Findings from an evaluation of 28 strategic management and change management projects that were managed by Reframing the Future and funded through the Australian National Training Authority in 2002

JOHN MITCHELL
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EXECUTIVE SUMMARY

**Strategy-making ensures** that organisations are responsive to their changing external environments and to their stakeholders and clients.

This report shows that Registered Training Organisations (RTOs) in the vocational education and training (VET) sector need to continually undertake strategy-making, as the external environment for most RTOs is constantly changing and, to some extent, is turbulent.

The turbulence in VET is unsurprising, as VET is affected by the current turbulence in some industries, markets and traditional institutions in contemporary society. Fluctuations in the economy create different training needs. The turbulence in VET is also the result of other factors such as policy initiatives, funding changes and governmental reviews of VET; the amalgamations or restructuring of RTOs; and the increasing expectations of RTOs’ stakeholders and clients.

The report provides a range of examples of RTOs effectively developing strategies, despite this turbulence and despite uncertainty about the future.

**Focus of evaluation**

The report presents findings from the evaluation of twenty eight projects that were funded to undertake strategic management or change management in the VET sector in Australia in 2002, as part of the Reframing the Future program. Reframing the Future is the national staff development and change management program funded through the Australian National Training Authority (ANTA). Reframing the Future is designed to support the implementation of a national training system that is industry-led, demand-driven and consistently of a high quality.

The evaluation focuses on four key questions:

- How do RTOs develop strategies in the midst of turbulence?
- How do RTOs confidently develop strategies for an uncertain future?
- How do RTOs change their entrenched cultures?
- Will RTOs require improved strategy-making in the future?

**Methods**

This research for Reframing the Future was undertaken from May 2002 to March 2003 by John Mitchell from John Mitchell & Associates. The field work was undertaken with the assistance of the National Project Director of Reframing the Future, Susan Young.

The research methods included observations at a national forum convened for the project convenors at the start of the project and a national conference at the conclusion; observations at workshops conducted for groups in different States and Territories at the mid-way point of the 2002 program; reviews of the project teams’ action plans, mid-term progress reports and final reports; and observations from visits to a number of sites. A more extensive discussion on methods used in this study is set out in Appendix 1.

**Major findings**

The major findings from this study are as follows.

**The centrality of strategy-making**

Evidence provided in this report shows that strategy-making is one of the most important
activities undertaken by registered training organisations (RTOs), in their pursuit of high-performance. Active, continuous strategy-making is essential for the survival and prosperity of RTOs. 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 on fixed or static plans.

**Strategy-making in the midst of turbulence**

In 2002, VET was turbulent due to many new or changed political or economic factors and due to changes inside many RTOs, such as amalgamations or changes of leaders. Case studies set out in this report show how RTOs developed strategies in the midst of turbulence, because they were both willing and able to craft new strategies customised to suit their specific context. This research indicates that, in the future, RTOs that are high-performing will be those with the ability to formulate and implement strategies, no matter how much turbulence they strike.

**Strategy-making for an uncertain future**

This report makes two key points about how RTOs develop strategies for the future. Firstly, faced with the uncertainty of what the future will bring and given the impossibility of predicting all trends and developments, effective RTOs tap into the explicit and tacit knowledge of a range of their managers. Secondly, effective RTOs use a range of planning strategies and models to develop strategies, as there is no one best model for developing strategy: the methodology will vary from one RTO to the next, depending on the RTO’s idiosyncratic range of capabilities, external environment, internal structure, organisational culture, goals and challenges.

**Strategies to change entrenched cultures**

This report shows that some RTOs preferred the emergent approach to change management, which views change as a continuous, unpredictable process. Many of these teams used Kotter (1996) or a modification of his eight-step model for change. Many other RTOs preferred the planned approach to change management, which sees change as an iterative, cyclical process. Many of these teams used aspects of Cummings and Worley’s (1997) five-step model. Another option chosen by some RTOs was to use a mixture of planned and emergent change management models to meet different change management needs within the one organisation.

The teams involved in the 2002 projects were aware of different change management approaches and sometimes used a mixture of models, to suit their external environment and internal composition. By selecting appropriate change management approaches, it is possible for RTOs to change entrenched cultures: for instance, to change silos of staff into collaborative networks.

**Strategy-making is continuous**

Ongoing strategic management and change management is required in every RTO in VET. Those RTOs that are just starting to use a structured approach to strategic management and change management often find that they uncover a raft of future strategy-making tasks. RTOs that started using a structured approach to strategic management and change management some years ago often find that there are new and unexpected developments in their environment each year, which require fresh strategy-making. Continual strategy-making is needed, for RTOs to meet the constant changes in their environment and to achieve higher levels of performance.

The report provides some confidence that the managers of many RTOs are vigorously refining their strategy-making skills. This management capability will help underpin the future health of the national training system.
Abbreviations

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

ANTA Australian National Training Authority
NTF National Training Framework
RTO Registered Training Organisation
TAFE Technical and Further Education
VET Vocational Education and Training

Definitions of terms

The following definitions of terms regularly used in this document are provided at www.anta.gov.au, the website of the Australian National Training Authority (ANTA).

The National Training Framework (NTF) is the system of vocational education and training that applies nationally. It is made up of the Australian Quality Training Framework (AQTF) and nationally endorsed Training Packages.

The Australian Quality Training Framework (AQTF) is a set of nationally agreed arrangements to ensure the quality of vocational education and training services throughout Australia.

A Training Package is an integrated set of nationally endorsed standards, guidelines and qualifications for training, assessing and recognising people’s skills, developed by industry to meet the training needs of an industry or group of industries. Training packages consist of core endorsed components of competency standards, assessment guidelines and qualifications, and optional non-endorsed components of support materials such as learning strategies, assessment resources and professional development materials.

A Registered Training Organisation (RTO) is an organisation registered by a State or Territory recognition authority to deliver training and/or conduct assessments and issue nationally recognised qualifications in accordance with the Australian Quality Training Framework. Registered Training Organisations include TAFE colleges and institutes, adult and community education providers, private providers, community organisations, schools, higher education institutions, commercial and enterprise training providers, industry bodies and other organisations meeting the registration requirements.

An industry training advisory body (ITAB), also called industry training advisory board, is an organisation, usually an incorporated association or company, recognised as representing a particular industry and providing advice to government on the vocational education and training needs of its particular industry. There are both national and State and Territory industry training advisory bodies.

An industry training council (ITC) is a body established by an industry or business sector to address training issues.

For more information on the above concepts and for definitions of terms, see www.anta.gov.au
CHAPTER 1
WHY FOCUS ON STRATEGY-MAKING NOT PLANS?

This chapter explains why the study focuses mostly on the way strategies were developed by the 2002 Reframing the Future project teams, not the documented plans produced by the teams.

Key points

Key points raised in the chapter include the following:

• Strategy-making is one of the most important activities undertaken by registered training organisations (RTOs), in their pursuit of high-performance. Active, continuous strategy-making is essential for the survival and prosperity of RTOs.

• Because RTOs need strategies that are attuned to their environment and because the environment may change in the future, the emphasis in strategic management needs to be on flexible strategy-making, not fixed plans.

• Given the growing trend for RTOs to be more responsive to demand, strategy-making will always be necessary and challenging.

Focus on strategy-making

Reframing the Future designed the new sub-program on Strategic Management and Change Management in 2001, in response to findings from a strategic analysis of the VET sector (Mitchell & Young, 2001). The strategic analysis showed, among other findings, 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)

The subsequent evaluation study of the three pilot projects funded by Reframing the Future in 2001 (Mitchell, 2002a) found conclusively that strategy-making is one of the most important activities undertaken by RTOs, in their pursuit of high-performance. 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. (Mitchell, 2002a, p.5) Forming strategies needs to be followed by implementation, so for brevity in this report, the term strategy-making assumes strategy implementation.

The evaluation of the 2001 pilot projects showed that strategy-making was more important than fixed plans:

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. (Mitchell, 2002a, p.6)

Following the evaluation of the 2001 pilot projects, the sub-program on strategic management and change management was expanded in 2002, with thirty five projects receiving funding of up to $25,000 each, which was at least matched by the participating organisations. Of this group, twenty eight had completed their projects by February 2003 and are the subject of this report.

As this sample of twenty eight RTOs provides considerable insights into the practice of strategy-making within VET, this report teases out more aspects of strategy-making than was possible with the analysis in Mitchell (2002) of the 2001 pilot group of three RTOs.
The following table provides a brief overview of the range of different organisations – and sections of organisations – involved in the 2002 sub-program and the different aspects of strategy-making they undertook. The table also indicates the focus of the strategy-making and implicitly shows why documented plans are less important than the strategy-making required to respond to a constant stream of challenges. Documented strategic plans, as well as business plans and plans for sub-groups such as departments, do have an important place in the life of an RTO, but are not a panacea. This report shows that priority needs to be given to continuously making and implementing strategies, not just documenting them once a year.

The four RTOs profiled below developed strategies for very different reasons, but their common focus was on improved processes, not plans, on activity, not closure. This focus on deliberately developing new planning models was evident in the approach by Canberra Institute of Technology. The focus of the William Angliss Institute project was on improving the Institute’s already high level of industry responsiveness. The Brisbane and North Point Institute of TAFE project focused on developing innovative industry unit approach. It is interesting that the project undertaken by J-Five resulted in an action plan in lieu of a strategic plan, showing that it sees strategic planning as an active process.

### Table 1.1: A selection of the 2002 projects, indicating the focus of their strategy-making

<table>
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<tr>
<th>Organisation</th>
<th>Focus of strategy-making</th>
<th>Description or project outcomes</th>
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<tr>
<td>Canberra Institute of Technology (CIT), ACT</td>
<td>New planning strategies</td>
<td>The project encouraged the senior executive to explore the things they don’t know and recognise that there are things they don’t know they know. The focus on new data, new genetics, new lenses and new conversations ultimately leads to new experiments. This is important in a rapidly changing world where old management planning strategies are no longer appropriate. The project enabled the senior executive to revise the way they operate. Communication and knowledge management were recognised as important. The project reinforced the role of senior executive in providing leadership in determining how CIT will sustain high performance. (Croucher &amp; Sainsbery, 2002)</td>
</tr>
<tr>
<td>William Angliss Institute of TAFE, VIC</td>
<td>Enhanced client-needs focus</td>
<td>Although William Angliss Institute has an enviable record for operating in a client-focused fashion, the project was able to enhance our ability to identify and respond to customer needs. By building on the skills of the key group of key client managers, the project was able to develop a greater awareness of the total set of competencies and knowledge of the group among key client managers and thereby significantly improve our industry responsiveness. Enhanced information gathering skills acquired by key client managers mean that the Institute will be better able to identify emerging trends in our corporate partners’ trading environments and respond with training solutions. (Hanson, 2002)</td>
</tr>
<tr>
<td>Brisbane &amp; North Point Institute of TAFE, QLD</td>
<td>Development of a studies delivery model, based on industry training units, for the newly amalgamated Institute</td>
<td>The new Institute has eight campuses each with its own distinct culture. Each responds differently to change and management needs to tackle change differently in each campus. Developing an industry- synergy unit approach requires staff to look beyond their campus, become externally focused and look beyond their day-to-day operational activities. Developing and providing opportunities to discuss the new model has assisted staff to develop a readiness for change by envisaging the alignment between their role and organisational outcomes.</td>
</tr>
</tbody>
</table>
The projects listed above provide an insight into the range of different foci of the 2002 projects and their different environments. The project descriptions also suggest that active, continuous strategy-making is essential for the survival and prosperity of RTOs. The approaches to strategy-making taken by the three RTOs in Table 1.1 fit with the view of Cusumano & Markides (2001) who argue that ‘strategy underpins the success of any company’ (p.1); that is, up-to-date strategy, not static plans, underpins success.

**Focus of this evaluation study**

The foci of the projects listed above also hint at four themes that are explored in more depth in the body of this report:

- many RTOs are developing strategies in an environment of some turbulence;
- many RTOs are able to develop strategies for the future, even though they are uncertain about the exact nature of the future;
- many RTOs are addressing the difficult task of changing internal cultures that have been entrenched, sometimes for decades;
- given the growing trend for RTOs to be more responsive to demand, the need to develop strategy-making will always be necessary and challenging, increasing the need for higher-order skills in strategy-making.

This evaluation study focuses on the ways in which the 2002 project teams formulated strategies, either to pursue strategic objectives or to undertake change programs. In particular, the evaluation asks four questions:

- How do RTOs develop strategies in the midst of turbulence?
- How do RTOs confidently develop strategies for an uncertain future?
- How do RTOs change their entrenched cultures?
- Will RTOs require improved strategy-making in the future?

The research methods used to find answers to these questions are set out in Appendix 1.
CHAPTER 2

HOW DID RTOs DEVELOP STRATEGIES IN THE MIDST OF TURBULENCE?

This chapter examines how managers in some RTOs developed strategies in the midst of the turbulence; a turbulence caused by a combination of external and internal factors.

Key points

Key points raised in the chapter include the following:

- In 2002, VET was turbulent due to many new or changed political or economic factors and due to changes inside many RTOs, such as amalgamations or the appointment of new senior managers;
- A common characteristic of high-performing RTOs in the future will be the ability to confidently craft effective and customised strategies in the midst of turbulence.

In what ways is VET turbulent for RTOs?

Turbulence in VET in the period covered by this report, May 2002–March 2003, was evident in a number of ways. For example,

- A change of government in one State led to a review of TAFE;
- A government in another State released a Ministerial Paper which encouraged RTOs to align their strategic directions with the Innovation Economy;
- Commonwealth Government funding changes caused some RTOs to urgently seek new revenue streams;
- Industry changes, like a slowing in jobs growth in the IT industry and a downturn in training caused by the drought in rural Australia, forced some RTOs to review their programming and resource allocations;
- Amalgamations, and predicted amalgamations, of publicly-funded RTOs, challenged the ability of RTO managers to craft strategy in a period of ambiguity;
- Appointments of new senior managers to RTOs sometimes resulted in changes in strategic directions.

In 2002, some RTOs experienced more turbulence than others, but their experiences might be repeated in other RTOs later, so the lessons are worth noting.

One RTO, Hotline Employment and Training, in northern NSW identified a range of generic factors posing challenges and causing turbulence in the business of providing VET:

- Sustainability and growth rely on meeting and exceeding the expectations of all stakeholders.
- For-profit business, government agencies, communities and consumers increasingly require performance-or outcome-based, rather than needs-based, results; necessitating the shift to market-based approaches, social auditing and experimentation with more business-like methods.
- A blurring of sector boundaries and empowered, entrepreneurial thinking by individuals and organisations spearhead the search for more sustainable solutions to social problems and more sustainable funding sources.
- Collaboration – partnerships, alliances, networks, strategic conversations and stakeholder involvement – is a keystone to the achievement of business and community aspirations. (Vergers, 2002)
Looking through the windows provided by the twenty eight project teams analysed for this evaluation report, the turbulence in VET in 2002 was due to a number of factors, both internal to RTOs and external. Some different factors causing turbulence, and some examples, are set out in the following table.

Table 2.1 Sample factors causing turbulence in RTOs in 2002-2003

<table>
<thead>
<tr>
<th>Categories</th>
<th>Factors</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political</td>
<td>Ministerial Statement, VIC</td>
<td>The release in Victoria in mid-2002 of the Ministerial Statement – Knowledge and Skills for the Innovation Economy impacted on the previous project plans of Swinburne University of Technology, resulting in an extensive focus on innovation.</td>
</tr>
<tr>
<td>Political</td>
<td>Change of Government – review of TAFE, SA</td>
<td>In South Australia the new Labour Government instituted a review of TAFE, led by Peter Kirby, and three of the project teams involved in this sub-program in 2002 were conscious that their previous autonomy could significantly change as a result of the review.</td>
</tr>
<tr>
<td>Political</td>
<td>Government funding changes, nationally</td>
<td>Changes to Commonwealth Government funding for community-based RTOs impacted on a set of private RTOs involved in this sub-program, who lost 90% of the funding they had come to expect in previous years.</td>
</tr>
<tr>
<td>Economic</td>
<td>Industry changes, nationally</td>
<td>The unexpected drought in rural Australia caused a reduction in demand for some programs for RTOs like Spencer Institute of TAFE in South Australia.</td>
</tr>
<tr>
<td>Economic</td>
<td>Changing markets, nationally</td>
<td>William Angliss Institute’s project focused on its client managers being better able to identify emerging trends in its corporate partners’ trading environments.</td>
</tr>
<tr>
<td>Technological</td>
<td>New technology, new business processes, NSW</td>
<td>Open Training and Education Network (OTEN) undertook a job analysis and developed stronger cross-team relationships, in response to new technologies enabling new business processes.</td>
</tr>
<tr>
<td>Internal</td>
<td>Impending amalgamation, WA</td>
<td>During the course of their 2002 strategic management project, the Eastern Pilbara College of TAFE was informed that it would be amalgamating with the Western Pilbara College, causing significant challenges to their orderly strategy-making.</td>
</tr>
<tr>
<td>Internal</td>
<td>Consequences of amalgamation, VIC</td>
<td>Holmesglen Institute of TAFE focused part of its 2002 strategic management project on working through the issues raised by the recent merger of the Moorabbin campus from Chisholm Institute with Holmesglen.</td>
</tr>
<tr>
<td>Internal</td>
<td>Change of CEO mid-stream, NT</td>
<td>An interim Vice-Chancellor was appointed to Northern Territory University in late 2002, causing some re-positioning of the strategic activities conducted within their 2002 Reframing the Future strategic management project.</td>
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Strategy-making for survival

Steve Hatch, from Options Community Enterprises Limited, convened a Reframing the Future project in 2002 with participants drawn from a range of community-based RTOs in NSW. According to Steve Hatch, due to changes in Government funding structures, community-based RTOs are being forced to undertake change of a strategic nature to re-invent themselves:
For organisations in NSW that have been subjected to on average a greater than 90% reduction in Competitive Training Market funding, high-performing meant staying in business and refocusing. This project allowed the organisations involved to achieve this and to look at strategic directions for the future. While the financial viability is not assured for all the participating organisations, at least one was saved from imminent failure. (Hatch, 2002)

This funding change will involve expanding the delivery of VET to corporate markets and an expansion of traineeship business and IT Cadetship programs:

A number of initiatives have been put into place across the participating organisations that will allow them to become more responsive in dealing with the rapidly changing educational environment in which we operate. (Hatch, 2002)

These changes include:

• Modification to work and supervision practices for managing workplace trainees. These include changes to reporting procedures of the trainers and assessors.

• The development of staff professional development strategies, including combined workshops involving a range of RTOs and Industry.

• Developing recording mechanisms for documenting industry liaison and relevant industry experience.

• The introduction of financial incentives for traineeship training and assessment staff to generate additional business.

• Standardising quality systems for the AQTF and sharing of information on auditing and compliance issues. (Hatch, 2002)

Strategy-making when expecting an amalgamation

To continue with strategy-making when an amalgamation is expected requires strategic managers to possess a degree of resourcefulness and professionalism, as it would be easier to remain passive and wait for the amalgamation to happen. One South Australian TAFE Institute team vigorously developed strategies for its organisations in their strategic management project in 2002, while aware there was a likelihood the Institute would be subject to a later amalgamation. The project team at Murray Institute of TAFE, which services an area that takes in suburban Gawler and the famous winegrowing districts of the Barossa Valley, Clare Valley and Riverland, was proactive in response to the possibility of amalgamation, 'whatever the structure':

In all likelihood the Institute will be amalgamated. At this stage how the entity will look next year is not clear. However it is clear that major changes will be effected in the short term. The project enabled managers to do a stock-take of where the organisation currently is in terms of culture and client service, reach consensus on the issues that are crucial whatever the structure, and have a shared view of a structure that would best serve the needs of regional students. (Dening, 2002)

The management team at Murray Institute took a constructive approach to the review of TAFE in South Australia, commissioned by the Government in 2002:

The organisation reviewed its structure in the current context and in view of the relationships that it has fostered with clients both individual and industry. As a result of the workshop deliberations the group presented a paper on the needs of regional clients/students and the organisational structure that may best serve those students. This paper was given to Peter Kirby in his review of TAFE in South Australia. (Dening, 2002)
Strategy-making during an unexpected amalgamation

Jenny Thomas from Eastern Pilbara College of TAFE reports that the direction taken by her strategic management project was very different from that initially proposed, because of changes that occurred after the project commenced in 2002. These changes included:

- Decision at Ministerial levels to amalgamate the East and West Pilbara TAFEs by 2003.
- Change of Managing Director to oversee the amalgamation process.
- Extensions of timelines in relation to ministerial approval for proposed organisational structures and other key decisions. Without approval in these areas, further amalgamation processes were delayed.
- Unforeseen absences by key members of the strategic management team that caused further delays in the recruitment process. Without the subsequent managerial positions in place, no planning beyond the overall strategic direction for Pilbara TAFE could occur. This meant that no decisions on staffing could be made. Without staff in positions, planning at the corporate, directorate and operational level couldn’t occur. (Thomas, 2002)

Instead of abandoning their strategic planning in response to these factors, the College management considered what could be achieved and it was clarified that two key components of the amalgamation process could be facilitated through the Reframing the Future project:

The first component was the need to develop an overall plan and timeframe to facilitate the amalgamation. This would entail documenting all tasks, how and who would complete them and when it would be done.

The second component was the development of a strategic plan for Pilbara TAFE that would provide the framework for the corporate, directorate, operational and individual performance plans, for which a framework already existed. (Thomas, 2002)

Jenny Thomas found that the project was timely in providing funding to employ an external consultant and that ‘Reframing the Future was the perfect solution’:

Considering the sensitivities that can be associated with an amalgamation, having an external project as the facilitator of these two components allowed all key players to participate without generating the feeling that any one college was in control or ‘owned’ the process. (Thomas, 2002)

Strategy-making when the new senior manager brings a change of direction

A number of the 2002 strategic management projects were influenced by a change of the senior manager during the project – a common challenge to strategic management. In the case of the project undertaken at the Northern Territory University, facilitator Iain Govan reports that during the month of October 2002 the NTU Vice-Chancellor resigned due to ill health. An interim Vice-Chancellor was appointed and he asked that active surveying by the Reframing the Future project be delayed as the results could be skewed ‘as a result of re-configuration across staff positions’. However, an active program of interacting with external stakeholders already had begun and many of the requests arising from the consultation process had been responded to during the previous two months.

Fortunately, the Reframing the Future project team was able to re-align its project to fit with the new Vice-Chancellor’s preferred direction, particularly as both the Vice-Chancellor and the project team were intent on developing an improved strategy to coordinate stakeholder
management. The development of the stakeholder management plan by the Reframing the Future team will be a principal aspect of the project that will be sustained in the University:

Responsibility for the upkeep and review of the centralised stakeholder database has been assigned to the NTU Corporate Affairs group who will coordinate ongoing activities with the academic schools. This has been reinforced with the policies and practices being initiated by the new Vice-Chancellor and the greater degree of monitoring and measuring introduced by the survey instruments. Informed stakeholder rating responses will now form an integral part of performance measurement across the NTU. (Govan, 2002)

Strategy-making amidst multiple factors outside of the RTO’s control

The following case study shows a group of senior managers developing strategies in the midst of exceptional turbulence.

Figure 2.1: Case study of the Spencer Institute of TAFE

<table>
<thead>
<tr>
<th>thin markets in huge region</th>
<th>Prior challenges</th>
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<td></td>
<td>Spencer Institute of TAFE is one of only three Institutes servicing the huge rural and remote area of South Australia outside of metropolitan Adelaide, and of the three, Spencer’s geographical area is the largest. Its seventeen campuses stretch from Ceduna in the west, to Woomera and Coober Pedy in the north to Yorketown at the foot of Yorke Peninsula. Providing services to such a widely distributed student population of thin markets poses challenges at any time, particularly challenges in allocating resources and providing cost effective services.</td>
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<tr>
<th>review of finances and HR</th>
<th>Internal review of direction</th>
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<td>In 2001, Spencer TAFE’s Institute Council initiated a review of how the Institute was managing its finances. This initiative was driven by the need to ensure the Institute’s financial viability, so that it could continue to implement the National Training Framework (NTF) at a high quality level. As part of the Reframing the Future project in 2002, the Institute also reviewed its human resources, to examine how its structure could be changed to a more cost effective model while still providing a responsive service to its students, ‘so that it could continue to meet and exceed the requirements of the National Training Framework’. (Kirby, 2002)</td>
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<table>
<thead>
<tr>
<th>changes of government, policies, finances</th>
<th>Factors outside of the RTO’s control</th>
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<td></td>
<td>Project convenor Annette Kirby reports that the financial review and the HR review were impacted upon by ‘outside factors which have been out of our control’ during 2002, as follows: These unexpected issues impacting on internal structural reform include:</td>
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<tr>
<td></td>
<td>• Change of government;</td>
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<td></td>
<td>• Time delay of new government in establishing policy changes;</td>
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<td></td>
<td>• Focus by new government on financial viability;</td>
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<td></td>
<td>• Policy of new government on increasing number of permanent lecturing staff;</td>
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<td></td>
<td>• Worsening financial situation in Institute due to changes in some external revenue sources, increase in water rates, petrol, vandalism, drought, etc;</td>
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</table>
Interest in Spencer’s reform by all levels of government;
Reaction by staff to the proposed model;
Reaction by unions. (Kirby, 2002)

Achievements in the midst of turbulence

Despite the wide range of factors outside the control of the RTO and the senior management group involved in the Reframing the Future project, many positives emerged from the strategy formulation including

- The complete redesign of all positions which will ensure we have staff in place who can implement the requirements of NTF and AQTF.
- Genuine support by staff across the Institute in management in reducing expenditure. (Kirby, 2002)

Annette Kirby believes that the outcomes of the strategic analysis of its financial situation provided Spencer TAFE with excellent data:

- Our costs for community service obligations have been acknowledged for the next 3 years, with an understanding that we will address this situation as part of the HR review. A group within TAFE has been developed to examine fee for service activities between government departments and also User Choice processes at a government level. At a local level we have implemented clearer processes for fee for service activities. We did implement a new meeting structure with varying degrees of success. This will be superseded when our new structure is endorsed and implemented. (Kirby, 2002)

It is anticipated that the proposed new structure arising from the HR review will ensure that Spencer TAFE is able to provide responsive service to its clients, using a learning communities model:

- The new HR model links extremely well with the learning communities concept of empowering regional communities. This will be tested as the structure is implemented over the next year. (Kirby, 2002)

The above case study showed that, in the midst of considerable turbulence, Spencer Institute used strategy-making to create options for higher performance in the future.

Conclusion

The exemplars set out in this chapter show how RTOs developed strategies by responding to both immediate challenges and long-term opportunities. In some cases the immediate challenges were potentially destabilizing, but the RTO strategists persevered. RTOs of the future that are high-performing will be those with the ability to craft and implement strategies, no matter how much turbulence they strike.

Cusumano & Markides (2001) warn that organisations that do not engage in continuous strategy-making will end up like the frog placed in a pot of cold water which is slowly warmed:

If a company does not understand and react to the constant and sometimes subtle changes taking place in its environment, it might find itself ‘boiled to death’. Companies can also become like the proverbial deer, paralysed in the headlights of an oncoming car, unable to move. (p.5)
This chapter explores how a range of RTOs confidently developed strategies, while not certain about what the future might bring.

Key points

Key points raised in the chapter include the following:

- Faced with the challenge of making a raft of strategic decisions, some RTOs involved sub-groups of managers, who tackled specific strategic issues.
- Both the RTO and the individual managers benefited from the delegating of strategic planning to these sub-groups, tapping into the managers’ breadth of explicit and tacit knowledge.
- To remain flexible and open to new opportunities, effective approaches to strategy-making in large RTOs with multiple goals and diverse clientele are to customise and re-shape existing planning models or to use a mixture of planning models.

Strategy-making by numerous managers in sub-groups

One of the common approaches to strategy-formulation taken by many of the 2002 project teams was to break down the large task of setting strategies for the whole organisation, by delegating strategy-making to managers in a range of sub-groups within the RTO. The following table summarises a number of organisations that followed this delegated approach and found it useful. The approach also reflects the fact that RTOs need strategy-making to occur at a range of different levels within the organisation, not just at senior management level.

Table 3.1: The involvement of sub-groups in strategy-making

<table>
<thead>
<tr>
<th>RTO</th>
<th>Sub-groups of managers undertaking strategy-making</th>
<th>Benefits for the organisation of involving sub-groups of managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holmesglen Institute, VIC</td>
<td>Five strategy-making projects were undertaken by managers:</td>
<td>Managers at senior and middle management levels have begun to think at a more strategic rather than operational level, particularly given the imperatives for a change focus, given external factors.</td>
</tr>
<tr>
<td></td>
<td>• Repositioning of the Edmund Barton Centre</td>
<td>The composition of teams and workshop forums has encouraged a greater awareness of Institute-wide issues and decision criteria.</td>
</tr>
<tr>
<td></td>
<td>• Implementation of the Victorian Certificate for Applied Learning</td>
<td>Some of the senior management within the Institute will be retiring within the next few years. These projects have provided a forum to assist in Institute succession planning. (Evans, 2002)</td>
</tr>
<tr>
<td></td>
<td>• Direction-setting for a newly formed Health, Human and Community Services Centre, across three campuses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Strategy development for the new Moorabbin campus</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Strategic planning for the possible inclusion of degree programs into Institute course offerings.</td>
<td></td>
</tr>
</tbody>
</table>
Continuing on the points above regarding Wodonga Institute of TAFE, project convenor Chris Horton reports that the EDTeams are a structural modification directly linked to the senior management team operations, and have in turn led to other structural outcomes, including the merging of the goals of the business development committee into the strategic action EDTeam, and the creation of an innovation committee. The benefits of this new structure are significant for the RTO, as they

- Generate and critically review business ideas and strategies;
- Build teamwork, critical thinking and leadership skills;
- Improve internal networking, communication and accountability;
- Provide effective cross-organisational planning environments;
- Empower, encourage and recognise staff and their intellectual assets. (Horton, 2002)

Additionally, the EDTeam construct has encouraged greater openness within the organisation, allowing staff from all levels to engage actively in constructing new directions and improvements, consistent with practice in creative and entrepreneurial businesses. This has continued the organisation’s drive toward an informed and flexible workforce, and contributed to its success in state and national awards and other recognition of leading performance. (Horton, 2002)
Benefits for individual managers of involvement in planning

While the above table focuses on the benefits for the RTO of involving sub-groups of managers in strategy-making, there are also benefits for the individual managers. The benefits include the increased empowerment of managers resulting from their inclusion in the decision-making processes. Shirley Evans, facilitator of the Holmesglen Institute of TAFE project, comments on the benefits for individual managers:

- Enhanced skills in strategic planning.
- A greater understanding of Holmesglen’s provisions and of its strategic directions.
- Enhanced relationships with other managers. (Evans, 2002)

One Holmesglen senior manager summed up the benefits of participating as follows:

The process defined issues relevant to our newly configured organisational structure and helped set organisational and strategic imperatives. It ensured that our working parties used consultative processes to gain the commitment and input of staff. We believe that any changes we make now and in the future are likely to be more effective. (Evans, 2002)

Wodonga Institute’s project convenor, Chris Horton, identified other benefits of involving numerous managers, using the construct of Educational Development Teams (EDTeams). The benefits for individual managers include their development of complex skills:

- Enterprise Development Teams are a long-term investment in strategic thinking and system improvement. Over time they aim to engage all senior and second level managers in the organisation, and a substantial group of frontline and operational leaders.

- They harness creativity and innovation, develop complex skill sets including meeting and negotiation skills, as well as critical thinking and analysis. They also contribute to organisational capability, our AQTF readiness, and to our overall succession planning. (Horton, 2002)

Using multiple planning models to develop a strong vision for the future

The following case study of strategic planning by Swinburne University of Technology – TAFE Division is an exemplary model of confident, flexible and systematic planning in the face of an uncertain future environment for all of VET. Rather than stumbling forward in the face of uncertainty, Swinburne has placed a positive emphasis on embracing innovation.

The first theme of this chapter was that the involvement of a range of managers can add value to strategy-formation. This case study adds a second theme: the use of a number of different planning models – modified to suit the complexities of the organisation – enables RTOs to prepare for the future.
**Strategy as a learning process**

Swinburne University of Technology–TAFE Division tapped into the long history in strategic planning – started by Lewin, continued by organisational development (OD) practitioners and still popular today – of viewing strategic planning as a learning process for all involved:

By the end of the formal project timeline for the Reframing the Future Project, the Executive Group is well into strategy implementation of the medium term vision (3–5 years). This equates with the final stage of the management cycle as described by Viljoen (1997). Cummings and Worley (1997) suggest strategy is a learning process and it is evident that the Executive Group has adopted a more open system approach to organisational development and change and whilst they have identified a shared vision for the longer term (5–10 years) it will not be until 2004 that this begins to become explicit in the organisation’s planning documents. (Crozier, 2002)

**Only the start of the journey**

Alistair Crozier, Deputy Vice-Chancellor (TAFE) and the convenor of the project team, views the strategic planning activities of 2002 as only the start of a journey towards becoming high-performing. However, the process to date has already paid dividends:

The Executive Group would contend that the experience gained through the Reframing the Future project has only started the journey of becoming a high-performing VET organisation. The process to date has certainly allowed us to formulate a strong vision for the future and begin the change process towards becoming a genuine learning organisation, the attributes of which are akin to those of a high-performing VET organisation. However we have formed the view that the development of a truly high-performing organisation requires ongoing evaluation and change rather than a simple one-off linear process of diagnosis, action and evaluation. (Crozier, 2002)

Swinburne expresses its preference for ongoing evaluation of and changes to its plans, rather than the linear, planned approach of diagnosis, action and evaluation.

**Incremental and continuous transformation models**

Swinburne uses a mixture of planning models, which is appropriate given the complexity of the organisation and the range of different changes it seeks to make. The quotation below shows that Swinburne uses a mixture of the incremental approach, which advocates that change issues are dealt with incrementally, one step at a time, and the continuous transformation model of change, which holds that only by continuous transformation will organisations be able to keep themselves aligned with their environment and survive (Burnes, 2000, p.255):

- effective change proceeds not only by quantum leaps but also by small incremental adjustments and clearly requires staff to learn rather than simply receive training or knowledge of particular topic areas. The Executive Group has recognised this and as part of the vision for the future is establishing an Institutional Innovation Roundtable and Framework to ensure an ongoing commitment to the generation and transference of new knowledge and to guarantee that innovation will be a core competence across the Division. The Innovation Framework will become the vehicle for widespread involvement by staff in innovation thinking to ensure the sharing of knowledge and ideas and more importantly to achieve buy in to the future directions of the Division. (Crozier, 2002)

**New models for the future**

Alistair Crozier is clear about the difference between previous incremental models of change used at Swinburne and the new planning models espoused in the Strategic Statement:

The Strategic Statement outlined a comprehensive plan for the Division to 2005 which built on the existing program strengths of the Division but indicated a clear decision of the executive group to create centres of specialisation within the Division that would differentiate Swinburne in the TAFE marketplace. The statement clearly committed Swinburne to become an innovative organisation and to strengthen its capacity for innovation by building on the research
The Swinburne case study demonstrates the value for large RTOs, in particular, in using a range of different planning models to accommodate multiple goals and clients. Such flexible planning models enable the RTO to change direction in future, to take up new opportunities.
This chapter made two key points. Firstly, faced with the uncertainty of what the future will bring and with the impossibility of predicting all trends and developments, RTOs sensibly tap into the explicit and tacit knowledge of a range of its managers. Secondly, it is also sensible for RTOs to use a range of planning strategies and models, as there is no one best way or model to develop strategy: the methodology will vary from one RTO to the next, depending on its idiosyncratic range of capabilities and challenges.

Given that strategists need to plan for a future that will present some factors that they cannot control, the words of Cusumano & Markides (2001) are timely. They find that defining a successful strategy is not a science – it is an art (p.4). Effective strategic thinking is a process:

- a process of continuously asking questions and thinking through the issues in a creative way.
- Hence, correctly formulating the questions is often more important than finding a ‘solution’.
- Thinking through an issue from a variety of angles is often more productive than collecting and analysing unlimited data. And actually experimenting with new ideas is often more critical than scientific analysis and discussion. (Cusumano & Markides, 2001, p.4)
CHAPTER 4

HOW DID RTOs CHANGE THEIR ENTRENCHED CULTURES?

This chapter examines how RTOs addressed the issue of changing their entrenched cultures, through the use of change management strategies.

Key points

Key points raised in the chapter include the following:

• Some RTOs preferred the emergent approach to change management, which views change as a continuous, unpredictable process. Many of these teams used a modification of Kotter’s eight-step model for change.

• Many other RTOs preferred the planned approach to change management, which sees change as an iterative, cyclical process. Many of these teams used aspects of Cummings and Worley’s (1997) five-step model.

• One option is to use an appropriate mixture of planned and emergent change management models to meet different change management needs within the one organisation.

The emergent approach and Kotter

The ‘emergent’ approach to change, as opposed to the ‘planned’ approach to change, was the slightly more popular approach to change management among the VET project teams in 2002. Burnes (2000, p.280) explains that the emergent approach to change starts from the assumption that change is a continuous, open-ended and unpredictable process of aligning and re-aligning an organisation to its changing environment. Burnes explains that the emergent approach is increasingly popular in the contemporary world:

Advocates of Emergent change argue that it is more suitable to the turbulent environment in which modern firms now operate because, unlike the Planned approach, it recognises that it is vital for organisations to adapt their internal practices and behaviour to changing external conditions. (p.280)

A proponent of emergent change, John Kotter, author of books such as Leading Change (1996) and John Kotter on What Leaders Really Do (1999), was the most popular change theorist among the VET project teams in 2002, slightly ahead of Cummings & Worley (1997). Kotter advocates eight steps in the change process, from establishing a sense of urgency, to creating a guiding coalition and more. Kotter considers the eight stages to be a process and not a checklist and that most major change efforts comprise a host of small and medium-sized change projects. (Burnes, 2000, pp.296-297)

The Centralian College project team used Kotter’s model to address the cultural issue of complacency:

In essence the college was comfortable – being recognised as the premier training organisation in the Northern Territory and overachieving on the agreed outcomes and always remaining within budget. The effect of this was complacency, with managers happy to maintain the status quo and not to seek new ventures. (Reilly, 2002)

The goal of the change management process at Centralian College was to win over the ‘entrenched managers’:

It was obvious that there was need for a change process to occur so that the more entrenched managers would come on board with the new developments and not compromise the enthusiasm and creativity required to develop a dynamic and futuristic strategic direction. (Reilly, 2002)
Kotter’s emergent change model, with its emphasis on creating a sense of urgency to combat complacency and forming a guiding coalition of managers, suited the Centrallian context.

The Open Training and Education Network (OTEN) in TAFE NSW has the continual challenge of staying at the leading-edge in flexible delivery and in the use of modern technologies. Project facilitator Alison Cutler reports on how their 2002 project team used the Kotter methodology to win organisation-wide support for change:

> Our project employed the Kotter model for change management which proved highly valuable in securing support for long-term structural change. Our communications strategy with all key stakeholders – unions, staff and senior management – proved essential to winning support for the necessary organisational changes. (Cutler, 2002)

The results of the project included the development of a more adaptive culture:

> There has been a definite cultural change following our project initiatives. The managers and staff in our resource development area are now well-placed to deal with changes in the external environment, including the move towards a more flexible, resource-based learning environment. The job analysis process has also helped to establish stronger cross-team relationships between all key units. Teams will now interact more positively with each other and collaborate to develop a more integrated production environment. This adaptive culture will help the organisation to realise the benefits of integrated media solutions across print, online, video and broadcast media formats. (Cutler, 2002)

OTEN is committed to sustaining the benefits of its 2002 change management activity:

> We have recognised that our change management strategy must be sustainable to produce long-lasting benefits. Senior management is committed to ongoing communication with all key stakeholders, including regular consultations with the union on any further recruitment plans and staffing matters. (Cutler, 2002)

### Modifications to Kotter

A number of the final reports on the 2002 change management projects noted their preference for Kotter’s model, but they customised it to suit their context. For instance,

- **Cooloola Sunshine Institute of TAFE (CSIT)** found that ‘the key aspect of the Kotter model that was influential at CSIT was the establishing of a sense of urgency’. (Mills, 2002)

- **Holmesglen Institute of TAFE** used a mixture of a model provided by their consultants and steps four and five of Kotter’s model. (Evans, 2002)

- **Central Gippsland Institute of TAFE** placed a high priority on one aspect of Kotter’s model, establishing a guiding coalition. (Cornish, 2002).

While Kotter’s approach is popular, there are a number of criticisms of his approach which deserve mention. Firstly, the Kotter approach assumes that every manager can be a change leader, while overlooking specialist skills required of change agents. (Burnes, 2000, p. 297). In early 2003, Reframing the Future launched a new, pilot activity called National Training Change Agents, to highlight the specialists skills required of change agents. Secondly, the Kotter approach is criticised for not showing enough concern for the reasons why resistance to change emerges. (King & Anderson, 2002, p.203). Barrier Reef Institute of TAFE addressed this issue in their project, as described below. Thirdly, Kotter sees leaders as transforming organisations while he views managers as they were depicted in 1970s behaviourist texts, as focusing on planning, budgeting and controlling. Contemporary literature on management, such as Cusumano & Markides (2001), views managers as ‘value creators’ and strategists, far removed from the behaviourist manager of the 1970s.
While Kotter’s model is popular in VET, a range of other models is mentioned in the discussion below, as a reminder that the nature of change will be different not only from one RTO to the next, but from one section of an RTO to another section. It is appropriate that different groups of managers use different change management models to suit their particular contexts.

**The planned approach and Cummings & Worley**

A number of the 2002 project teams used the Planned approach to change management and drew on the model proposed by prominent advocates Cummings and Worley (1997). The Planned approach was particularly popular with the organisational development practitioners in the 1980-90s who saw change as an iterative, cyclical, process involving diagnosis, action and evaluation, and further action and evaluation. (Burnes, 2000, p.274). The Planned approach has its critics, who suggest that it is too prescriptive and assumes that common agreement can be reached throughout the organisation about the changes required. On the other hand, the advocates of Planned change defend it and suggest that it is more flexible than its detractors acknowledge and can accommodate transformational change. (Burnes, 2000, p.278)

A number of the 2002 project teams followed the Cummings and Worley five-step model of creating a readiness for change, creating a vision for the future, developing political support, managing the transition and sustaining the momentum. These teams found that this model suited their contexts. For instance, the Queensland Police Service Academy used Cummings and Worley, as the structured sequence of the planned approach suited the concrete aim of the Police Service Academy project. The aim of the Police project was specific:

> In order to effectively provide awards to its members as an RTO, the organisation has to ensure that all delivery units across the state are operating in accordance with the requirements of the AQTF and the NTF. This project seeks to ensure that such requirements are embraced by its education and training officers and their district supervisors. (Andrew, 2002)

While the Police Academy followed the Cummings and Worley model, it also used a range of methodologies at each step to ensure the model suited the particular context of Queensland police training.

YWCA of Canberra found that Cummings and Worley’s approach suited their specific need:

> In this project, it was essential to gain organisational understanding and management support in order to ensure the strategic directions would be fostered and the RTO given a high priority in the overall organisation. The Cummings and Worley model provided a template for thinking about change management and was used as the basis for the Change Management Plan. Its appeal lay in the clear layout of the steps that were required; in particular, when the goal was to expand an activity that would then require resourcing, the reminder about gaining political support was crucial. (Whitelum, 2002)

YWCA of Canberra identified when various steps from the Cummings and Worley model would be used in their project:

> Creating a vision for change and developing political support are critical; the organisation has expressed unqualified support for the RTO and begun procedures for implementation of structural change. Managing the transition and sustaining the momentum will be key priorities for 2003 and their successful implementation will largely depend on strong management support and key decisions with respect to RTO staffing. (Whitelum, 2002)

The Business Success Group Pty Ltd in Toowoomba Queensland, used a model described by Cummings and Worley’s (1997) – the General Model of Planned Change – which was appropriate for their detailed aims:

> The General Model of Planned Change was chosen for this project (from Cummings & Worley, 1997). This model incorporates the three theories of planned change in organisations (Lewin’s
change model, the action research model and contemporary adaptations to the action research model) and suggests a general framework for planned change. This framework describes the four basic activities that practitioners and staff members jointly carry out in organisation development, namely ‘Entering and Contracting’, ‘Diagnosing’, ‘Planning and Implementing Change and Evaluation’ and ‘Institutionalising Change’. (Dewsbery, 2002)

This planned change model leverages off the strengths of the Business Success Group:

This model focuses on specific Organisation Development activities that involve staff throughout all activities, recognise what the organisation does well and leverages off those strengths. (Dewsbery, 2002)

Heather Crawford, College Director and convenor of the Reframing the Future project at Southern Sydney Institute, Bankstown TAFE, reports that Cummings and Worley’s model was appropriate for the type of change required in this instance: ‘Cummings & Worley’s model worked best for SSI, in that the SSI Executive planned for the different change stages’. First the project team created readiness for change and overcame barriers, partly by involving all relevant managers:

By asking all the relevant Head Teachers, the major internal stakeholders, to be on the Steering Group, we ensured that they were firstly involved in this major change. This represented a major shift in the Institute, where major profile shifts are initiatives normally driven by higher management levels. Representatives from industry and other supporting Institute personnel were also invited to participate in the Steering Group, to ensure a cross-discipline, cross-College group was established. (Crawford, 2003)

Southern Sydney Institute methodically moved through the five steps advocated by Cummings and Worley (1997), developing extensive knowledge factors that might impinge on the changes they were planning. Heather Crawford lists the benefits for the Institute of such a systematic approach:

Planned introduction of a new training provision to meet industry needs and to be as flexible as they require it, thereby ensuring that staff are more client-centred.

The change in culture by increasing awareness of Training Package provision and requirements, thinking in units of competency instead of the more rigid curriculum structures.

Development of a business culture amongst teaching disciplines and strengthened relationships with industry. (Crawford, 2003)

Systematic, deliberate planning – the hallmark of the Planned approach to change – is effective in meeting many VET challenges, such as the challenges faced by the four RTOs discussed above.

Changing cultures with mixed models

An example of a project team using a mixture of planned and emergent approaches to change is provided by State Transit Authority of NSW. This project identified strategic choices for the future development of State Transit as an RTO. In particular, the project identified the need to implement effective change management strategies to strengthen the effectiveness of the delivery of the Certificate III Transport and Distribution (Road Transport) Traineeship. This involved the restructuring of the roles, functions and reporting relationships as well as the training and development of the Bus Operator trainers involved in delivering elements of the Transport and Distribution (Road Transport) Traineeship.

According to the project convenor, Natalie Demosani, and facilitator Gary Johnston, a major cultural change that occurred in the organisation as a result of the project was a heightened awareness of the strategic role training should play in the organisation as a whole:
Instead of continuing to accept the previous expectation of a ‘more of the same’ culture in the organisation in training, senior management now sees the need to support the concept of ‘continuous improvement through learning and development’ of the staff in the organisation. (Demosani & Johnston, 2002)

In addressing a mix of structural and cultural issues, the State Transport project team used Cummings and Worley’s planned change model, but added to it Kotter’s emergent change concept of ‘coalition building’.

Change management in a regional, public-sector RTO

The following case study is of a project team that modified Kotter’s emergent, change management model, but also used Kurt Lewin’s model of ‘freeze-unfreeze-freeze’ – the origin of the Planning school of change management – together with another Planned change methodology, Action Research. This flexible approach to models enabled the RTO to meet its diverse goals, including changing the entrenched cultures within some ‘silos’ in the organisation.

Figure 4.1: Case study of Barrier Reef Institute of TAFE

<table>
<thead>
<tr>
<th>late adopters targeted</th>
<th>Changing silos into networked teams</th>
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<tr>
<td></td>
<td>The project undertaken by the Barrier Reef Institute in Queensland in 2002 focused on developing the change management and strategic management skills of the leadership team and key change agents within the Institute. The project aimed to develop a scaffold approach to change management, which supports ‘late adopter’ delivery teams to make the transition to an outcome-focused culture. The two delivery teams to be assisted in this project were the business services and construction teams.</td>
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<tr>
<td></td>
<td>In relation to the building services arena, the project aimed to bring together small, traditional delivery teams presently operating as silos, to form a new networked building services team across a range of disciplines which is also networked with industry.</td>
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<tr>
<td></td>
<td>Finally, the project aimed to model the use of an interdisciplinary team including delivery staff and support staff.</td>
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<tr>
<th>industry need for transferable skills</th>
<th>Meeting industry needs and regional training challenges</th>
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<tbody>
<tr>
<td></td>
<td>The focus on developing more responsive service teams grew out of the Institute’s analysis of local industry training needs:</td>
</tr>
<tr>
<td></td>
<td>Changing requirements for workforce skills and a growing demand for workers with transferable skills indicate the need for training that enhances employee mobility, uptake of information technology, communication skills, multi-skill transferability and competence in working in technically advanced management systems. (Webb et al, 2002)</td>
</tr>
<tr>
<td></td>
<td>Institute Director, Carol Webb, finds that the challenges of servicing these industry training needs are compounded by the thin markets, the cost of servicing geographically dispersed clients and inadequate telecommunications infrastructure available in the regions.</td>
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<th>changing existing social relationships</th>
<th>Change management principles</th>
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<tr>
<td></td>
<td>To create awareness of the need for change required project participants to address the psychology behind the denial. Edgar Schein’s How Can Organizations Learn Faster? The Challenge of Entering the Green Room (1993) was useful in addressing this matter.</td>
</tr>
<tr>
<td></td>
<td>Based on the reading and with assistance from an external facilitator, the project teams identified a number of principles about change management that assisted the teams in achieving their goals:</td>
</tr>
</tbody>
</table>
Change strategies require changing the existing social relationships and social structures between individuals within and between teams at the micro level and between teams at the meso level.

Change strategies may require changing the existing norms and practices of individuals, teams and organisations.

Change initiatives confront the immune systems of individuals, teams and organisations, which may attempt to resist change.

There has to be the necessary resources and the capacity of the organisation to carry the likely drop in performance that learning new ways of doing may generate in the short term.

Change is a learning journey with a purpose. (Webb et al, 2002)

## Integrated change management model

The project teams developed an integrated model of change management. The basic approach was based on the Kotter model, with the inclusion of the Edgar Schein model to address the psychological challenges of resistance to change.

Two other models for change management – from the Planned approach to change – were used as well. Action learning was effective with the Business Services team and the Kurt Lewin ‘freeze-unfreeze-freeze’ approach was useful in creating a collaborative group from ‘silo’ teams in the Construction area.

## Results of the change management activities

As a result of the change management project, there developed within the two teams and the executive:

- a greater acceptance for the need for change;
- a willingness to deal with emotional and social issues rather than ignore them;
- higher levels of trust between teams and the executive. (Webb et al, 2002)

Two other benefits identified were as follows:

- Created an inclusive large team with integrated planning and management practices from several small silo teams.
- Created a ‘guiding coalition’ from within and external to the executive, to drive a whole of Institute change project in 2003. (Webb et al, 2002)

Carol Webb reports that ‘hard output targets were set and achieved by each team involved in the project. Behavioural changes have been observed that will be evaluated in the future’. Additionally,

- external feedback from industry focus groups has been guiding the project and a final evaluation will occur after implementation of the new delivery models in 2003. This will give us a ‘customer satisfaction’ value rating.

The use of a mixture of emergent and planned change strategies by the Barrier Reef Institute is an approach supported by the research in the literature. For instance, Stace and Dunphy (see Burnes, 2000, Chapter 8) propose a model of change that accommodates both the planned and emergent approaches to change, by advocating that a range of approaches are valid, depending on the particular environment: there is no single path to successful change implementation that holds in all situations. The environment could be stable, enabling a planned approach, or turbulent, encouraging an emergent approach, or somewhere in between, requiring a mixture of approaches. (Mitchell & Young, 2001, p.22) This is a ‘situational’ or ‘contingency model’. On the other hand, Mabey et al (1998) have reservations about the contingency approach, suggesting that it ‘tends to emphasise the need to adapt when change comes, rather than assume change as a given’. (p.397)
Mitchell & Young (2001, p.22) argued that change management initiatives in VET need to be grounded in the theory of change management, following Burnes (2000) who found that:

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.

(p.257)

The teams involved in the 2002 projects were aware of different change management approaches and sometimes used a mixture of models, to suit their external environment and internal composition. By selecting approaches to change management that suit an RTO’s character and needs, it is possible to change entrenched cultures; for instance, to change silos into collaborative networks.
CHAPTER 5
WILL RTOs REQUIRE IMPROVED STRATEGY-MAKING IN THE FUTURE?

This chapter provides some comments on whether RTOs will require more and better strategy-making in the future.

Key points

Key points raised in the chapter include the following:

• RTOs that are just starting to use a structured approach to strategic management and change management often uncover a raft of future strategy-making tasks.
• RTOs that started using a structured approach to strategic management and change management some years ago often find that there are new and unexpected developments in their environment each year, requiring fresh strategy-making.

Varieties of needs for strategy-making

For a number of project teams involved in the 2002 Reframing the Future sub-program, like the YWCA of Canberra, it was their first extensive experience of undertaking strategic or change management, in relation to being an RTO. For others, like Central Gippsland Institute of TAFE, it was another step in an ongoing, structured cycle of review and improvement. The discussion below shows that for both organisations, new strategy-making is needed both now and in the future.

For the YWCA of Canberra, the opportunity to develop a strategic plan for the RTO ‘was crucial in determining the directions that the training function should take’:

Competition, critical mass in terms of programmes and staffing, maximising returns from investment are all issues that require strategic consideration. Finding the right niche, developing networks and collaborative arrangements are features of high performing VET organisations and were priorities in the strategic planning process. (Whitelum, 2002)

As a result of the project, the YWCA is now in a much better position to plan for its future as an RTO. It is:

well placed to make strategic decisions on its future, be competitive in its bid for organisational resources and has developed an infrastructure that will ensure delivery of high quality training. The continuous improvement and prioritising of systems, for example staff recruitment processes, will continue to strengthen performance. (Whitelum, 2002)

The YWCA reports that once the decision was taken to expand the scope of its RTO’s delivery, the strategic planning process served to identify and highlight the resources and practices that would be necessary to develop a competitive edge.

In contrast to the new planning undertaken by the RTO component of YWCA Canberra, Central Gippsland Institute of TAFE began a major strategic planning activity two years earlier, in 2000, with an environmental scan and the establishment of strategic performance measures. However, the environmental scan needed to be reviewed in 2002, in the light of the Ministerial Statement on ‘Knowledge and Skills for the Innovation Economy’. New strategy-making is required to respond to this change in the external environment of Central Gippsland Institute.

The above discussion indicates that strategy-making will be more prominent in the future, as RTO managers become more and more aware of their ability to develop strategies, to influence their environment and to change their internal structures and cultures. For instance, the project team at Torrens Valley TAFE (TVT) found that the strategy-making in 2002 enabled it to consolidate its achievements and opened up a range of possible ways to improve in the future:
The project has enabled TVT to consolidate its position as a well performing VET organisation and to identify opportunities and projects which will enable us to continually improve. (Stanelis, 2002)

**Fresh strategic analysis uncovers a multitude of future challenges**

A common experience among the 2002 projects was that their strategic analyses of their environments, their internal resources and their clients opened up a multitude of issues for future consideration. This was the case when Hotline Employment and Training from northern NSW undertook its strategy analysis in 2002.

**Figure 5.1: Case study of Hotline Employment and Training, NSW**

<table>
<thead>
<tr>
<th>creative strategic solutions</th>
<th>Understanding sought of strategic processes</th>
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<td></td>
<td>This 2002 project aimed to provide Hotline Employment with a deeper understanding of necessary strategic processes and critical strategic thinking and leadership skills required by the business to both generate and implement creative and values-based strategic solutions that will achieve long-term success for the organisation's stakeholders.</td>
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<th>improved strategic thinking and planning</th>
<th>Breadth of gains</th>
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<td></td>
<td>Project convenor Terry Overton reports that, as a result of the project, Hotline has undergone significant cultural change during 2002:</td>
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<td>The Training Services Section was transformed from one that concentrated merely on survival to one that now looks at how it can thrive within the current environment. The previous culture of mystery and information withholding has altered to include elements of a learning culture with high levels of team participation. (Overton, 2002)</td>
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<td></td>
<td>Terry Overton believes that the project has enabled Hotline to improve its strategic thinking and planning and that the RTO has moved into areas of high performance:</td>
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<td>This is demonstrated by the achievement of a more direct leadership style of management combined with a clearer focus on a strategic marketing advantage.</td>
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<td>The project has resulted in the development of a more highly-focused team that is better able to concentrate on the administrative and operative requirements of a high-performing organisation. (Overton, 2002)</td>
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<td></td>
<td>Terry Overton believes that these gains will continue to assist Hotline to better utilise the diversity of staff skills that already exists, think and therefore plan in a strategic manner, cope better with external change factors and tap into existing networks more effectively:</td>
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<td></td>
<td>Policies and Procedures are clearer, better understood and practices. Administration, Assessment and Marketing are more identified as functions rather than tasks, allowing for a quicker response to change agents. (Overton, 2002)</td>
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<th>intellectual and behavioural agendas</th>
<th>Remaining agendas</th>
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<td></td>
<td>Despite the many achievements of the 2002 project, Hotline's project facilitator Susie Vergers believes that much work still remains. Susie refers to ideas from management expert Doug Stace in suggesting that three simultaneous agendas need addressing:</td>
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<td>Three simultaneous agendas need to be enacted by executive management on a continuous and simultaneous basis:</td>
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<td></td>
<td>The first is the intellectual agenda: the vision, 'strategic' intent and business strategy position of an organisation. The intellectual agenda stretches the limits of thinking about the value the organisations is able to hold for stakeholders, customers and society as a whole.</td>
</tr>
</tbody>
</table>
The second agenda is the management agenda; this is concerned with building appropriate structures and networks, introducing appropriate technologies and systems and having the courage to reallocate resources.

The third is the behavioural agenda; this focuses on creating corporate values and ethics, developing appropriate leadership styles, learning systems, competencies and skills, reinforcement and rewards for appropriate employee behaviour. (Vergers, 2002)

Susie Vergers suggests that Hotline as a social enterprise knows that leading change involves more than simply pursuing the management agenda: it involves working hard at the intellectual and behavioural agenda as well. At the end of the project, Hotline now proposes to focus on issues relevant to developing its capacity to undertake the intellectual and behavioural agendas. Strategy-making at Hotline will continue.

Goals remaining

Other goals identified at the end of the 2002 project, that Hotline will continue to address in its desire to become a high performance team, include the following:

- Aspirations and Strategy that set a clear course.
- Collaborative approaches to decision-making and achievement of business outcomes.
- Communications that are effective in facilitating learning, action and positive results.
- People who are highly committed and motivated to think and act accountably, taking full responsibility for their actions and results.
- High integrity and clearly articulated values that establish an internal code of conduct for behaviour and a framework for decisions concerning internal and external stakeholders. (Vergers, 2002)

It was felt at the end of the project that, in the new reality for social enterprises, everyone in Hotline must adopt an entrepreneurial attitude and that organisational performance must be undertaken within a strategic framework:

We can no longer afford to have any employee who doesn’t give the highest performance. Therefore the organisation must do its part in setting a clear sense of the key strategic priorities of the business. (Vergers, 2002)

Strategic work still ahead

Much strategic work remains. Susie Vergers suggests that strategy formulation involves astute strategic planning and scenario building as well as calculated risk taking, well-developed intuition and the exercising of strong strategic leadership:

At minimum, strategy is about achieving “fit”, that is anticipating the emerging environment and adjusting corporate action accordingly. However, by going beyond mere adjustment to the environment through exploiting and creating breakpoints, effective leaders provide ‘maximum sustainable strategic stretch’ for their organisations. (Vergers, 2002)

The Hotline Employment and Training case study shows the extent of ongoing strategic management and change management required in an RTO. Continual strategy-making is needed, for RTOs to meet the constant changes in their environment, to fine-tune their internal skills and resources and to achieve higher levels of performance. The Hotline case study also shows that – given the increasing complexity of the external environment – in the future RTOs will need not just more strategy-making but also improved strategy-making.
Conclusion

Cusumano and Markides (2001) note that ‘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) also note that it is easy to talk about being flexible, but explaining 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)

Effective strategy-making now is the best way to prepare for the future. The need to develop strategies both for the current environment and for possible future changes in the environment indicates that continuously improved strategy-making will always be required in RTOs.
The primary aim of the evaluation was to identify effective strategy-making processes for developing high-performing VET organisations.

The research methods included:

- observations at a national forum convened for the project convenors at the start of the project and a national conference at the conclusion;
- observations at workshops conducted for groups in different States and Territories at the mid-way point of the 2002 program;
- reviews of the project teams’ action plans, mid-term progress reports and final reports;
- and observations from visits to a number of sites.

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 projects as a whole: their 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 National Project Director and to the project teams.

While all the exemplars cited in the report provide instances of good practice, others could have been selected, according to the same criterion. As this was designed as a brief report, not all the good practices modelled by the 2002 projects could be recorded in the report.


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