



Evaluation of UK Futures Programme

Final Report on Productivity Challenge 2:
Management and Leadership in Supply
Chains and Networked Organisations

Briefing Paper
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**Final Report on Productivity Challenge 2:
Management and Leadership in Supply Chains
and Networked Organisations**

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1 Introduction

Productivity growth in the UK is currently sluggish. Matching productivity in the US would make each family in the UK £21,000 better off. To boost productivity we need to pay due attention to improving the skills of our workforce and to putting them to better use. Productivity relies on a dynamic economy where good ideas spread rapidly, workers are well matched to jobs, firms can scale up, and where people move into jobs that use their skills¹.

The UK Futures Programme (UKFP) adopts an innovative approach to tackling workforce development challenges. The programme is funded by the UK Commission for Employment and Skills (UKCES) and is intended to run for around two years (from April 2014).

The UKFP offers small scale investments, targeting specific workforce development challenges and, where appropriate, a location, occupation or sector where there is greatest scope for learning. The programme takes a Research and Development (R&D) approach to devising and testing skills solutions, it seeks innovation and is tolerant to risk taking to promote greater levels of learning about what works, what does not, and how to apply that learning. The aim is to influence the application and implications of this learning in both strategic / policy decisions, and the action taken by employers and intermediaries.

The UKFP sees UKCES and industry co-creating projects to research, develop, pilot and/or scale innovative solutions to identified current and emerging workforce development issues that restrain business performance.

Through the Programme, UKCES is aiming to:

- Support collaborative approaches to workforce development issues amongst employers and, where applicable, wider social partners
- Encourage innovative approaches to addressing workforce development issues
- Identify ways to address new or persistent market or system failures which act as a brake on UK workforce competitiveness

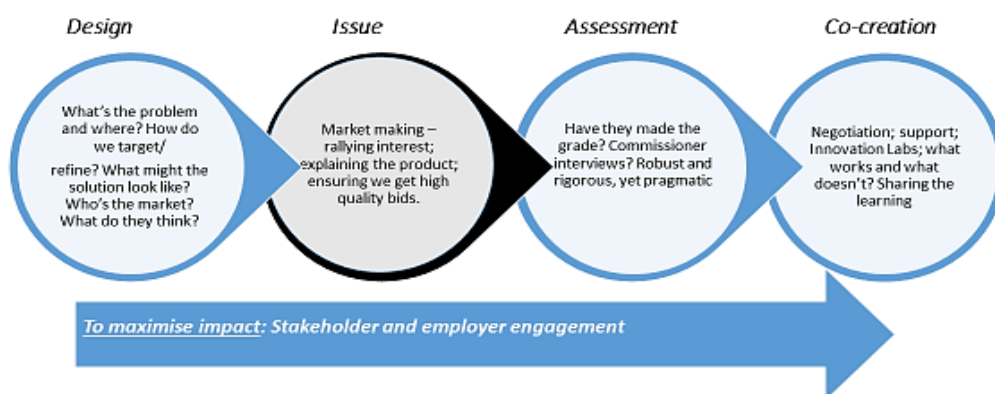
¹ HM Treasury (2015) *Fixing the foundations: Creating a more prosperous nation*, HMSO

- Identify 'what works' when addressing market failures in relation to workforce development, for adoption in policy development and wider business practice.

The UKFP has identified a series of 'Productivity Challenges' which, if solved, have the potential to increase the skills of the workforce and ensure that they are put to good use. Five Challenges have been launched to date and all are expected to complete by mid-2016. Each Productivity Challenge co-invests in a number of projects identified through a competitive process, which will explore different aspects of the Challenge theme / workforce development challenge(s).

Each round of investment followed a staged process through which UKCES first identified the workforce development challenge from a combination of research, the knowledge of its Commissioners and staff, and then market testing and consultation with employers and intermediaries to refine that challenge. UKCES then carried out a market making activity to encourage project development and applications that demonstrated shared risk and active cash and / or in-kind investment by employers to the benefit of the design, delivery, reach and / or communication of the proposed solution. These applications were then assessed. The successful projects receive co-creation support to nurture learning, collaboration and innovation within and across the projects. This process is shown in Figure 1-1.

Figure 1-1: UK Future Programme stages



Source: UKCES

1.1 Productivity Challenge 2: Management and Leadership in Supply Chains and Networked Organisations

Productivity Challenge 2 focussed on improving leadership and management in supply chains and networked organisations. This was in recognition that the UK does not

measure up to the likes of the US on management capability. Recent international studies have revealed large variation in management quality across firms within all countries. What accounts for the difference between countries is the absence (e.g. US) or presence (e.g. India; UK) of a long tail of poorly managed firms. Even though the UK's best firms are often world leading, the presence of a large number of poorly managed firms is a barrier to growth in the UK economy.

Firms operating high performance working practices designed to stimulate better employee involvement and commitment find it easier to fill their vacancies and have fewer skill shortages. They are also more likely to train, to train more of their staff, and to deploy them effectively. However, just 12 per cent of UK firms adopt such practices and small firms are less likely to adopt than others. Furthermore, almost half of all employers report they are under-utilising the skills of their staff².

When firms are helped to adopt 'best' management practice they report large improvements in performance. Adopting firms are more profitable, more productive, grow faster and survive longer. To this end, employer networks, such as supply chains, can be effective vehicles to deliver support and achieve collaboration.

The productivity challenge sought to test the hypothesis that supply chains, or other types of networked organisations, could be an effective means of developing management and leadership through the sharing of skills, ideas and values through existing business relationships. The hypothesis was that the influence of the prime organisations at the head of supply chains or sector bodies could stimulate activity from firms in their supply chains or networks.

This competition was open only to primes³ with UK based supply chains or looking to expand their UK supply chains within the manufacturing, construction, legal and accounting services and financial services sectors. UKCES evidence suggested that the case to act was strongest in these sectors.

1.2 Evaluation of the UKFP

UKCES commissioned SQW to carry out a real-time evaluation of the programme. The aims of the evaluation are to:

² Various within UKCES (2014). *UK Futures Programme Competition Brief: Management and Leadership in Supply Chains and Networked Organisations*.

³ A prime is a business that sits at the head of a supply chain

- Develop a rich understanding about ‘what works’ in addressing workforce development issues
- Understand the conditions that can stimulate workplace innovation and learning
- Actively enable continuous improvement of the investment approach
- Communicate the learning in a way that can readily inform and influence policy and wider practice.

These aims, which guide the evaluation, are grouped into two broad areas. Firstly, they are concerned with learning what works, what doesn’t work, under what circumstances and why in relation to the solutions that are being tested in addressing workforce development issues; and secondly they are focused on exploring the operation of the UKFP and its implications for UKCES delivery and wider policy.

The evaluation of Productivity Challenge 2 was structured around its own research questions that contribute to the programme level aims. These are shown in Figure 1-2.

Figure 1-2: Research questions for the UKFP Productivity Challenge 2

Distance travelled	Wider learning	Programme learning
<ul style="list-style-type: none"> •... in raising the capability of leaders and managers to align skills, job design and other workplace practices to support high value firm strategies •...in boosting demand for management and leadership skills? •...in increasing social capital of managers, levels of interaction, and opportunities to learn from their peers and best practice? 	<ul style="list-style-type: none"> •How do you engage tier 1 suppliers / top of the supply chain in leading the way on management and leadership? •How can the influence of supply chains / tier 1 suppliers be harnessed to best effect? What role can intermediaries play to support / facilitate this? What role can intermediaries play in engaging tier 2 and 3 of the supply chain? •What are the most effective and appropriate learning methods / modes? 	<ul style="list-style-type: none"> •What are the success factors, enablers and barriers to sustainability? And, scalability? •What are the indicators of outcomes / potential for impact in the sector?

Source: UKCES

The next section of this report describes the projects funded and their achievements. The following section details the evaluation findings about what works and what does

not against the research questions for Productivity Challenge 2 projects. At the point of assessment, UKCES identified a set of expected learning themes / research questions that they expected the evaluation to be able to explore during the lifetime of the projects. The research questions were reviewed and evolved over time; they were used to shape the activities undertaken by the evaluation team to learn what works. The implications and applications of the learning are discussed in the final section.

Throughout the two final chapters a series of summary tables highlight the key learning on what has worked or not, and the key messages that Productivity Challenge 2 has highlighted for employers, supply chain businesses and policy makers.

2 Productivity Challenge 2: Management and Leadership in Supply Chains and Networked Organisations

UKCES selected seven projects to co-invest in and work with in Productivity Challenge 2. The projects were led by Action Sustainability, Black Country Consortium, the Civil Engineering Contractors Association, Jaguar Land Rover, the Legal Aid Practitioners Group, Robert Woodhead, and the University of Chester. While two of these leads were primes in their own right, the others are networked organisations which then sought to engage and work through firms (including primes) in the respective sectors. Productivity Challenge 2 ran between October 2014 and November 2015⁴, with a total UKCES investment of £1,064,422 and total co-investment of £1,049,155 (including cash and in kind).

Of the seven projects, one sought to further develop an existing online resource. The original resource aimed to increase the management and leadership skills of senior managers and directors of supply chain businesses in a broad sector. The additional development was to tailor the online resource to the needs of two specific sub-sectors. It would also create more content and functionality. The resource was intended to engage businesses, benchmark their skills, create a tailored action plan, deliver support and then monitor improvement.

The project successfully worked with an employer steering group to develop the online resource as intended. During the Challenge the project also received additional funds (and co-investment) to tailor the online resource to different geographical markets. This was done to ensure that regional differences in the Scottish and Welsh markets were accounted for in the resource. The project used primes, launch events, supplier days and wider marketing to engage supply chain businesses, the project had engaged almost 1,000 leaders and managers from the sector by the end of March 2015. The project has successfully secured further investment from primes to maintain and continue the development of the resource.

The second project sought to develop bite-sized learning modules for managers in supply chain businesses and offer soft skills coaching. The project's offer was developed by primes, with input from specialist partners, to improve the hard and soft leadership and management skills of managers in supply chain businesses.

⁴ While the second and final Innovation Lab was held in November one project continued delivery beyond this point

By December 2015 the project had developed and delivered 12 bite-sized learning modules, two modules were also re-run due to demand. The modules were accredited at Level 3. The organisation that led the development of the project received substantial funding through a Growth Deal towards the end of project. It is likely that project materials will be incorporated into Growth Deal funded developments in the future.

Another project sought to engage its sector in a country wide research project. The research intended to identify a common understanding of the leadership and management challenges faced by the sector, and develop an industry recognised view of what good leadership and management 'looked like'. This would inform subsequent actions to improve the leadership and management skills of the sector as a whole.

The project successfully held regional events which used a 'meet the buyer' format to encourage attendance. The events were promoted by primes and in the trade press, and the number of attendees surpassed expectations (approximately 600 delegates compared to the 300 expected). A National Leadership Conference presented the research findings and celebrated the best practice. The project has recently been rebranded and has secured funding for three years from the industry training board to deliver training to meet the needs identified by the research.

The fourth project was led by a prime and sought to develop and pilot a model for high performance working practices. It was intended that the model would increase the capability of leaders and managers in supply chain businesses which would be of long term benefit to the supplier and prime. The approach involved the development of a diagnostic tool to highlight needs and then the offer of coaching support to individual businesses. Due to wider pressures, the project took longer to get started than the others and was on-going at the time this report was written.

The fifth project was led by a sector body which aimed to deliver leadership and management training to their sector. The lead organisation consulted with the sector to understand their leadership and management needs, and then engaged specialists to devise a training course. Alongside the training course a website was developed to foster an online community for practitioners.

The project successfully delivered the course which had 24 attendees split across three locations. The courses incorporated an overnight stay which allowed attendees time to network and develop peer to peer relationships. The project has received

interest from two organisations, both are foundations, of which one has agreed to support the project going forward.

The sixth project was delivered by a medium-sized prime, which sought to develop a needs assessment tool and modular training package which consisted of eight half day workshops. The project intended to develop the leadership capabilities of the businesses in their supply chain, many of which were very small owner managed businesses which were facing a number of issues around scaling up (such as recruitment and employment practice).

Overall 143 individuals from 85 supply chain businesses attended training sessions organised by the prime. The supply chain businesses were positive about the support they had received and there was evidence that the support had increased their management and leadership capabilities. The next steps for the project are to use learning from their activities to develop a strategy to further develop their supply chain.

Another project aimed to work through two primes to reach their supply chains. Having engaged the supply chain, the intention was to use a range of analytical and learning approaches in an intensive way to support the development of leadership and management in the supply chain. The approach adopted was intended to be fairly intensive, involving input from a range of people in each supply chain business.

The analysis found issues of miscommunication, with people being unaware of others personalities and drivers; decisions being taken without logical consideration; and splits across different sites. They used a series of workshops and simulations to get people to reflect on their behaviour and its impact on others, and so to improve the management and operation of the supply chain businesses. Discussions were ongoing with one prime about doing similar with others in the supply chain and it is planned to approach other primes who expressed interest but were unable to take part in the time available.

3 Evaluation Findings

This section details the evaluation findings against the research questions in Figure 1-2 above. It comprises three parts: the distance travelled against the three skills areas which UKCES research identified as priorities to address (i.e. raising the capability of managers, boosting demand for leadership and management skills, increased social capital amongst managers); wider learning (i.e. how primes can engage the supply chain); and programme learning about scalability, sustainability and impact achieved.

Throughout the chapter we summarise what has and has not worked at the beginning of each section and then expand on this in the following text.

3.1 Distance travelled

This section sets out the contributions that projects made to addressing each of the three skills needs that were identified by UKCES research on management and leadership in supply chains and networked organisations (see Figure 1-2). Projects may not have designed their outputs to tackle each of these three areas explicitly but by measuring the distance travelled in this way it is easier to assess the contribution that projects have made towards solving the wider workforce development challenges.

3.1.1 Raising the capability of leaders and managers to align skills, job design and other workplace practices to support high value firm strategies

UKCES identified that management capability is a major influence in the response of firms to global dynamics and competition. Compared to other countries the UK was identified as having a greater proportion of poorly managed firms. Raising the capabilities of leaders and managers would help UK companies compete in the global market place.

Table 3-1: Distance travelled – raising capabilities

What worked	Why/how did this work
High quality sessions tailored to need	This meant that the solution was well received by supply chain businesses and it encouraged them to remain engaged and attend more sessions than they may have originally intended to
Engaging industry in discussions about what the management and leadership issues are	This led to responses being tailored to industry recognised need

What worked	Why/how did this work
'Showing' the supply chain what 'good' looked like	<p>Employer steering groups, employer events and end user surveys were effective for gathering views</p> <p>This enabled supply chain businesses to understand practically what good leadership and management was, rather than being told the theory</p> <p>The most effective methods were industry recognised good employers hosting events, practical training/simulation and individualised support</p>
Baseline existing capabilities to evidence gaps in knowledge	<p>Helped to communicate the need to upskill to supply chain businesses and identified which skills required attention</p> <p>Industry wide baselining through surveys, or individual baselining through business assessments</p>
Targeting senior managers and leaders	<p>These employees were able to put learning into practice, in many cases action plans were developed to support them to implement change</p> <p>Senior managers and leaders are also able to cascade learning to junior managers to widen the reach of the solution</p>

All of the projects had made some progress in raising the management capabilities of supply chain businesses. It was recognised by all of the projects that over the lifetime of Productivity Challenge 2 the extent to which they had raised the capability of leaders and managers was small, but they hoped that overtime the distanced travelled would increase. More impact was achieved through very intensive approaches, but these solutions had limited reach and worked with only a small number of supply chain businesses.

Projects found that ensuring their solution was high quality and tailored to the specific management and leadership needs of the sector was important for raising capabilities. Tailoring the training to the needs of the sector ensured that the training was appropriate for the audience and that it was different to other generic management and leadership training in the market. This was well received by end users and led to the training being well received as they found it easier to identify with the issues and apply the solution in their workplace.

High quality, tailored training also encouraged the end users in supply chain businesses to engage with more learning than they originally intended, as they were impressed by their initial experiences. This meant that they then engaged in more activities and so gained more management capabilities.

Engaging industry in discussions about leadership and management issues was an effective approach to ensuring that solutions were tailored to the needs of the sector as a whole. Projects used a number of approaches to gain the views of industry. The majority of projects had employer steering groups to help inform the design and development of their solutions. The use of events and surveys to gather the views of end users in the supply chain also ensured that their feedback was received. For example, one project led by an intermediary was able to utilise their existing contact database of members to disseminate a survey about their management and leadership skills needs, and also ask operational questions such as how much would they pay for a solution.

Engaging industry in discussions about issues raised the capabilities of leaders and managers as it contributed to effective training. It was also an effective means for communicating the project and getting expressions of interest to hear more once the solution had been developed.

There were three projects that incorporated an element of showing the supply chain what good was. Showing supply chain businesses what good management looks like was thought to be useful practical learning that complemented any theory based training that was offered and contributed to raising the capabilities of managers. This included using respected businesses to host training, simulation exercises, and providing one-to-one support to help supply chain businesses apply learning in their workplace. For example, one project used credible employers to host the training, so that attendees could benefit from exposure to a best practice workplace. Another project used simulations to demonstrate in a very direct way the behaviours that managers exhibited and needed to change.

Undertaking an exercise to baseline the existing management and leadership capabilities either at an individual, business or sector level provided useful intelligence both for communicating with end users and tailoring solutions. This was usually done near the beginning of solutions. The primary focus of one project was to research the management capabilities of the sector as there was no existing, robust understanding of them which made it difficult to know how they could be raised. The research output

has provided a foundation for raising managers' capabilities in the future. Other projects undertook a business or individual assessment of current management skills, to ensure that training was tailored to the gaps in the businesses' or individual's knowledge. This contributed to end users receiving a solution that was specific to them and so led to direct improvements in areas of need.

“Many SMEs do not know what they need or what their opportunities are”

Networked organisation involved with project delivery

Projects found that it was important to engage the right people. Managers who they engaged had to be suitably senior so that they could implement the solution in their workplace. This enabled them to raise their own management capabilities and extended the reach of the solution as they were able to cascade learning to other managers if appropriate to help them also raise their capabilities.

3.1.2 Boosting demand for management and leadership skills

UKCES research found that few (12%) UK businesses were operating high performance working practices and that managers were the least likely group to undertake training (48% v 62% overall)⁵. Which means they are less likely to train their employees and are more likely to be under-utilising the skills in their workforce. By boosting demand for management and leadership skills it was hoped that more UK businesses would be able to adopt high performance working practices which would help them compete in the global market place.

Table 3-2: Distance travelled – boosting demand

What worked	Why/how did this work
Solution that is free or available at an attractive price to the end user	Some supply chain businesses initially found it difficult to understand the value of leadership and management training, meaning that an attractive price was necessary to encourage them to try the solution
Voluntary engagement	Supply chain businesses were invited by primes or intermediaries to engage with the solution on a voluntary basis Communication of the solution was persuasive and highlighted the benefits. It also led businesses to positively 'sign up' to the idea which most likely made them more receptive to the ideas being put forward

⁵ UKCES (2015). *Employer Skills Survey 2015*.

Shorter term, high intensity interventions	Starting small with an intervention that required a modest time commitment from end users over a condensed period of time encouraged engagement
Framing leadership and management issues in a context that industry understands	Not all businesses were familiar with what was meant by leadership and management, and some did not recognise why it was necessary to improve these skills. Framing leadership and management skills as a means to addressing specific issues in the supply chain made it appear more relevant
Primes had unexpected learning about their own leadership and management	Primes took stock of their own leadership and management processes when being involved in the development and delivery of solutions. This led to interest in leadership and management in their own organisation being heightened
High quality initial offering or training	Having an offer that was high quality ignited interest and often led to attendees wanting to attend subsequent learning opportunities
Quality mark/ kite mark	A quality mark gave end users confidence about a solution as it demonstrated it was of a recognised standard
System to recognise end users' commitment	Giving end users an award depending on the amount of training they had completed encouraged further engagement

What did not work	Why not
Converting interest into engagement with the solution	The number of supply chain businesses engaging with a solution was far less than the number that showed an interest in a solution when initially approached. In some cases this reflected costs, and in others, timing was an issue with businesses facing peaks in demand and so not having time to participate or requiring sign off from higher levels
Engaging HR managers	A number of HR managers were not thought to be close enough to leadership and management issues. Operational managers were aware of issues but some HR managers appeared to be less aware and so

	created a block as they controlled the approval of funding.
Accreditation – formalised learning	Gaining an accredited learning (i.e. Level 3 learning) was not a priority to end users and it was a not reason for engaging with a solution

The projects were able to offer their solutions to the supply chain either for free or at a subsidised cost. There was no evidence from end users to suggest that they engaged solely because the solution was free or subsidised, however projects found that a free or low cost offer was helpful for securing supply chain engagement. The attractive price point was particularly useful when the end user was not familiar with the value of good leadership and management as it encouraged them to try it as they thought they were getting a good deal. Moreover, where projects tested future pricing with users the price that they were willing to pay was usually below the full costed price.

“The price was a ‘try it’, ‘give it a go’ price...we had charged for the course [rather than offer it for free] to test if people would pay for it”

Networked organisation involved with project delivery

Also, ensuring that solutions did not demand a lot of time from attendees boosted demand. Projects found that end users were willing to engage with solutions if the time requirement was reasonable. Once they had experienced one session and felt they had learnt something in a relatively short space of time this encouraged them to attend more activities. However, businesses were cautious in their commitment at the outset.

Projects found that end users showed more interest in solutions if they were linked to the context of their industry as it enabled them to better understand what leadership and management meant to them and why there was a need to upskill. One project found that being able to explain the role of leadership and management in meeting government targets for carbon reduction heightened interest in the solution. Another project found that their research on management and leadership issues in their sector was gaining subsequent buy-in from primes and other large organisations in the industry as it brought to the fore what the specific issues for the sector were, which had not been done before. Contextualising the issues can therefore boost demand amongst primes and supply chains.

As mentioned above, some projects found that their solutions boosted demand for leadership and management skills amongst primes as well as supply chain

businesses. Including primes in discussions about what the issues in the sector were, engaged them with the issue and led to them reflecting on their own practices. Similarly, where primes were the lead and engaged directly with their supply chain, it led them to reflect on their own operations, and this highlighted development issues for the prime as well as the supply chain.

“The primes thought that they were better than they were”

Networked organisation involved with project delivery

Supply chain businesses chose to get involved with projects on a voluntary basis. All projects used this approach and all but one met or exceeded the target number of end users they expected by December 2015. Encouraging voluntary engagement by communicating the benefits is an effective means to securing engagement. It is noticeable that projects were able to draw out demand from the supply chain without the need for compulsion. Indeed, several were concerned that ‘forcing’ people to attend would have created the wrong tone and reduced impact.

Once end users were engaged, projects found that ensuring their solution was of high quality contributed to making sure end users remained engaged and sought more opportunities. As an example, an end user of one project commented that they learnt more from the initial session than they expected and were impressed with the quality of provision, having had a positive experience they then decided to attend more sessions than they originally intended to. Solutions that are of a high quality and make a good first impression are able to boost demand for subsequent learning opportunities.

Projects found that end users were not concerned about gaining a formal recognition for their learning (i.e. Level 3 qualification). However, projects did find that end users welcomed a quality mark or similar to give them confidence that a solution was to a recognised standard. For example, one project found that endorsement of the solution by an industry body was more appealing to end users than accreditation. A quality mark was therefore thought to boost demand as it was a positive factor that end users considered when deciding whether to engage or not.

There were two projects that had a three tiered system to reward end users for their attendance at events. These systems awarded businesses a bronze, silver or gold award depending on the number of training instances they completed. Both projects found that these encouraged end users to attend multiple training sessions. The award

given was modest, however, knowing their commitment was recognised was a motivating factor.

A difficulty that some projects had was converting initial interest from supply chain businesses into engagement with the solution. This was common across most projects. The reasons most frequently given for drop off were issues with timing and the fit to short term business priorities. One prime carefully planned their provision to avoid peak seasons in their sector and thought this had helped supply chain businesses to participate.

Engaging the right manager in a supply chain company was important for securing their engagement. Some projects that contacted HR managers found that this was not an effective route to engaging supply chain businesses. They found that HR managers were too removed from day-to-day operations to understand the benefit of the solution. Engaging HR managers did not contribute to boosting demand for management and leadership skills in the supply chain. Instead it was often the owner or a senior operational manager who was more aware of the need to respond positively.

At the outset the majority of projects thought that accredited learning would be important to end users. However, the majority found that end users were not concerned about receiving an accreditation (i.e. Level 3 learning). Some projects also found that their end users did not understand accreditation language, for example one project found end users did not know what was meant by a Level 3 qualification. Another project reported that some supply chain businesses were concerned that accredited learning increased the risk that employees (who engage with the solution) might seek new employment opportunities. Formalising the learning that participants gained did not boost demand for solutions.

3.1.3 Increasing social capital of managers, levels of interaction, and opportunities to learn from their peers and best practice

UKCES research found that increasing social capital amongst managers could lead to positive outcomes. For example, greater inter-employer networks could reduce poaching activity as the social bonds help to prevent adverse behaviour⁶. The research also found that more and better employer networks could make training more affordable and enable employers to source appropriate training⁷. By boosting social

⁶ Stanfield, C. et al (2009). *Review of Employer Collective Measures: Final Report. Evidence Report 10*. UKCES: London

⁷ Stanfield, C. et al (2009). *Review of Employer Collective Measures: Final Report. Evidence Report 10*. UKCES: London

capital, it was hoped that some of these potential benefits might occur through this Challenge.

Table 3-3: Distance travelled – social capital

What worked	Why/how did this work
Solutions delivered face to face	Increased social capital was achieved by projects that brought managers and leaders together in person. Participants were positive about the opportunity to meet their peers as there are few opportunities to do so
Informal time built into solutions	This gave time and space for relationships to develop organically and peers to identify commonalities and ways that they can support one another
What did not work	Why not
Online communities and forums	Managers and leaders found it difficult to make time to contribute to online forums as day to day work tasks were often more of a pressing concern

Increasing social capital was not a primary aim of any of the projects. There were several projects, however, that successfully increased social capital by delivering their solutions. Where increased social capital was achieved, a common factor was time spent by the supply chain businesses face-to-face with one another. One project found that managers often do not get any time to meet with one another and when they do conversations are often about day-to-day work tasks rather than more general business operations. End users of this project’s solution welcomed the opportunity to meet peers in a less immediate business setting and some managers were maintaining contact with one another after the project activities had been completed.

Solutions had to have informal time that allowed attendees to network if social capital was to be achieved. In one project an overnight stay for attendees was incorporated which allowed attendees to network over an evening meal. Building in informal time meant that attendees were able to network within the hours they had set aside to be out of the office. Attendees were positive about the opportunities they had to network with peers and thought it was an opportunity they otherwise would not have got. Attempts to build social capital through online forums or communities did not work. Projects found that there was very little activity on online spaces that they established and end users fed back that they did not have time to engage or contribute to online

discussions. Some reflected that immediate pressures too often took over and in other cases there was concern that if they sought to engage in these type of discussions at work it did not appear as though they were actually working, and so they tended to put off engaging.

“People don’t really make time for online learning, the only effective way to get peoples’ attention is to remove them from their day to day place of work and the distractions that go with it”

Networked organisation involved with project delivery

3.2 Wider learning

Alongside the direct distance travelled questions, the Challenge also sought to generate learning about a series of process questions to aid future activities. These are described in the sections below.

3.2.1 How do you engage tier 1 suppliers / top of the supply chain in leading the way on management and leadership?

Table 3-4: Wider learning – engaging the top of the supply chain

What worked	Why/how did this work
Utilising existing networks and relationships with primes	This enabled projects to start from an advanced position as primes were already familiar with each other and time did not have to be spent at the outset to establish relationships
Have a product or solution to show primes	It was easier to engage primes when there was a product or solution already conceptualised (if not already developed). Primes showed preference for ‘seeing’ the solution
Delegate the development of parts of the solution to primes	Working to terms of reference set by a wider group of employers, primes took individual ownership of particular modules. This maintained their engagement throughout the project and instilled a sense of ownership where the prime was not the lead organisation
What did not work	Why not
Trying to engage a large number of primes in a short period	Although agreement was gained from local managers they often had to seek approval from elsewhere. However, head office did not have the relationship with the project lead and so started from a more sceptical position and needed

more time to make a decision (and this was out of the time period of the challenge).

Almost all projects utilised existing networks and relationships with primes. There were three projects that engaged additional primes beyond those that they engaged at the outset, and the consensus was that it was the involvement of other high profile primes, and the fact that there was at least a draft product or solution, that attracted their interest.

As mentioned previously having a product or solution that was already part or fully developed was beneficial when trying to engage primes. They showed a preference for 'seeing' the solution before buying into a project.

Projects found that primes, once bought into the solution, were able and willing to develop aspects of the solution. There were two projects that delegated the responsibility of designing training modules to primes on the steering group. They found that it worked well. By doing this, the projects found it kept primes engaged with the project and as they had invested time they had a greater sense of ownership. This also contributed to achieving high quality training that was tailored to the needs of industry.

There was one project that found it difficult to engage as many primes as they had first intended. Indeed, many of the businesses had already expressed a positive interest in becoming involved. However, the decision about involvement had to be signed off by someone else, more senior and sometimes based outside the UK. This created a barrier as it required more time, and this was not available given the time limited nature of the Challenge. Moreover, as they were removed they did not have as good an understanding of the prime and the potential benefits of the solution as the local manager. If local managers did not have autonomy to make decisions this led to delays in engagement and also demanded greater resource from the project to secure their involvement.

3.2.2 Harnessing influence of primes, the role of intermediaries to support primes and the role of intermediaries in engaging the supply chain

Table 3-5: Wider learning – influence and intermediaries

What worked	Why/how did this work
Engaging credible primes	Supply chain businesses were more likely to engage where the prime/s involved were reputable and/or a significant business in the sector or locality. This worked even where the prime was not particularly large
'Meet the buyer' opportunities	Using 'meet the buyer' events to engage supply chain businesses worked well. These offered potential commercial benefits that encouraged initial attendance which projects could build upon to promote their solution
Communicating the opportunity to get close to primes	Supply chain businesses saw the potential of a closer relationship with the prime/s as a key reason to attend courses / events. Without this opportunity they would have been much less likely to attend, regardless of the training on offer as in part they were attending in the hope of promoting their business and potentially gaining sales Communication of the opportunity by primes to their suppliers and/or communication by intermediaries making reference to primes' endorsement, were effective means to engaging the supply chain
Intermediaries can act as a neutral facilitator	Intermediaries were seen not to be pushing any particular commercial agenda, other than what would be in the best interests of the sector as a whole, which made supply chain businesses more trusting of the solution offered Intermediaries were able to facilitate discussions between primes which helped to develop solutions that incorporated the needs of a number of primes and their suppliers
What did not work	Why not
Competing primes	There was some apprehension amongst primes about supporting their competitors particularly when solutions had a commercial element

Projects found that primes could influence supply chain businesses to engage with solutions. The stature and credibility of primes either leading or involved in a project was a factor that encouraged end users to engage. The end users of one project commented that the lead prime had a good reputation locally so they thought it was positive for their business to be associated with them.

Another project used the opportunity to meet primes at 'meet the buyer' events as a method to engage end users in research, the opportunity to meet primes who are the source of a large proportion of industry contracts was a factor that encouraged attendance. End users' attendance at 'meet the buyer' events created a captive audience to which projects could then promote their solution.

“The pulling power of the primes got people [supply chain businesses] to attend the events... just a room would not be enough, the events would have to offer a benefit to make sure people [supply chain businesses] would turn up”

Networked organisation involved with project delivery

Ensuring that end users were aware of the primes involved was found to be an important message to convey in communications. Almost all projects found that end users were as enthused about being able to get close to the prime, as they were about the opportunity to increase their leadership and management capabilities. Ensuring that end users knew which primes were involved and what the opportunities were i.e. meet with employees of the prime, was important for engaging supply chain businesses.

Intermediaries also played a key role in some projects, particularly if the solution was designed to be an industry response to leadership and management issues. End users and primes saw intermediaries as not pushing any specific commercial agenda, which meant that the intermediary would be working to the best needs of the sector. This was particularly important to end users.

Intermediaries also acted as a neutral facilitator in discussions between primes. For example, one project thought that the benefit of being intermediary-led was that they were able to engage a number of primes and get to a point where they had a common understanding of leadership and management issues across them. This has subsequently enabled them to leverage funding from other intermediaries to develop their solution further as it is understood to benefit the sector as a whole.

This is also beneficial for supply chain businesses which support more than one prime. There was concern from some supply chain businesses that if each prime had its own system and training it could be contradictory, require a slightly different approach or systems and be require a larger investment of time. Conversely, one approach across the sector was likely to mean greater transferability and efficiency.

There was one project, however, that found some primes were sensitive to benefitting their competitors. For example, one prime whose offices were used as a training venue were unwilling to allow competitors to attend. There is a balance to be struck between engaging primes and also ensuring others are not excluded from contributing or benefitting from the solution. This will differ across sectors, depending on existing relationships and ways of working. Where tensions exists, there could be merit in:

- Keeping the solution generic to protect commercial sensitivity
- Having it delivered in a neutral venue
- Delivery being led by a neutral organisation such as a respected intermediary body.

3.2.3 What are the most effective and appropriate learning methods / modes?

Table 3-6: Wider learning – learning methods and modes

What worked	Why/how did this work
Being influenced by the audience	Projects identified that ensuring methods and modes of delivery were informed by the audience (end user) was key to ensuring the solution was effective. End users were positive about: <ul style="list-style-type: none"> • Face to face learning • Flexibility to respond to the needs of those attending on the day • Practical learning
Venues that removed attendees from their day to day working environments	This made attendees ‘make time’ for leadership and management. It meant that day to day tasks could not distract them

Projects found that solutions had to meet the needs of the audience (end user) to ensure they were effective. Across the projects there were three common factors that end users showed a preference for. These included ensuring that there was flexibility on the day built into solutions. This was the case for all projects that delivered face-to-

face training. It was important that those leading training sessions were experienced and had a depth of knowledge of the sector so that they could react to the audience and adapt the session to fit their needs.

The face-to-face mode with an experienced trainer worked well and ensured training was effective, it also contributed to boosting demand for subsequent sessions. Face-to-face learning was preferential but projects had to consider the cost of this method, all of the projects that delivered training had at least an element that was face-to-face.

End users also showed a preference for learning that was practical and showed them worked examples. For example, one project often divided attendees into groups and asked them to complete a practical task.

Projects found that attendees had a preference for training that removed them from their day-to-day working environment. This blocked out time in their calendar to dedicate to the training and reduced the possibility that the training would be interrupted. There were mixed messages about how far people would travel. In some cases people wanted to be able to go in to work and attend the course on the same day, but others were able to attract people who would travel some distance and stay overnight. This may be a reflection of different levels of day-to-day or hands on management in different sectors and across sectors.

3.3 Programme learning

3.3.1 What are the success factors, enablers and barriers to sustainability and scalability?

Table 3-7: Programme learning – sustainability and scalability

What worked	Why/how did this work
Utilising primes and intermediaries to engage the supply chain	The influence and reputation of primes and intermediaries gave credibility to courses. This was also supported by primes attending the courses, and so giving supply chain businesses the opportunity to engage with them
Prime and their supply chain have recognised that they have wider needs	Projects have identified that the leadership and management needs are broader than first expected. Going forwards projects will continue to develop to meet ongoing needs

Project sustainability plans	All projects had or were developing a plan to maintain their solution beyond the lifetime of Productivity Challenge 2
What did not work	Why not
Engagement of supply chain businesses beyond those that could recognise the issue or were close to the primes involved	Some businesses did not recognise the commercial benefit of the solution and/or recognise leadership and management issues within their business
Understanding market demand for leadership and management interventions	Demand was cited as a necessity for sustainability, however projects were unsure of the market demand (scale and price) for their product
Self-sustaining financially	Projects lacked the confidence to take their solution to the open market following the end of UKFP funding, nearly all were being sustained with some form of funding to subsidise the cost to the end user That said, in one case a group of primes were funding future development of the solution going forward, recognising the return that they might achieve. Other primes were also considering this.
Return On Investment (ROI)	This could not be evidenced robustly by any of the projects by the time Productivity Challenge 2 had finished. This was an issue for both primes and supply chain businesses as they were unsure about the case for future investment There were also concerns amongst primes that the benefit of any investment they made would also benefit their competitors.

Primes and intermediaries have shown that they can engage the supply chain with solutions that address non-technical issues. They can do this because of their credibility to attract supply chain businesses, and their knowledge of what is needed. They have engaged supply chain businesses for a variety of purposes, for example to assist with informing the design of a solution and/or to attend a solution. The learning from Productivity Challenge 2 is that using primes and/or intermediaries as a vehicle to engage supply chains works and is well received.

Projects identified a broad range of leadership and management skills needs, in some cases supply chain businesses that thought they had no management and leadership issues were surprised by gaps identified by a baseline assessment. The identification of needs beyond those expected means that there are further leadership and management topics that solutions can be extended to cover. This presents projects with opportunities to develop and broaden their offer.

All of the projects had, or were developing, plans to maintain their solution beyond the lifetime of Productivity Challenge 2. Some projects had secured support to continue delivering their solution, whereas others were using the intelligence they had gained to move onto a next phase of developing their solution. The UKFP funds had been used to establish a foundation from which all intended to grow.

There were four projects that had secured further financial investment to continue the development of their solution. Of these projects, one going forwards was being funded by a group of primes. This solution provided primes with a tangible return for their investment, as they were provided with anonymised intelligence about their suppliers. Other primes were also thinking about the rate of return that their solutions offered. Once understood, this will inform future funding of their respective solutions.

Demand for the solution was cited by the majority of the projects as the key factor that would determine the sustainability of their solution. However, the majority were unsure what the level of demand would be for their offer, especially if it was at a commercial or even full cost recovery price.

All of the projects offered their solution free or at a price below what they thought the market rate would be. This was seen as important to attract interest. However, their future costing models were unclear because: when they ask people what they would pay, it was less than hoped; and they had not collected evidence to demonstrate the rate of return. The latter issue also impacted on the prime. At least one prime had thought of cross-subsidising its provision, but was struggling to make a business case without good evidence of the return to them from having an improved supply chain.

3.3.2 What are the indicators of outcomes / potential for impact in the sector?

Table 3-8: Programme learning – outcomes and impact

What worked	Why/how did this work
Businesses taking part have usually improved their leadership and management practices	By offering high quality solutions, tailored to specific needs businesses have been exposed to techniques and practices that they can apply
Relationships have been established and trust developed between primes and supply chain	Through the delivery of courses and informal contact there is now a much better basis for future activity going forward
Project contribution to the wider understanding of skills needs	Through the use of diagnostics and less formal methods, the projects have generated evidence about the skills needs of a wide range of supply chain businesses
What did not work	Why not
Impact on leadership skills	The majority of the solutions developed focussed on management and did not address leadership issues
Reaching managers where there is greatest potential impact	Projects found it difficult to engage managers that do not value or recognise leadership and management skills

The delivery of provision has led to a range of benefits to different businesses. The primes now better understand their supply chains, and supply chain members have been able to implement a range of actions. The latter include very practical issues such as how to recruit and employ people, which should help them to grow in future (and so better meet the needs of the prime).

Aligned to improved practice are improved relationships. These have come about through the level and nature of contact that occurred through the programme. These relationships have generated learning for all involved about, for example, what the prime as a customer is looking for or for the prime about how its behaviour influences (not always for the best) the behaviour of the supply chain. As an example, most of the primes had a preferred suppliers list. In most cases primes placed suppliers onto their list based on the quality of their product or their ability to fulfil orders. Productivity Challenge 2 had led some primes to think about whether these were the right criteria and consider whether other criteria, such as capacity to develop and grow, should be

included also in future. A general message has been the need for each to understand the other better, and by doing so being able to support the growth of the prime and its supply chain.

“The focus has always been on the quality of the product and getting parts out of the door, not on the quality or sustainability of the [supply chain] company”

Prime involved with project delivery

The baselining that projects undertook either at an industry or business level provide an insight into current leadership and management skills in particular industries. Prior to UKFP the majority of projects commented that there was little or no intelligence on the leadership and management issues in their sector and associated supply chains. The projects have collectively contributed knowledge on leadership and management skills both through the research they have undertaken when designing their solutions and the information gathered by their solutions. The intelligence gathered provides a useful baseline for assessing the impact of solutions over time. It is also useful when developing an understanding of wider skills needs within industry. As the intelligence provides a more robust, or in some cases new, perspective of leadership and management that can be considered alongside other knowledge.

The majority of the impact so far at the programme level has been on management skills, as there is little evidence from projects of their impact on leadership skills. This is a reflection of the types of projects that were funded, and as such of the applications received. For many of the projects this was a first significant attempt to engage with their supply chain. It may be that leadership requires a further understanding and relationship, and therefore that management development was a safer place to begin working.

Although nearly all the projects had engaged the number of end users they expected, those with solutions thought that the majority of those that had been engaged were not those most in need. There was one project that thought they had engaged those who understood and valued leadership and management skills, which although a useful starting point, they recognised that to have a real impact they needed to engage those who do not recognise or value the skills set. This project expects that the potential impact of their solution is far greater than what has been achieved during the lifetime of Productivity Challenge 2, but it will only be realised once they get below the initial layer of ‘good’ managers.

4 Conclusions and key messages

The findings from the evaluation, as described above, highlight that although delivered by a diverse range of organisations across different sectors a number of common themes have emerged. The findings highlight several messages for primes and networked organisations, supply chain businesses and policy makers. These messages are the focus of this final chapter. They are preceded by a summary of the key findings against each of the research questions.

4.1 Distance travelled

The approach trialled through Productivity Challenge 2, to encourage the management and leadership development of supply chain businesses, appears to have been effective. The Challenge has demonstrated that:

- Primes and intermediaries can use their influence to encourage supply chain businesses to engage in management and leadership development. This can be done through making a positive offer and does not need to be compulsory
- Supply chain businesses have management and leadership needs that can be addressed through training
- The benefits accrue both through direct training, coaching and mentoring but also from engagement with other businesses and with the prime. This engagement worked much better face to face than through online media
- By engaging in this process both primes and supply chain businesses reflect on their own needs and behaviours, and come to realise that their needs are greater than first thought. Therefore, although capability has grown, so too has awareness of the level of need.

In light of these findings the strong sense from the projects was that although they had made a strong start to addressing the issues and developing effective delivery models, there remained much more to be done.

4.2 Engaging primes and their supply chains

Projects that were led by networked organisations were generally successful in engaging primes. They tended to rely on known contacts and found this easier where they also had a product that they could demonstrate, at least in outline. Once engaged

primes were willing to take on substantive roles around developing materials and contributing to promotion.

The profile provided by the primes was key in attracting wider supply chain businesses. It provided re-assurance that the training would be of direct relevance to the environment in which they worked. In some cases further re-assurance was provided through accreditation, which acted as a kite mark on quality (there was less interest in individuals gaining accreditation rather than becoming better at their job). As well as the training on offer, supply chain businesses valued the opportunity to engage directly with the prime in a less formal setting.

The market appears to be price sensitive, although this could be tested further. There was concern from project leads about having to offer full cost training, and it was difficult to make the cases as they often lacked evidence on the returns generated to the prime or the supply chain business.

4.3 Key messages

Arising from these conclusions are a set of key messages for a range of audiences which have been summarised in the table below.

Table 4-1: Key messages by audience

Audience	Key messages
Primes	<p>Primes can use their influence to encourage supply chain businesses to undertake leadership and management development (and this can be true even when the prime is not particularly large)</p> <p>Supply chain businesses value the opportunity to meet representatives from the prime and other supply chain businesses informally</p> <p>Through engaging and providing support to their supply chain primes can learn useful lessons about how they interact with their supply chains</p> <p>Supply chain businesses can be better able to grow with the prime if the prime takes an interest in their business behaviour and practices not simply their technical outputs</p> <p>Intermediary organisations can play a key role in bringing together a number of primes to produce an industry-wide resource, although this can take time</p> <p>In fragmented sectors intermediary organisations can take on the role of the prime</p>

Audience	Key messages
	<p>Primes may want to measure the benefits to them of their investment in their supply chain. This will help them assess the scale of future investment</p> <p>Supply chain businesses are often part of more than one supply chain and any initiative should recognise that businesses may already have undertaken development as part of one of these relationships. The use of an initial diagnostic can therefore be very useful.</p>
Supply chain businesses	<p>Undertaking management and leadership development can support the growth of their business</p> <p>The diagnostic at the beginning can be useful in highlighting key development needs</p> <p>Undertaking a small amount of development activity will often highlight wider needs in the business</p> <p>It is important that sufficiently senior people attend so that the benefits can cascade to others in the organisation</p> <p>By attending events they can gain from peer to peer support, both on the day and afterwards</p> <p>Supply chain businesses should be aware that primes can look on those attending as signalling their willingness to grow</p>
Policy makers	<p>While the issues may be similar across sectors, the offer of a tailored solution is more attractive than a generic one</p> <p>There is latent demand from supply chain businesses for management and leadership development. However, these businesses are not attracted to generic offerings for issues that they often do not see as immediate</p> <p>While primes are able to influence their supply chain, they often need an external stimulus (as provided here by UKCES and networked organisations) to become active</p> <p>Supply chain businesses value the credibility that accredited training offers, but this appears secondary to the stamp of approval provided by the prime</p> <p>Supply chain businesses are often part of more than one supply chain and any initiative should recognise that businesses may already have undertaken development as part of one of these relationships. The use of an initial diagnostic can therefore be very useful</p> <p>Intermediaries can provide a means to bring together groups of businesses (primes and supply chains) and so</p>

Audience	Key messages
	may allow for wider reach and for development benefits the sector not just a single large employer Use of an intermediary and a sector wide development can provide a way of sharing costs

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