

8. *Can the skills of strategy-making and change management be learnt on-the-job?*

This chapter discusses whether skills in strategy-making and change management can be developed on-the-job by RTO personnel, based on the workbased staff development model used in this sub-program of Reframing the Future.

Key points

The key points in this chapter include:

- This sub-program enabled RTOs to create the conditions for managers to feel safe to ask questions and experiment, which is essential for the development of strategy.
- Ideally, a contemporary RTO manager will experience and benefit from both the conventional management training from a postgraduate degree or similar and the workbased learning method used by Reframing the Future.
- Every RTO needs managers who understand intimately their own organisation's capabilities, clients and wider environment and who can develop effective strategies in the midst of change, while coping with the uncertainty of what the future may bring.

Discussion

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

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

Creating the conditions for managers to feel safe to ask questions and formulate hypotheses and to experiment is essential for the development of strategy. These conditions were created by the three RTO teams in 2001-2002.

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

Table 8.1: Comparison of conventional methods used to develop strategic management skills with the Reframing the Future sub-program

Conventional methods used to develop management skills	Methods used in the Reframing the Future sub-program to develop management skills
Individual managers undertake a postgraduate degree, in isolation from their work colleagues, where the course is based on linking the theory to the manager's workplace	Teams of RTO managers use workbased learning strategies and pressing organisational challenges to develop strategic management skills and to undertake change management
Individual managers indirectly aim to improve their organisations, as a consequence of undertaking external study	Managers actively participate in a process that will assist their organisation to become high-performing

Table 8.1 (contd): Comparison of conventional methods used to develop strategic management skills with the Reframing the Future sub-program

Conventional methods used to develop management skills	Methods used in the Reframing the Future sub-program to develop management skills
Individual managers focus on good practice cases studies in management development, derived from other organisations	Managers focus on building and implementing strategies for their own organisation
Individual managers focus on broad challenges to contemporary organisations	Managers focus on the impact of the National Training Framework: e.g. industry relationships, quality, assessment, workplace delivery, new staff roles, customer demand, competitive market
Individual managers focus on developing his/her skills	Managers focus on developing and applying skills to directly assist his/her organisation's strategic priority needs
The application of theoretical learning from the postgraduate course is delayed	Managers immediately apply their learning in their own workplace
Individual managers are evaluated externally	The participants conduct self-evaluation and seek client feedback, regarding their achievement of strategic change

The above table draws attention to the differences in approach between the personal, professional development offered by the conventional postgraduate study approach and the workbased learning management development approach of Reframing the Future. The two approaches are complementary and are two approaches from a number that are available. For example, Callan (2001) describes a range of strategies for meeting the training and development needs of managers in the VET sector, including presentation methods, hands-on methods and team building methods. Ideally, a contemporary manager will experience and benefit from many learning experiences, including the conventional management training from a postgraduate degree or similar and the workbased learning method used by Reframing the Future.

Concluding comment

The earlier chapters of this report show that the Reframing the Future sub-program on Strategic Management and Change Management enables managers to develop skills that are appropriate to their organisation's context and immediate and future needs. As Cusumano and Markides (2001) suggest, 'designing a successful strategy is a never-ending quest' (p. 4) and the challenge for managers to develop successful strategy is relentless:

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

Every Registered Training Organisation (RTO) in the vocational education and training (VET) sector in Australia needs managers who understand intimately their own organisations' capabilities, clients and wider environment, and who can design effective strategies in the midst of change, while coping with the uncertainty of what the future may bring. The 2001-2002 Reframing the Future sub-program provided a window into the lives of RTO managers who are developing such knowledge, skills and attitudes.

Appendix 1: *Evaluation brief*

Drawing on the definition of participative evaluation set out in Appendix Two, the role of the participative evaluator in Goal 2 of Reframing the Future – Strategic Management and Change Management – is to assist the pilot project teams in 2001-2 to benefit from involvement in the program. Participative evaluation requires the evaluator to provide feedback to pilot project teams during the course of their pilot projects, commenting on their use of resources, their processes and their outputs. Participative evaluation also involves providing pilot project teams with challenging questions to assist them to evaluate their own progress. The evaluator is to identify, through research and through consultation with the pilot projects, effective processes for establishing effective strategic and change management projects. The evaluator will also document examples of good practice for dissemination in VET.

Additionally, the evaluator will:

- provide further advice to the participating project teams on the literature on strategic and change management, extending the literature review in Chapter 3 of *High-Skilled High-Performing VET*
- provide further advice on the development of high-performing VET organisations, extending the research in *High-Skilled High-Performing VET* and *Evidence of High-skilled VET Practitioners and High-Performing VET organisations*
- maintain regular contact with the program mentor and the pilot projects for evaluation purposes;
- document the development of the three pilot projects, for dissemination to those who may be considering the establishment of the same;
- produce a final evaluation report which will inform directions and criteria for the selection of projects in 2002 and, together with the mentor, a research paper for a VET conference.

Appendix 2: Evaluation methodology

The primary aim of the evaluation was to identify effective processes for developing high-performing VET organisations, and to communicate these processes to other VET organisations.

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

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

The evaluator sought to illuminate issues such as:

- various understandings of the term 'high-performing organisation'
- how the implementation of the National Training Framework will be enhanced by an RTO undertaking strategic management and change management to become high-performing
- whether an RTO's structure and culture can be modified, through the use of strategic management.
- challenges to an RTO wanting to become more high-performing
- the value of strategic management strategies for RTOs developing a high-performing organisation
- how change management strategies can be customised to suit each RTO.

The participative evaluator set out to understand and describe the complex interplay of factors affecting any one pilot project. Hence, qualitative methodologies such as observation and interviews were more appropriate than quantitative methodologies.

The evaluation had three stages: the evaluator observed, inquired further and then sought to explain. This involved participant observation, interviews with participants, the use of questionnaires and the analysis of documents and background information, all of which helped illuminate problems, issues and significant features of the program.

To guide the evaluation and the discourse with the mentor and the project teams, the evaluator used the frameworks for strategic management and change management as set out in *High-skilled High-performing VET* (Mitchell & Young, 2001). The following table provides a summary of the typical skills required of managers: traditional management skills, strategic management skills and change management skills. Over a period of time, organisations normally require all three sets of functions to be performed.

Table 1: Typical functions of different management roles (from Mitchell & Young, 2001)

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

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

To encourage the use of strategic and change management skills by the project teams, specific interventions were made by the mentor and evaluator, including the convening of full-day Forums at the start of the project in early October 2001 and in late November 2001; recommending selected texts on change management and strategic management; conducting a visit to the ITT project team during their two-day residential conference, two visits to MEGT's headquarters and three visits to North Sydney College of TAFE; and occasional teleconferences with each project coordinator. Each team was given feedback on their Strategy Analysis paper and on their written responses to questions issued at the mid-point of the sub-program.

The evaluator and mentor proposed to the three pilot teams that they work through a four-stage sequence for strategic planning developed by Viljoen (1997), beginning with a strategy analysis stage where they analysed their external environment, analysed their customers' needs and analysed their internal resources. Each team produced a Strategy Analysis paper and made a presentation of their analyses to the CEO of ANTA, Moira Scollay, in late November 2001. The pilot teams were then encouraged to work through the next three stages of strategic planning: formulating strategic directions, evaluating and selecting strategic alternatives and finally strategy implementation.

The pilot teams were encouraged to examine alternative change management models provided in the literature and then to decide on a model or a version of a model that suited them. For instance, the pilot teams were invited to consider a selection of change management models provided by Brewer (1995), Burnes (1996), Kotter (1996), Cummins & Worley (1997) and Stace & Dunphy (1998). The CEO of ITT was already impressed by Kotter's eight core change management activities and had earlier purchased a copy of Kotter (1996) for his senior staff, while MEGT selected a five-step model promoted by McKinsey (1997) and North Sydney College used an adaptation of Burnes' (1996) ideas.

Expectations

The three participating organisations agreed to meet the following expectations:

- Participation in three joint Forums, at the start, in the middle and at the end of the project.

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- Reading of selected texts on change management and strategic management.
 - Cooperation with the external evaluator
 - Preparation of an Action Plan
 - Production of a Strategy Analysis Paper.
 - Production of a Final Report
 - Responses to various tools developed by the evaluator and mentor.

Appendix 3: Key participants

The author wishes to thank, for her support, the sub-program mentor, Susan Young, the National Project Director of Reframing the Future. The author also wishes to thank the following VET professionals who demonstrated, during their projects, their commitment to the never-ending quest for effective strategies to make their RTOs high-performing:

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Carol Ward, General Manager, Business Improvement

Paul Murphy, General Manager, Development

Malcolm White, General Manager, Strategic Services

Col Hollingsworth, General Manager, Corporate Services

Greg Peart, State Manager, Adult Education

Terry Powell, State Manager, Automotive & Electrical

Margaret Fairhall, State Manager, Business

Jules Carroll, State Manager, Community Services and Health

Jim Walsh, State Manager, Construction & Textiles

Sue Paine, State Manager, IT & Multimedia in 2001 and Design & Communication 2002

Jennifer Trethewey, Executive Manager, Drysdale

Shirley Haas, State Manager, General Education

Ian James, State Manager, Metals and Engineering

Wally Wright, State Manager, Natural Resources

MEGT

David Windridge, Chief Executive Officer

Monique Mullaly, Training Centre Manager

Chet Lee, Financial Controller

North Sydney College of TAFE

Norma Smith, Director, North Sydney College and Associate Director, Business Services, Information Technology and Electrotechnology

Keith Maidment, Manager, Educational Services, North Sydney College, with Institute responsibilities for Information Technology and Electrotechnology Business Line

Nigel Howard, Manager, Educational Services, North Sydney College, with Institute responsibilities for Business Services and Office Administration and Technology Business Line

Peter Mehan, Manager, College Services, North Sydney College

Lorna MacKeller, Manager, Business and Customer Services, North Sydney College

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