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Ensuring strategy implementation through competence management in blue-collar industries

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The full potential of competence management is not often exploited when seeing it as only being relevant for knowledge-intensive work and for people in managerial positions. In this article, we argue that managing the competences of blue collar workers is crucial for many service and manufacturing companies to ensure effective strategy implementation and sufficient operational performance. Competence management should be an elemental part of strategic planning, strategy implementation as well as support for the business.

Expanding competence management to blue collar workers enables successful strategy implementation

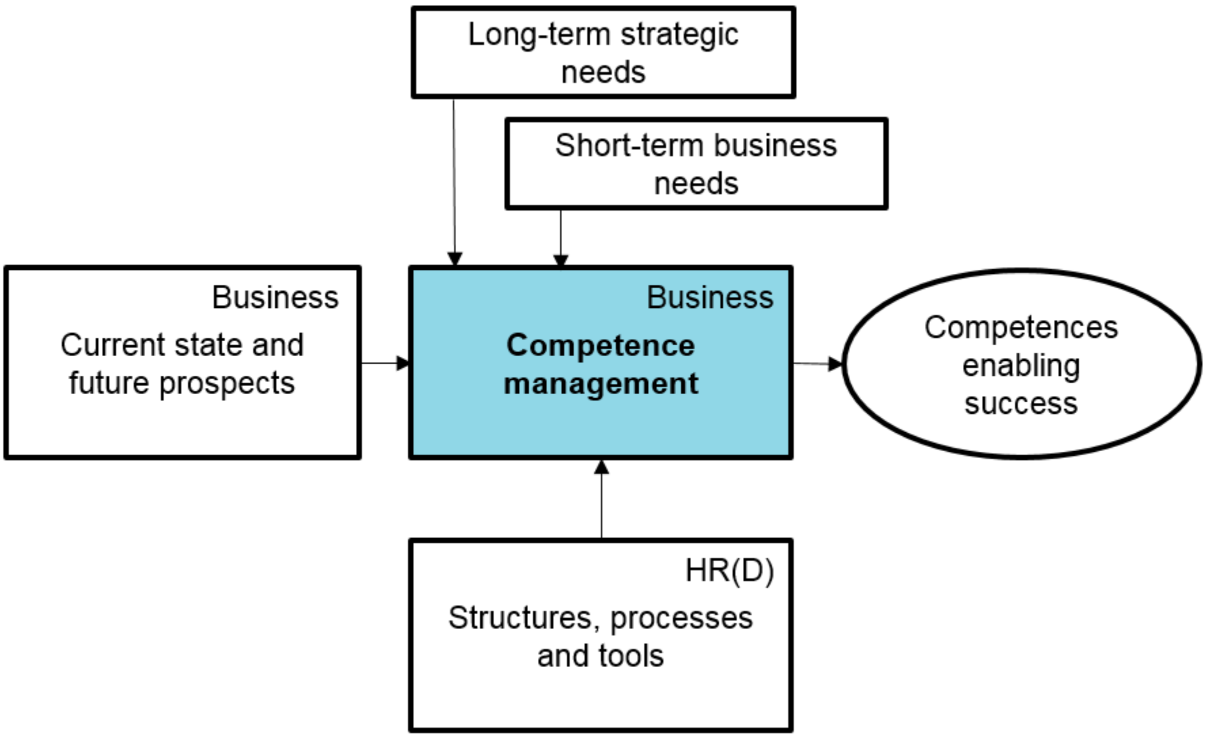
In many industries, blue collar workers either operate capital-intensive assets or deliver the service in the client interface. This highlights their role in the concrete strategy implementation, whether the target is to achieve improved efficiency or differentiate with the best customer service. However, performing the task is not enough in the highly competitive global environment anymore; consumers and customers have become more demanding, and labor from lower cost countries is more easily available.

Especially Western companies need to address these challenges with their strategies. A customer service person must be as knowledgeable as a highly educated consumer or a Western blue collar worker and an automated machine as cost efficient as a manual worker in a low cost country. This development further emphasizes the importance of blue collar competence management, because the basic education of many blue collar workers often lacks training in basic IT skills and management. Additionally, the average age of the work force in Western countries is higher contributing to a higher retirement rate and competence outflow.

Competence management is also a key lever of operational performance and risk management, enabling focusing on strategic initiatives instead of firefighting. Companies in several industries, such as chemical and catering industry to name a few, must meet the regulatory requirements when it comes to health, safety and the environment. In industries where products are manufactured in a continuous process, undisrupted operations are crucial for efficiency and financial performance. Additionally, the competences of individuals need to be developed and maintained to ensure high-quality products and services. But competence management is not only about individual skills, it is also important to enforce organizational competences like culture and practices that ensure continuous improvement and efficient ways of working – for instance, an atmosphere that encourages workers to discuss challenges and improvement ideas. Competence management gives an organization the flexibility to react fast.

Competence management should be driven by strategy and business needs

Competence management, like the management of any other asset, is driven by the needs emerging from business strategy and the short-term needs of the business. In practice, this means that all efforts of competence management from formal trainings to culture building and structures supporting competence transfer must serve these needs.

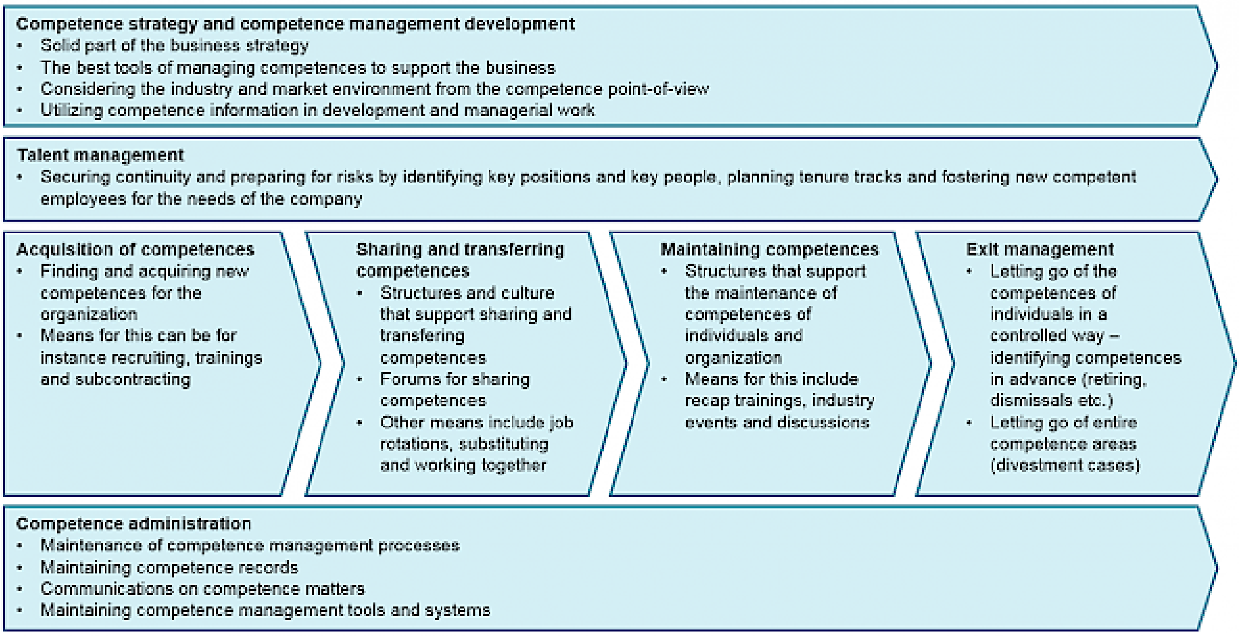


Hence, the same elements, which drive strategy and business in the short-term, impose requirements for competence management. Most of these drivers are common for white collar and blue collar employees but requirements might vary from one position to another. The drivers of competence development can be divided into internal and external. The internal drivers include implementation of new IT and management systems, other tools and ways of working, new products or services or changes in existing ones. Also, the current competence level and demography of an organization are important drivers of competence management. A company with a skewed employee structure might be face challenges in the future, if it does not perform talent management – such as identifying key positions and skills and planning internal career paths – years before the retirement wave hits. Similarly, external drivers such as market situation and trends, technological innovations, the competence level of competitors, requirements of clients, availability of competent resources and in many cases, changes in law and regulations, set requirements for competence management.

All these drivers impose a change for the blue collar workers – for instance, bringing a new service concept to the market can require extensive orientation, mentoring, and training to ensure the key people know how to operate the everyday business. The challenge to ensure constant quality is enormous when a company has hundreds or thousands of outlets. Considering competence development is essential when planning the implementation of a new concept. Addressing the issue early on ensures efficiency and prevents damage to a brand. Moreover, technological innovations hit blue collar industries just like they affect other industries; if the blue collar level of the competitor knows better how to leverage and efficiently use new technology, the less competent company will lose the efficiency competition.

Acquiring, transferring and maintaining competences are the key levers of the competence management

Although competence management is often seen as a soft topic, the best results are gained with systematic analysis and actions that support the realities of the business. A good way to start is to think of competences as any other resource that requires well-defined processes such as strategic planning and development, acquisition, share and transfer, and maintenance. In addition to these one should consider managing the talent pool and the exit of competences. The strengths and pitfalls of a business can be spotted more easily through a process map. In our experience organizations often pay much more attention to acquiring competences than for instance exit management even if this holds the biggest risks the organization is facing. Still, even the parts of competence management that receive most of the organization’s attention are done with traditional methods that might not support learning in the most efficient manner.



The most important vehicle to develop new and maintain existing competences has traditionally been classroom training sessions. However, this approach does not take into account the fundamentals of human learning; the widely accepted 70-20-10 model for learning and development (Lombardo et al., 1996) proposes that 70% is on-the-job-learning, 20% informal learning and 10% formal learning, such as courses. There is a vast amount of different means to acquire, maintain, transfer and share competences in an organization; what needs to be done is to find the ones that suit the organization and its needs best.

Thus, methods like orientation, mentoring, work rotation, and apprenticeship become essential – fortunately, many of these are even more suitable for blue collar jobs than white collar positions. One of the current trends is to introduce web learning methods which enable scalability and unified level of quality for trainings. Employees can make use of their time effectively as they can take web courses during the idle periods of their shift or even in their free time – especially in the industries, such as food service and cleaning, where similar task are performed at home and training can bring new insights to household tasks. To make the learning experience more engaging, gamification elements are sometimes added to electronic trainings.

Similar to the financial performance or progress of the strategy implementation, the results of the competence management should be measured. In the end, investments in competence management should convert into improved financial performance. However, the link is not always that clear. In order to reduce the ambiguity, some proxy KPIs are usually used. Some of them are clearly leading indicators, some tell a story about the real success of competence management. Common leading indicators include the completion rate of the competence management activities and development discussion or training participation rate. Many companies also follow personnel and customer satisfaction, and absence or accident rates. More result-oriented measures include for example the number of open positions that can be filled by a company’s own employees.

Proper data serves clients and authorities but, most importantly, it gives the organization the ability to do fact-based competence management on all levels. In order to understand the big picture of the gap between the organization's current competence level and the targeted one, annual competence reviews should be organized and results documented. This detailed data on competences also allow efficiency improving actions such as automated work force planning. The need for this is especially common in industries with a large amount of personnel that can be substituted by one another. For a sophisticated optimization detailed information of competences are needed. There is a variety of tools available for competence review, but even simple excel tools or web forms can do the trick.

Business functions should take ownership of competences and their management

Many efforts to improve efficiency in manufacturing or service businesses are dependent on blue collar competences. New efficient machinery and lean ways of working are implemented in vain, if the employees have not internalized the knowledge and gained the competences to maintain and take further the efficiency gains. To achieve best results, competence management of blue collar workers should be systematic and forward-looking with a balance of high level strategic planning and hands-on competence development.

When doing competence management in practice, it is crucial to understand that the human resources department cannot be the owner of competence management, but instead businesses should be responsible for taking care of their key asset. In traditional organizations, competence management is still seen as part of "HR". As stated above, competences should be seen as any other asset of doing the business. Hence, HR plays a key role in supporting the competence management by process ownership and providing methodologies and tools, but the pull and content has to come from the business. This is logical, since the business strategy defines the competence development needs in the first place. In the end, competence management should not be viewed as something done at the HR department but rather it should be an element of the normal management system.

Obviously, future winners will be those possessing the competences to adjust to the market changes in an agile way. In blue collar intensive industries competence management is highly important on all levels and investments in it enable efficiency improvements, focus on new areas and agile reaction to changes in the business environment. The most important benefit of competence management is the ability it gives to simply implement the strategy and reach business goals.