

SKILL GAPS IN THE AUTOMOTIVE SUPPLY CHAIN IN THE WEST AND EAST MIDLANDS 2005

FURTHER SKILL AND WORKFORCE DEVELOPMENT NEEDS, FOCUSING ON LEADERSHIP AND MANAGEMENT DEVELOPMENT

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6.1 Introduction

Issues about the calibre of industry leaders and managers are of rising significance in recognition that not only knowledge and competences, but also styles or approaches to leadership and management, play an important role in business innovation and competitiveness. Business efficiency and productivity may heighten, for example, by motivating and engaging employees to give their best, to be proactive in proposing improvements rather than 'just pressing buttons', and introducing preventive actions that limit the costly occurrence of problems rather than dealing reactively with these. This section therefore particularly addresses whether there were any management skill implications inherent in attaining the business objectives, and what leadership and management development issues existed for businesses, as well as suppliers.

Following this, the focus on skill and workforce development issues ends with a brief discussion of the skill and workforce development needs exerted by working towards any standards or accreditation, and an evaluation of the priorities established by firms in addressing their current and evolving skill and workforce development needs.

6.2 The distinction between leadership and management skills

To gauge the level of understanding of the distinction between leadership skills and management skills, the survey participants were asked to give their definitions of these. A synthesis of the combined opinions on each skill-set yields the composite definitions shown in Text Box 6.1, overleaf, while the definitions given by individual respondents are presented in Appendix 8.

6.2.1 Leadership skills

Most of the definitions were either focused on Senior Managers and Directors or were unspecific, but several (shaded yellow, Appendix 8) focused on team leaders on the shopfloor or, at any rate, leaders outside of the senior management team. Interestingly, there was virtually no mention among these of any need for team leaders to possess 'soft' skills, or people skills. Instead, they were

focused on getting the immediate tasks done efficiently and in a disciplined way (and improving that efficiency) in order to meet their deadlines. A good example is one 1st tier comment: *"Line managers have leadership to put in the discipline, making improvements, getting components out on time, making manpower flexible."*

Text Box 6.1: Definitions of leadership skills and management skills

Leadership skills involve technical knowledge, as well as strategic capability, innovative thinking, setting the vision, business direction and the culture of the organization, planning ahead, managing all resources, and having strong people skills to inspire, motivate and enable them to work towards achieving the business objectives.

Management skills require functional competence, efficiency and good inter-personal and communication skills in carrying out the day-to-day tasks needed to run the factory, office and systems, dealing with processes and organizing and monitoring people so that the business objectives can be achieved.

Less than half of the definitions of leadership skills mentioned people skills or 'soft' skills – what one SME called: *"People factor things, motivating, touchy feely skills."* A 1st tier, aware of the need to engage the commitment of the workforce described leadership skills as: *"Trying to win the hearts and minds of people, to [get them to] understand why things have to be done and [are] responding to these."* In the view of another 1st tier: *"To be a good leader, you must get people behind you."*

A few (3) highlighted leaders' establishment of the culture and the values of the organization.

Others talked about leaders' strategic, planning, organizational and directing ability. Some of these took a more rounded view of the attributes of leadership, as, for instance, a vehicle manufacturer, who stated: *"A leader understands what's going on internally and knows what to do to get the best out of them. Gives strategic direction, planning, is innovative and challenges them to be innovative."*

But several definitions were solely concerned with directional and productive competence, with no acknowledgement of the need for 'soft' skills, or of being innovative, but speaking, as one 1st tier did, of leaders having: *"Ability to move the plant productively forward to meet its challenges, demonstrating that in a clear and visible way to the rest of the plant."* Similarly, an SME highlighted leadership skills in: *"Setting policies and strategies and nominating actions necessary to meet shareholders and company's requirements."*

6.2.2 Management skills

Management skills were described as concerned with processes, day-to-day tasks, knowledge of the specific functions in order to run them efficiently, and managing people within those functions. Very few definitions noted the need for managers to have decision-making ability.

- But the most striking finding is the almost virtual absence of 'soft' skills among the range of management skills in their definitions.

Indeed, one SME went so far as to say that: *"Management generally lacks leadership skills. This bedevils British industry. They just tell people what to do."*

6.3 Skill issues for managers in meeting business objectives

In recognition that the potential for fully meeting the company's business objectives, firms were asked whether there were skill issues for their managers which prevented them from doing so. Firstly, they were invited to summarise what their key objectives were.

6.3.1 Key business objectives

The key business objectives for the 23 companies which provided this information were headed by financial and market objectives, with improved profitability the leading priority overall (9 firms), followed by increased turnover, winning new business, cost reduction, and high quality products or components/being best in class (see Table 6.1 and Appendix 9).

Table 6.1: Key business objectives: main priorities overall.

Specific objectives	Number of firms			
	Vehicle Manfrs	1st tiers	SMEs	TOTAL
Improve profitability/be profitable	2	4	3	9
Increase turnover/growth	2	2	3	7
Grow market share/win new business	1	4	1	6
Reduce our costs	2	4	-	6
Best in class/high quality products/components	3	1	2	6
Improve Health & Safety/safe work environment	1	1	2	4
To stay in business/earn money	-	2	2	4
Have the best team/develop our people	2	1	1	4
Meet customer requirements/customer satisfaction	1	3	-	4

Cases: 5 vehicle manufacturers, 11 1st tiers, 7 SMEs. Refer to Appendix 9 for a list of all business objectives.

There were some significant differences between vehicle manufacturers, 1st tiers and SMEs as to their key objectives:

- Cost reduction was highlighted by two vehicle manufacturers, and it was one of the major priorities for 1st tiers, but it was not mentioned by any SMEs.
- Product innovation was mentioned by one vehicle manufacturer, and technical improvements through the acquisition of new technology was highlighted by an SME, but none of the 1st tiers indicated either of these objectives.
- Though they did include best in class/high quality among their business objectives, some key performance and efficiency criteria, and the objective of meeting customer requirements, were not included by the SMEs among their business objectives, specifically missing were:
 - Meeting delivery schedules – right process/right first time.
 - Improve our efficiency.
 - Increase productivity.
 - Continuous quality improvement.
- Only the 1st tiers included worldwide competitiveness, and market diversification, among their business objectives.
- Only the SMEs highlighted the objective of ensuring that their people were paid as much as possible.
- Staying in business was only highlighted by the suppliers.

Given these objectives, what did firms have to say when asked whether any skills issues hindered their managers in achieving them?

6.3.2 Skills issues which hindered managers achieving their business objectives

The skill gaps among Senior Managers and Directors and the changing competences they needed to possess have already been discussed in some depth. For instance, it was said earlier that they needed to be:

- Technical experts in their field.
- Responsible for the company's resources, investments and programmes.

- Possess international knowledge and contacts, and be able to operate on a global basis.
- Keep track of changes in the business environment, whether in the marketplace or the supply base, and to make decisions and implement revisions to products and processes in order to meet customer expectations (see section 5.3.1).

Skill gaps were most noticeable in relation to:

- Team working.
- Personal and relationship skills.
- Language skills.
- IT skills.
- Leadership skills, and
- Communication skills (see section 5.3.2).

Not surprisingly, there was little for them to add now, when asked if there were skill issues which hindered their managers in meeting their business objectives.

But 5 firms (2 1st tiers and 3 SMEs) were adamant that there were no skill issues that presented obstacles for their managers.

There were some, though, who took the opportunity to stress certain issues, or to highlight additional ones.

(i) Issues raised by vehicle manufacturers

One vehicle manufacturer commented that their managers needed to be more financially aware and astute since the company was entering a new phase of development, and needed to be more cost efficient. They also considered that skills in their group's continental language would be advantageous during this phase, and would make them more efficient, as there would be more integration with other parts of the group.

The need for language skills, including their group's continental language, was also mentioned by another vehicle manufacturer, for whom a further issue arose through people holding positions that they did not have the requisite skills for.

One reiterated an earlier point about the lack of external business experience and limited awareness of the business environment outside the company of long serving managers.

Another was concerned with the ability of their managers to implement their group's continuous improvement way of working.

One vehicle manufacturer merely stated bluntly that lack of time, and lack of money, were issues for their managers.

(ii) Issues raised by 1st tiers

Certain issues for 1st tiers included the need for better leadership skills and management skills, as well as 'soft' skills including communication skills.

"They need better communication skills" said one 1st tier who was finding things tough in the marketplace, and could see the prospect of transferring production overseas if productivity did not increase, and costs decrease: *"We have to convince our workforce that this is what we are up against."* They just did not believe that the plant might ever close.

Another 1st tier reiterated their earlier comments about half of their management team not having the capacity for change. They needed a focus on performance management. They were also destroying what Human Resources did as regards employee relations because they did not concentrate on the 'softer' way of delivering the message, and how things were moved forwards (the implication was that they did not get the full co-operation of the workforce). Instead, they were mechanistic.

Lean manufacture and the need for greater efficiency were noted by two 1st tiers. One commented that changing products and initiatives like lean manufacture filtering down from their top management team had found other managers somewhat lacking in implementing their objectives. Another supplier highlighted the need for a performance measurement exercise (time and motion) to be conducted across the company, including in the offices, to see how quickly people worked, and how well they achieved their targets, whether the layout could be improved and suchlike. *"We are hampered by an outdated factory"* they said. They also needed to shed some staff.

Two firms considered that the lack of specialist expertise was an issue. One needed managers to have better marketing skills because they were to focus on sales and distribution. Another made this point more generally about the need for better functional competences.

The need for better skills to enable managers to operate successfully in the external business environment was highlighted by some.

"Our customers operate globally, so we have to" repeated one firm. *"We need to know what competition we are up against in order to know how to get the job."* They were also concerned with maintaining and strengthening their strategic supply relationship with their main customer.

Another 1st tier highlighted the entrepreneurial nature of managers' business getting skills. Their top managers were often tied up, and presentations to new customers had to be done by other managers. *"The question is – how do you develop people quickly so they can contribute more quickly as individuals"* they queried.

Language skills were described as a barrier by a Far East-owned 1st tier.

(iii) Issues raised by SMEs

The 4 SMEs who believed that managers were hindered by skill limitations in meeting their business objectives echoed the comments made by the 1st tiers.

- Two firms thought that they needed to improve their general leadership and management capabilities.
- Another SME singled out weaknesses in time management, delegation, and customer knowledge.
- The fourth SME was broadly of the same opinion, and asserted that managers needed to think smarter, and have a better understanding of the marketplace, in order to win business.

6.4 Challenges for leadership and management development

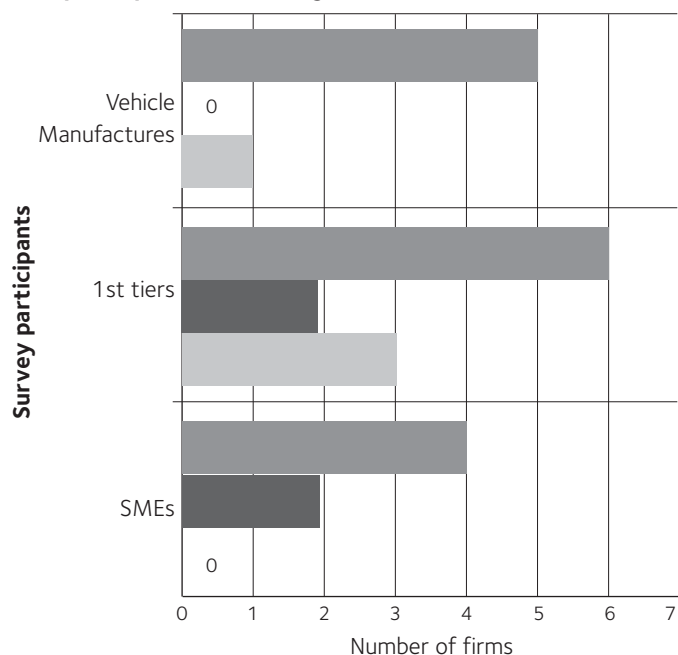
The signals received so far indicate that improvements were needed in the leadership and management competences of Senior Managers and Directors, as well as other managers, team leaders and supervisors. Now, the survey respondents were specifically asked whether leadership and management development presented challenges for their company.

There was a resounding ‘yes’ to this question, since:

- 15 firms in all confirmed that these did present challenges for their company, and only 4 firms were adamant that they did not (see Figure 6.1).

Figure 6.1: The extent to which leadership and management development present challenges for vehicle manufacturers, 1st tiers and SMEs.

Whether leadership and management development presents challenges



- This presents challenges
 - This does not present any challenges
 - Can't say / no response
- Cases: 25
 Refer to Appendix 10.

Points contributed on the subject of leadership and management development concerned:

- *Cultural, attitudinal and methodological issues (6 firms in all).*
- *Issues related to lack of time and resources (i.e. business pressures) (8).*
- *Issues for commencing a development programme or training (8).*
- *Professional skills acquisition under way (6).*

An important issue to consider is:

- What precisely does leadership and management development entail? With reference to the definitions of leadership and management skills, for instance, firms had indicated varying considerations from ‘soft’ skills to specialist functional competence.

This variation is also apparent in their comments on the challenges they faced, as well as the leadership and management development activities in which they were currently engaged.

6.4.1 Lack of time and resources

Prioritising leadership and management development was problematic for some because business pressure prevented it, and there was insufficient time and/or resources (human and financial) to undertake it. Firms variously spoke of “*stretched targets*”, of having time only for “*firefighting*”, and running “*too lean*” to spare the capacity.

But, interestingly:

- Lack of time and resources preventing leadership and management development was not an issue highlighted by any of the SMEs (see Appendix 10).

Four firms among the vehicle manufacturers and 1st tiers specifically pointed to the lack of time they had to undertake any leadership and management development. *“The challenge is – we have to get round to it”* admitted a vehicle manufacturer, adding: *“We tend to ignore it [and say] ‘you’re a leader now and know everything.’”* Their comment on why it is imperative to embrace the challenge to undertake leadership and management development is illuminating:

“Why a challenge? The world is changing. Things that worked in the past don’t work now. Why? Increased regulation, competition from parts of the world that we didn’t take seriously before. Customers increasingly demanding. Pressures increasing/faster. We need to be smarter, more disciplined, we need to be a learning organisation. You need to be a leader at all levels. But people think ‘we have got here [i.e. got appointed] and don’t need to do anything else’. That’s wrong. They need to continue learning.”

6.4.2 Cultural, attitudinal and methodological approaches

The main consideration here was that the current leadership needed to change their methods and approach, but there were cultural and attitudinal issues, as well as methodological ones – a point raised by 6 firms overall (see Appendix 10).

A vehicle manufacturer foresaw that in order *“not to be the same as we are, tomorrow”* their leadership needed to change radically. The problem was the lack of time and resources to make this happen. For an SME, speaking of their older managers: *“...need to change, or see the need for change”*, it was their lack of professional business training that was an issue, as they had gone through the ranks and learnt the trades.

Two respondents believed that the challenges came down to individuals’ personalities: *“The adaptability of individuals, their acceptance of new methods, and being able to communicate,”* said a 1st tier. *“They need to change, and see the need for change”* said an SME of their older managers. The need for better communication skills was also singled out by an SME who saw this as associated with a lack of planning about the day-to-day tasks. A vehicle manufacturer raised a similar point about their leaders needing to ensure that they could reach already stretched targets. Another vehicle manufacturer spoke of their collaboration with a local university to learn about *“emotional intelligence.”*

6.4.3 Issues for commencing a development programme or training

Aside from issues about lack of time and resources, various points were made about what they needed to do in commencing a leadership and management development programme, or for individuals to embark on appropriate training (see Appendix 10). Points mainly covered strategic and/or organizational limitations that had prevented the commencement of training and development.

A 1st tier said, for example, that their Board needed to have a strategy in place for management development, in order to implement it. Clearly, their opinion was that this objective needed to be written into the business plan for any action to occur.

A similar point was implied by another 1st tier who needed: *“...to spot talent early”* on in their engineers, at a stage when they were relatively inexperienced at customer/supplier contact. A key question for this firm was how you developed this talent quickly in engineers who had the potential to go and talk to Japanese and other OEMs. The importance of a possession of international capability was also highlighted by a vehicle manufacturer who mused that: *“The development of leaders to operate within an international context is not easy.”*

This vehicle manufacturer, like another, revealed plans to establish their own training centre or networks to undertake leadership and management development (a third already had these up and running). One was focusing on the formation of ‘learning networks’ which would operate across international boundaries. This related to, and indeed accentuated, the need for standardization among different parts of the group. For the other vehicle manufacturer, the leadership and management development was being pursued as part of their lean development programme (which had already commenced) involving the formation of their own ‘lean centre of excellence’ two years ahead.

Setting appropriate training in motion was an issue among the SMEs, though not necessarily among Senior Management. For one Managing Director, training for himself was not the issue, it was the need to undertake succession planning. The problem was that someone needed to embark on the appropriate training and development, but none of his employees had stepped forward ready to take on the responsibility.

Another SME pointed out that further training and development at team leader level was required, because they needed to have good ones working in the production cells. They considered that:

“The current ones are not as good as they need to be. They need self-discipline, and be accountable. Team leaders need to keep jobs running all the time e.g. when out of hours on shift working.”

They were clearly eyeing a potential solution, saying:

“Youngsters go on Operation Raleigh as a gap year. John Blatchford started it. A Sheffield company I know sends his team leaders on it for team leader development/training.”

6.4.4 Professional skills acquisition under way

In response to the question about challenges for them in respect of leadership and management development, 6 firms indicated that development was already under way (see Appendix 10).

The extent of the current activity mentioned at this stage varied from a few individuals undertaking a management degree (as in one 1st tier), to the existence of a dedicated training centre in a vehicle manufacturer, who described separate centres for the development of managers and (imminently) for staff:

“We launched in early 2004 a significant programme of management/leadership development. We did an employee survey last year to see what improvements employees identified and this led to the development programme. There are development centres for staff, and management development centres (not mixed together). We are holding 3 x 2-day sessions for each group of managers and will assess what skills they have got and what they need and how to get there. This will happen over the next 2 years. We will start in December 2004 with staff. Managers started last May (2004). All the managers will have gone through the course by May 2005. There are 2 categories: for up to 5 years experience, and over 5 years experience.”

Several companies among the vehicle manufacturers and suppliers stated that they were currently providing training and development for their managers through external and/or internal training and development activities via university

business school specialists or commercial training providers and consultants. One vehicle manufacturer spoke of learning about emotional concepts from UCE, and global business economics from the Technology Innovation Centre. Another vehicle manufacturer was focusing on lean development gained through association with the Lean Enterprise Academy/Institute. They were also doing 6 Sigma training, and currently had 48 black belts and 4 master black belts. They highlighted the need to be *“a learning organization.”*

It is important to note that:

- There was little to indicate any extensive engagement with the challenge of leadership and management development among the SMEs.

The only comment made by an SME at this stage about their existing leadership and management development was voiced by a very small supplier who asserted that: *“The challenge is recognized and being tackled in a progressive way. It is not a concern.”* They had 2 managers undertaking courses to improve their technical and functional competences.

6.5 Challenges for suppliers of leadership and management development

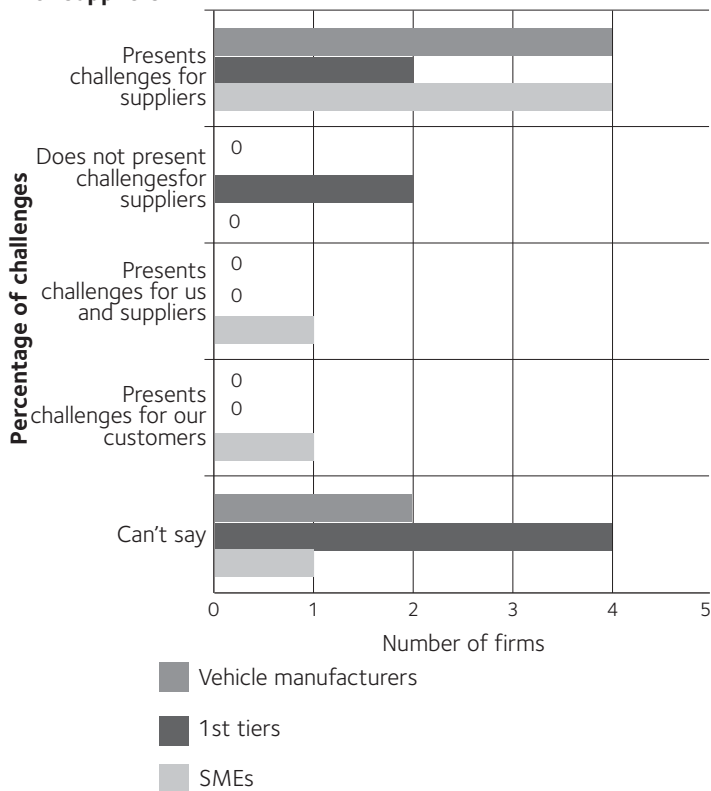
Interviewees were also asked if they perceived that leadership and management development presented challenges for their suppliers, too. Their responses indicated that:

- About half of the vehicle manufacturers, and most of the SMEs, considered that there was a challenge for suppliers in relation to leadership development, but virtually none of the 1st tiers were able to comment (see Figure 6.2).

Several firms had very little supply chain, certainly in the West Midlands, including an overseas-owned vehicle manufacturer, and one of the 1st tiers. Others were distanced from this knowledge by their role in Human Resources or Training, and a few were reluctant to commit an opinion.

Figure 6.2: Whether leadership and management development created challenges for suppliers.

Whether leadership development presents challenges for suppliers



Cases: 6 vehicle manufacturers, 8 1st tiers, 7 SMEs.

As we shall see:

- Issues they raised were often only obliquely relevant to leadership and management development, since there was a tendency to take the opportunity to complain about suppliers' lack of reliability and poor customer service, which were clearly attributed to supplier limitations or inadequate business planning.

In terms of taking up the challenge of leadership and management development:

- Some were aware that perhaps they could do more, themselves, as customers, to ensure that their suppliers developed the necessary competences.

Indeed, there was a slightly defensive air about some of the responses.

The comments made by survey participants mainly concerned four main themes:

1. Relationships with and/or partnership between customer and supplier (7 firms).
2. Quality and delivery issues (7 firms).
3. Lack of resources and the effects of lean workforce levels, (4 firms), and
4. The need for their suppliers to do leadership/management training (3 firms).

An exception was a small SME sheet metalworker supplying direct to the public, but who considered that their customers were lacking in leadership and management skills, saying: *"The poor culture does not grow leaders/managers."* This sentiment had echoes in the comment by a vehicle manufacturer that: *"Our culture drives this"* when referring to the pressures they placed on their suppliers.

6.5.1 The relationship between customer and supplier

Issues about the relationship, or the need for partnership, between customer and supplier were raised by 4 vehicle manufacturers, none of the 1st tiers, though by 3 SMEs. The consensus view among these interviewees was that:

- The relationship between customer and supplier was not one of amicable and close partnership working, so much as estrangement exacerbated by an atmosphere of acute and intensifying business pressure.

One vehicle manufacturer complained that: *"Suppliers don't understand their customer,"* and that they were: *"...not focused on the customer."* But another vehicle manufacturer displayed an understanding of the pressures they placed on their suppliers, saying: *"The way we manage our suppliers forces them into targets that may not be achievable, so it is a very tight relationship with suppliers."* A third VM commented that they did not deal with shoddy or unprofessional suppliers, but appeared to conclude that there could be an implication of a role for themselves in supplier development, observing that they had not done any management development with suppliers themselves.

It was the opinion of a fourth vehicle manufacturer that their suppliers (i.e. 1st tiers): *"...should treat their [own] suppliers equally. But it is not always the case"* they observed.

An SME forgings supplier thought there were “great problems” for their own suppliers in both leadership and management development, stating that they were: “Not interested in supply chain improvement programmes.” Observing that their customers sometimes undertook substantial initiatives with their suppliers (including themselves) such as ‘the leaner supply chain’, another SME (machining and fabrications) mused: “We ought to do that with some of our suppliers. If we help them it will affect the service/quality they give us.” But they did not have the sort of resources to do that. A related point was made by a tube components SME who believed that they and their suppliers needed to: “Sing from the same hymn sheet,” adding: “If they let us down we let our customers down.” They were aware that they needed to develop their leadership and management skills, and considered that they themselves should monitor them.

6.5.2 Quality and delivery issues

Issues relating to quality and delivery problems were raised by 7 firms, of which 3 were vehicle manufacturers, 1 1st tier, and 3 SMEs. It was striking that:

- None of the points raised about quality and delivery were complimentary. Instead, all indicated a dissatisfaction with the performance of their suppliers, which some clearly saw as related to poor management.

According to one vehicle manufacturer, it was not a case of leadership or management development. Instead, they believed: “It’s how they approach their business...Decision making is left to the Directors and they are distanced from the day to day processes so it is easier for them to walk away from it.”

Various firms, at all levels, talked about the lack of communication between customer and supplier, that suppliers never telephoned to indicate a problem with machinery, for example, or had never been to their plant. One vehicle manufacturer said, rather hotly: “I have never had a supplier come here and ask me what I want.”

Another vehicle manufacturer berated their suppliers because their: “Performance and delivery standard is much lower than the customer needs.” There was a: “Quality issue.” Another had observed that their own demands forced suppliers into targets that were not achievable.

The calibre of customer service was also raised by two of the 1st tiers. It was important to an electronics 1st tier that their suppliers kept up with failure mode effect analysis (FMEA), a quality tool. For a 1st tier (wiring harnesses) whose own suppliers were mainly big companies, e.g. of cable, the crucial point (presumably about the lack of focus on providing individual customer (service) was that these firms were: “Losing their focus as they are becoming global.”

The need for reliability was also paramount for SMEs with regard to their own suppliers. A discs for gearboxes SME said: “There are businesses out there that we deal with that leave me cold re leadership/management but as long as they supply us what we want it doesn’t matter.” Another considered that their suppliers exhibited a “lack of planning” on a day to day basis.

6.5.3 Lack of resources and the consequences

Four firms highlighted various issues about the lack of resources among their suppliers to effect any changes, among them 1 vehicle manufacturer, 2 1st tiers, and 1 SME. The main deduction was that:

- Firms were too small, and/or their workforces and management structures too lean, to enable them to fulfil their obligations to their customers to the level that those customers required.

According to a vehicle manufacturer the problem was: “Not enough people and too much task” for their suppliers. A 1st tier thought that improving their quality and reliability was particularly an issue for smaller suppliers. For an SME, the shortage of their own resources prevented them from developing any supply chain initiatives with their suppliers, despite the potential advantages they could see that it would bring.

The most eloquent comments, though were voiced by an exhausts 1st tier who considered that the emphasis on lean manufacture had resulted in managers covering 2, 3 or 4 specialist areas that they understand insufficiently. “There are very few specialists in 2nd tiers because they have reduced their headcount so much,” they asserted. The problem was a lack of appreciation of what ‘lean’ constituted:

“They see lean as low operations management level and light on investment, to cut costs. This is the wrong way around. Lean is not lean on people and low on investment. Lean manufacture is about investing in people and getting the best out of people and systems.”

6.5.4 The need for suppliers to train in leadership and management skills

Three firms – a 1st tier and 2 SMEs – considered that suppliers needed to undergo training in leadership and management skills.

The need for suppliers to invest in their people was asserted by the 1st tier exhausts supplier, but 2 SMEs specifically advised that suppliers should do some training in leadership and management skills. They included a prototype and sheet metalworker who thought that Senior Managers/Directors among their suppliers: *“Must change or see the need for change.”* The issue concerned the lack of professional managers *“They don’t do a bad job,”* they said: *“But they have gone through the ranks and are not professionally/business trained in business studies, MBA, or management studies.”* He was adamant that it would make a difference if they did this training.

Further points about the supply chain are discussed in relation to best practice (section 8). Meanwhile, the discussion of skill issues moves on to look at accreditation.

6.6 Skill issues in working towards accreditation

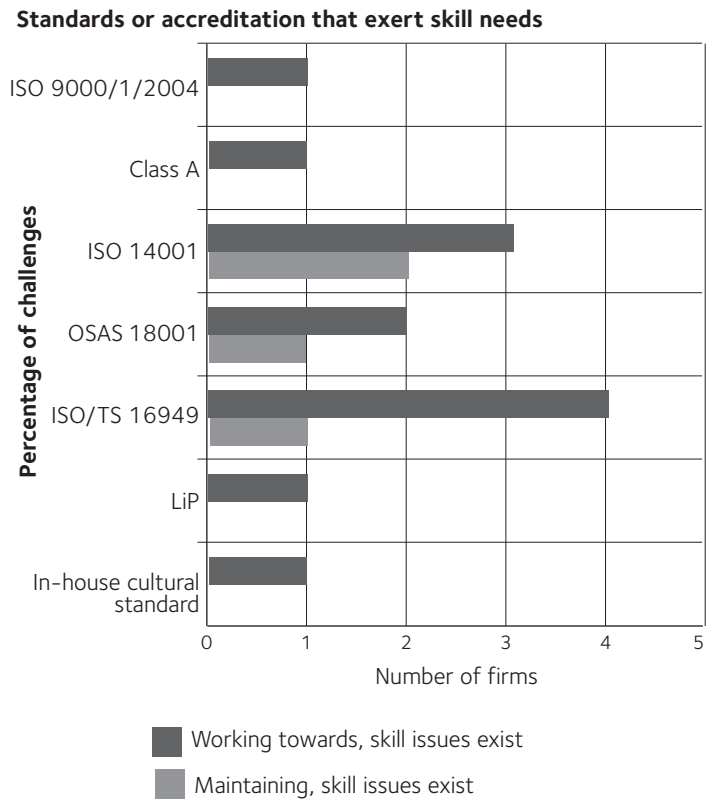
In recognition that working towards any standards or accreditation, such as quality or environmental standards, could have skill impacts, firms were asked to specify if this was the case and, if so, what standards or accreditation applied. Their responses indicated that:

- Seven firms were currently working towards various standards or accreditation that exerted skill needs (see Figure 6.3).
- One of these, together with an eighth firm, also stated that there were skill issues in maintaining the standards that they had already attained.

“We have standards, but we don’t abide by them,” said one, asserting that: *“The same is true of all manufacturers.”*

The 8 companies consisted of: 1 vehicle manufacturer.
3 1st tiers, and
4 SMEs.

Figure 6.3: Skill needs exerted by working towards or maintaining standards or accreditation.



Cases: 8.

As Figure 6.3 showed:

- The automotive industry standard, ISO TS 16949, raised skill issues for 5 firms working towards or maintaining it, similarly the environmental standard, ISO 14001 (5 firms).
- The occupational Health and Safety standard, OSAS 18001, was highlighted by 3 firms.

Individual respondents also mentioned:

- Class A, a US standard.
- QS/ISO 9000/9001/2004, the quality standard.

- Investors in People, and
- A bespoke cultural improvement standard ('Brilliance') established by an individual SME.

Very little detail was given about the specific skill needs exerted by working towards standards or accreditation. Points they raised mainly involved issues in relation to:

- Understanding and attaining the competences required to work towards a specific standard.
- Identifying what procedures the business needed to put in place to achieve the necessary accreditation.
- Transferring that knowledge from the 'process owners' to the rest of the company.
- Maintaining up-to-date knowledge and best practices to maintain those that were already reached, and
- Having the right skills to audit those that were in place.

For the SME that had their own in-house cultural improvement standard, the skill issues necessitated support needs in the shape of a person to work with them to run through Powerpoint presentations, coaching groups of people, and doing follow ups to check the effectiveness of the coaching provided.

A further company was planning to undertake the EFQM business excellence model (though no specific skill issues were yet identified) in preference to IIP, which they could: *"..no longer see any value in maintaining."* Instead, they believed that EFQM would *"...identify real enablers for us to deliver on the key business priorities."*

Several firms flagged up the cost of working towards these standards, including the cost of any [re]training that was necessary.

Three additional firms (one 1st tier and 2 SMEs) stated that they would, or may, work towards some accreditation during 2005. The quality standard and ISO TS 16949 were both specified.

A small 1st tier firm was currently working towards the quality standard because this accreditation was required if they were to move forward to ISO TS 16949. They did not specify any skill issues, but highlighted the cost and resource issue of *"putting someone in place to take this on."*

Indeed, this was a more widespread issue. A vehicle manufacturer also reiterated the cost and resource issue of working towards various accreditation, as did an SME that was currently working towards 4 different standards, saying: *"It costs money to get these accreditations so we will only get them if we need to for the customer."*

6.7 Priorities for addressing current and evolving skill needs

To round off the topic of skill needs, a question was posed to determine where businesses saw the priorities for addressing their current and evolving skill needs. Their varied responses (set out in full in Appendix 11) involved the following priorities:

- Leadership development.
- Process skills.
- Basic skills.
- New/advanced technology.
- IT, software and electronics skills.
- Engineering and design/product development skills.
- Improved quality/lean/cost reduction.
- Human resources management.
- International knowledge and expertise.
- Marketing, distribution, sales and retail, and
- Training and development (other).

Of these, their four main priorities were currently:

1. Process skills (9 firms in all).
2. Quality and continuous improvement, including lean manufacture and cost reduction (9).
3. Leadership development (8), and
4. Engineering and design/product development skills (6).

In most instances, their priorities were ongoing, and these objectives also head the list of future priorities (see Appendix 11). It is useful to take a closer look at the priorities they noted.

6.7.1 Leadership development

Over one quarter (8) of the survey participants prioritized leadership development, but the SMEs were almost entirely absent from this group (see Appendix 11).

Rather than developing better leadership skills solely among the top tier, the primary concern was to develop these skills at all levels, and notably in people at lower levels of responsibility, such as team leaders, supervisors, and other junior line managers. The emphasis was on the shopfloor, and also in other areas of work.

On the shopfloor, leadership issues were now being addressed because this was a hitherto neglected area which had the potential to help raise efficiency and productivity, though, clearly, this consideration had company-wide significance.

A vehicle manufacturer explained that they were now focusing on supervisory and technical leader development because:

"We have already done a lot to raise technical competence. Now it is more about managing people in the best way, making senior managers and managers on the shopfloor more aware of their man management responsibilities rather than just on their technical abilities."

A 1st tier spoke of their need for: *"Demonstrating and providing effective team leadership success,"* adding: *"There are very few I could identify currently."*

The only SME to prioritise leadership development had a succession problem.

Two of the 1st tiers were considering Institute of Leadership Management qualifications (the ILM was said to be taken in conjunction with City and Guilds and could lead to a NVQ5). LearnDirect, ASSA and Tresham Business Services were mentioned as providers. One firm was looking at these for first line managers across the business anywhere, the other for team and line leaders on the shopfloor.

6.7.2 Basic skills

Improving basic skills was a lower priority, nor was it mentioned by the SMEs.

Basic skills were clearly not confined to literacy and numeracy. For instance, a vehicle manufacturer wanted to raise the level of basic skills in literacy, numeracy and IT across their entire

workforce. For a 1st tier, basic skill requirements on the shopfloor comprised:

- Literacy.
- Numeracy, and
- Communication skills, as well as
- Sound operative skills.

Communication skills are important where team working occurs, for example in production cells and with regard to the customer-facing role of Manufacturing Operators when customer visits occur to view work in progress.

6.7.3 Process skills

- Over one third (9) prioritized process skills, which (with quality) was the main concern.

The major consideration here was to raise the skill levels of Manufacturing Operators in process skills (5 firms), or to reskill them in new processes. *"We need to develop people's skills,"* asserted a 1st tier: *"And get more trainers to train on the process."*

Two firms mentioned specific process skills, namely:

1. Welding and tube manipulation, and
2. Cold forging.

For both of these process areas, skills were in short supply, similarly the training thereof.

For one 1st tier the priority was on the shopfloor in raising skill levels, and of welding especially: *"The right tools to do their job, right level of understanding, capable competent welders, and in tube manipulation."*

An in-house training school for cold forging techniques was being established by one enterprising SME with the assistance of Skills4Auto. They intended to conduct internal technology transfer of this know-how by cascading it in-house.

A small 1st tier firm revealed a future priority was to establish a leather fitting training cell on the shopfloor, to learn about materials and how to fit out vehicles. *"We want to train people off the line, not on it"* they said.

These issues underline the problems that some firms were experiencing in finding, retaining, and even training their Manufacturing Operators. Indeed, a third respondent commented that their prime objective was just to find and recruit good skilled operators.

Apprenticeships were also highlighted to a limited extent, both as a current as well as a future priority. One 1st tier had encountered some difficulty in making his Senior Management aware of this need, commenting that he *“won the recognition from the company that we need to do more”* in this respect, as well as the training of engineers.

6.7.4 New or advanced technology

Four firms (mainly vehicle manufacturers) were intent on keeping up with innovation and technological changes. *“We need to be at the leading edge of technology,”* said one. Acquiring expertise in new and/or advanced technology was highlighted as a future priority by 3 suppliers, including 2 SMEs.

Few details were divulged, but one supplier indicated that they intended to obtain information from MIRA on materials testing and stress calculations. A small SME in metals processing was interested in acquiring competence in laser technology.

6.7.5 IT, software and electronics skills

IT, software and electronics skills appeared among the more frequently raised current priorities (5 firms), and to a lesser extent among the future skill-raising objectives.

Whereas 3 firms were intent on improving IT skills across the whole workforce, others had more specific priorities, including (in one case) skills and training in a new software system, and (in another) improvements to the company's Information Management System.

Another 1st tier was agitated about losing their skilled Manufacturing Operators. They employed young women who could no longer work on the shopfloor when they became pregnant, due to the toxicity of certain metals employed in electronics production (this will be disallowed from 2005 through legislation), and then left or went on maternity leave. They were considering using mature women – had never done so before – but were reluctant to employ these because of their lesser competence in IT.

Among future priorities, a small 1st tier firm was intent on establishing electronic communications to enable customer-supplier interfacing. They had recently established an electronic 'hub' as part of their expansion into distribution and supply (see also next section re product development).

6.7.6 Engineering and design or product development skills

Improving skills in engineering and/or design/product development was a current priority for 8 firms, mainly among the vehicle manufacturers, and it also appeared among the future priorities of vehicle manufacturers and 1st tiers, including one who wanted to do more about the training of graduate engineers, including higher degrees. The small 1st tier firm concerned about electronic design transfer wanted to acquire expertise in 3-D modeling.

Lean product development, and digital engineering skills were among the priorities noted by a vehicle manufacturer who was aiming for a more joined up approach to product development in their company, and reduced product development times (the use of Catia 5 and other advanced software was highlighted). This would enable shorter time-to-market of new models, to attain competitive advantage:

“We need to be knowledge managers in engineering development. Creativity needs to be harnessed. We want to make cars digitally, which other people manufacture, so we can reduce [lean] lead-in times. So we will build fewer prototypes because it is done on-screen, so we can shorten the development process. If we reduce development costs we can focus more on sophisticated technology, i.e. advanced technology and features, and new power methods.”

They emphasized that they did not need help with this, as they had established contact with the Technology Innovation Centre, describing their technological assistance as *“light years ahead”* of other possible support. They also commented on the shortage of design engineers in the labour pool with the required highly sophisticated skills in new technology.

The priorities of two vehicle manufacturers included improving their Maintenance skills, one through their upskilling their Maintenance Engineers, the other via their Maintenance Operators.

The only SME to point to engineering objectives was solely concerned with mechanical engineering skills.

6.7.7 Improved quality, lean manufacture and cost reduction

In conjunction with process skills, the key priority was to improve quality and increase efficiency. Nine firms had various ways of emphasizing this objective, whether by:

- Continuous improvement.
- Lean manufacture.
- Cost reduction.
- Eliminating waste.
- Multi-skilling operators to do maintenance or quality control, or
- Preventing machine breakdowns (rather than repair).

Although these priorities particularly focused on the shopfloor, there were also some intentions among the vehicle manufacturers to tackle quality and continuous improvement issues company-wide. Another firm was concerned that their Senior Managers and Managers had the knowledge and expertise to roll out their group's continuous improvement way of working across the plant. A future priority of one vehicle manufacturer was to undertake:

"A more systematic approach to quality management and development. We need to bring people up to have the Japanese passion for quality. We have good machines (but) if we don't move on we will start to fall backwards."

Two firms intended to focus on how to engage the interest and willingness of Manufacturing Operators in working more effectively, with the objective of increasing productivity and reducing production costs. Both of these were 1st tier firms. One was referring more particularly to production areas when he said:

"There needs to be a greater understanding of the operating and commercial environment i.e. we need to produce [our products] cheaper and pass the saving onto the customer. The workforce need to understand why, and to do this."

Current priorities for the SMEs included lean manufacture, and non-production-related waste elimination. Their future priorities including obtaining accreditation – ISO TS 16949 and the Quality standard, QS/ISO 9000/1 were mentioned.

6.7.8 Human Resources Management

This was the priority of a Human Resources Manager nearing retirement, who was clearly concerned about succession planning.

6.7.9 International knowledge and expertise

This less frequently held priority mainly occurred due to global purchasing, and 2 firms were particularly intent on improving their expertise in this regard.

Learning more about global economics was the priority of a vehicle manufacturer, who was tapping into the knowledge base of a professor at the Technology Innovation Centre. They said:

"We need to become economic experts. We can't rely on manufacturing expertise alone. We need to understand the commercial value to be gained from joint venture partnerships, so we develop and sell products with international partners. So we can build them relatively cheaper and can focus our money on design/development rather than components. We further our knowledge of the global economic environment by talking to Professor Peter Rayson at the TIC."

6.7.10 Marketing, sales, distribution, and retail

Improved marketing skills were singled out by a 1st tier which was moving towards a sales and distribution activity, and an SME whose marketing specialist needed to acquire modern sales techniques.

A more diverse approach was specified by a vehicle manufacturer, spanning logistics and retail. They were intent on taking more control over their dealership operations and the standards of operation, including taking part of this in-house.

"We want to improve sales delivery and the recruitment of sales managers: better product knowledge, understanding of the sales processes, and are looking at emotional issues. We need to understand this concept," they emphasized, clearly aware of the more psychological and empathic aspects of communication, negotiation and persuasion, adding that they were doing so with the help of UCE.

6.7.11 Training and development (other)

Although all of these priorities signaled the need for training, development and learning, a few comments were specific to this activity itself. Most comments by suppliers related to the need for general upskilling. But one 1st tier was focused on finding the most cost-effective way of delivering production-related training as well as other training they needed to supply. A vehicle manufacturer was looking particularly at what was termed 'pre-promotional training', the company's jargon for the year of acclimatization which graduates did at the factory before they were placed in a specific function.

This discussion of the priorities for addressing skill needs rounds off the very detailed evaluation of changing competences, skill issues and limitations. The next section (7) moves on to the subject of training.