Evaluating Organisational Capability: 
A structured approach 
to managing innovation 

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Within the automotive sector, the complex nature of modern car production has resulted in the development of advanced product and process-based technologies. Automotive manufacturing has for some time been undergoing a transformation, moving away from mass employment to an industry which is knowledge-based and supported by highly skilled workers. This change in the structure of production is increasing the pressure on regional automotive supply firms, forcing them to invest in infrastructure and resource if they wish to continue to supply to the growing regional automotive premium sector.

This paper documents a research project from its underlying impetus to its initiation within the supply chain and the process through which a diagnostic tool was collaboratively developed. Drawing on the literature about organizational cultures and innovation, comparisons are made between companies, thereby suggesting factors which: (i) contribute to successful preparation for technology transfer, and (ii) maximise the benefits associated with taking a systematized approach to HRD. The diagnostic tool is able to identify those organizations which are likely to succeed in process/people focused technology transfer. These outcomes have important implications for the sustainability and growth of industries that can no longer support the autarchic isolationism that survived pre-globalization.

Although the focus of this work was the development of a tool focused on the supplier network within the automotive sector, the underlying principles could apply to any business or process improvement work. This paper argues for general applicability, which therefore has significant implications for increasing the broad-based capability and competitiveness of an industry.
1. Introduction
The way that work is organized has altered, partly as a result of external forces such as global competition, but also due to technological change, changing market regulation and increased consumer sophistication (Chappell 2000; Unwin et al 2005). These significant external factors have led to internal changes in organizational structures, leading to outsourcing, the flattening of hierarchies, downsizing, the non-standardization of work, and the breakdown of traditional occupational demarcations (Stacey et al 2000). It is noticeable that, in every sector of the economy, there has been a concomitant increase in the need for, and use of, knowledge and skills (Alvesson 1998).

These changes have been accompanied by heavy investment in skills development, but this has not manifested itself in significant improvements in productivity (Unwin and Fuller 2005). It is possible that the underlying reason for this lack of progress is that inappropriate choices of approach to skills development have been made. This paper focuses on the people development aspects of innovation, and argues that the successful introduction of innovations (whether they are product, process or people embodied) is dependent upon the extent to which overt links are made between an organization’s strategy and the HRD processes that are in place. Further, the paper describes applied research which has been undertaken to develop a process to enable focused review of the degree to which innovative technology transfer can link strategic imperatives with people development options.

The research is funded by the regional development agency, Advantage West Midlands (AWM). The objectives of the regional development agency include raising skills levels and encouraging innovation; in particular, developing the SME sector to become more flexible, innovative and responsive (Donnelly et al. 2005).

2. The business context
Within the automotive sector, the complex nature of modern car production has resulted in the development of advanced product and process-based technologies. Automotive manufacturing has for some time been undergoing a transformation, moving away from mass employment to an industry which is knowledge-based and supported by highly skilled workers ( Berkeley et al 2005; Donnelly et al 2005). This change in the structure of production is increasing the pressure on regional automotive supply firms, forcing them to invest in infrastructure and resource if they wish to continue to supply to the growing regional automotive premium sector.

Many small and medium sized component suppliers in the West Midlands have been left behind because they lack the capacity to upgrade their skills, processes or R&D capabilities, making overseas sourcing more likely and threatening the future of the regional SME supply base. The lack of investment to enhance this capacity (over several decades) and the continued utilization of obsolescent resources and equipment coupled with a significant skill-gap shortage have created a considerable regional fragility which government policy is now trying to address (ECOTEC 2002; Smallbone et al 2000).

The companies that will survive are those that can react to changing circumstances. But the reality of changing the pattern of knowledge-related working practices 1 is fraught with difficulty, and practical guidance on how this can be achieved is thin on the ground. It is generally agreed that workers need knowledge high in “use value” which is specific to the context within which they are working, so that their knowledge and understanding is practical.

1 Here we are referring to changes to working practices that arise from technological innovations in product and/or process, and which therefore always require knowledge acquisition by implementers, and commonly by operational staff.
relevant and applicable (Doyle and Hughes 2004). Such knowledge also needs to be constantly adapted and extended, because it continues to evolve rapidly.

3. Theoretical background
Automotive employers recognize the link between productivity improvement, the implementation of quality systems, and skills development, citing business improvement techniques as a major workforce skills development issue (Science Engineering Manufacturing Technologies Alliance 2005). However, general practice does not match this recognition. While other factors have contributed to poor implementation and assimilation rates, Thomas and Webb (2003) cite a survey into 500 manufacturing SMEs in Wales that revealed that only 10% of the population had a recognized quality system while another study noted failure rates of over 60% after having a quality programme in place for two years (Fraunhilz and Unnithan 2003).

The fundamental inter-relationship between the requirements of quality systems and workforce/ supervisory competences has thus failed in most cases, and intended productivity improvements cannot be expected to materialize or be sustained.

These same studies also present evidence which suggests a variety of other reasons why formal quality approaches are not being adopted by SMEs. Firstly, the link between quality system certification and business performance (just like the link between training and business performance) seems to be tenuous (Husband and Mandal 1999). Secondly, a “one-size-fits-all” approach, based around the assumption that quality systems which were designed predominantly for large organizations can equally suit the SME environment.

The issues described above become compounded when moving from productivity improvements within existing activities, to the implementation of product/process technology innovation. In particular, the accountabilities and activities involved will be more extensive – and therefore also the knowledge and skills implications – and the ‘quality system’ must govern business perspectives as well as technical and operational ones. Training alone will not solve the problems of growth and innovation that are required. Organisations need appropriate preparation for these changes. Some are already there, but many require additional effort and it is frequently difficult for an organization to appraise its own readiness as a seedbed for change.

The failure to differentiate based on organisational characteristics (most notably relative resource disparities), described earlier, also extends to the implementation of innovative processes and products, and some organisational environments present unique challenges in relation to training and development. In particular, the correlation between training and business performance is often complex and problematic, making it difficult to convince and engage SMEs in a process to recognize and deal with this (Wong et al 1997; Storey and Westhead 1994). SMEs need to review and convince themselves about their level of capability when it comes to embracing change (Smallbone et al 2000; Westhead and Storey 1997) and if possible to find informal routes to supporting learning towards change. Recent research supports this view, confirming that “SMEs learn best from their everyday experiences and place great value on informal learning both within their organization and amongst similar SMEs” (LSDA 2004). Consequently SMEs prefer a work-based learning approach centred around mentoring and coaching (Doyle and Hughes 2004).

A further issue is that SMEs often view the implementation of an innovation as a universal remedy for all of their problems, leading to cynicism when expected returns are not achieved. This stems principally from a prevalent lack of understanding amongst the SME community in relation to various approaches to managing change and its impact on the organization. The problem is exacerbated by change practitioners who work with SMEs to implement innovative systems but fail to adequately transfer the skills and knowledge associated with the maintenance and growth of the focal system. Once the practitioner has achieved the outcome, they move on and the process collapses.
The application of an evolutionary approach allows for the development of procedures and systems that promote maximum efficiency. But organizations need to know where they are on a continuum to support change, and thus whether or not they have the required capability to embrace innovation. The significance of such an approach means that benefits can be demonstrated before the development of systems to cope with innovation, and these can be grounded within the organization (i.e. based on specific SME requirements). Most importantly the approach can be made learner centred. Managers can go through a process of learning about the problem and then actually solving it before creating a system. This is relevant learning, through contextual application, and is work focused, informal, and relies on everyday experience. It is necessary, although clearly not sufficient, in supporting the process of change. The additional ingredient needed to support change is an awareness within the organisation that it is “organisationally ready” for change, and here the Diagnostic Tool is brought in.

4. Rationale for the tool
In 2004 a UK regional development agency, Advantage West Midlands, commissioned the ‘Premium Automotive Research and Development’ (PARD) programme at the University of Warwick to assist its premium automotive sector. The programme consisted of a portfolio of research and development projects, aimed at enhancing the product and process technology capabilities of supplier companies within this sector.

These technical projects have been underpinned by a ‘Skills Development Project’ whose remit has been to address the knowledge and skills - management, engineering and operational – required both to adopt, adapt and embed new technology and to ensure a sustainable and renewable capability in this respect. The project has been aimed at methodologies to achieve these aims, rather than at mounting direct training interventions.

The remit provided a fertile opportunity (1) to look afresh at the issues and barriers associated with innovation and technology transfer to decide “who needs to do what differently” and which business processes need addressing; (2) to explore means of enhancing the learning experience for people at all levels in the organisation and across the full range of responsibilities from decision-making through to implementation and into sustained operation; and (3) to enhance business benefit by ensuring that learning is integrated with the organisation context and drivers.

Some 18 work streams have been undertaken in this connection over the past three years, covering topics ranging from the needs of technology collaborations and leadership processes in SME’s, to ensuring innovative cultures in product programmes. All interventions are designed to focus on learning at and through work. Common to all of them had to be the considerations raised earlier, regarding:

- updating of knowledge and skills in a fast-moving technological context
- differentiating between the needs of varying organisational situations
- learning to be embedded in the business context and offering demonstrable business benefits
- all processes to be embedded in the business and sustainable (i.e. intrinsic to the business level quality systems)

Coherency across the project has been driven through the Reynolds Competitive Capability Framework, see Figure 1. A detailed description can be found in an earlier paper (Reynolds, Dhugga and O’Laocha 2006)
This framework was developed and deployed at WMG during the 1990’s in order to fully address the system of linkages between business need and programme outcomes when formulating and delivering learning programmes. During the PARD programme, it has both guided the Skills Development project’s workstreams, and has also been further deployed in its own right. This has enabled its formulation into a generic methodology for addressing organisational and individual capabilities for technology acquisition/transfer and deployment, for companies of all sizes and at all levels in the automotive supply chain. In particular, its logic, elements and linkages have been shown to be valid and robust in the SME context, and appropriate processes and tools of application have been developed to meet these circumstances (Reynolds, Dhugga & O’Laocha, 2006).

Development of the framework, designed to add value within the SME context, had three objectives:

a) Synthesis of the framework elements and linkages into a process format which would be readily understood by SME managers as well as HR specialists

b) A methodology for ascertaining organisational capability to match technology innovation with requisite and demonstrated knowledge and skills – and therefore readiness for technology transfer

c) To provide a way to identify and tailor individual items from the project’s full toolkit to assist companies to address the weaknesses identified by (b) above.

This work gave rise to the Diagnostic Tool described in this paper, with Case Study examples.
5. The Technology Transfer Capability Diagnostic Tool

5.1 Overview
Many companies now have processes for evaluating individual performance, and for setting targets and monitoring progress in learning and development. However, very rarely are these processes aligned directly to the needs of new technology or equivalent innovation. This brings significant risk both to initial implementation and also – perhaps more so – to sustained operation. This issue is all the more acute because such initiatives require adequate individual capability at many levels of an organisation.

The process of adopting, adapting and embedding any technology innovation requires adequate individual capability at many levels in an organization. This in turn requires appropriate processes for identifying and addressing capability needs, and for deploying the capabilities. The tool enables companies to evaluate the effectiveness of their own processes in this connection, and to identify areas and means for enhancement. It maps company processes against a seven-stage cycle through responses to a series of questions. The cycle itself is based on the logic of the “Competitive Capability Framework” (Reynolds, Dhugga & O’Laocha 2006) a proven and widely-applied approach to demand-led learning and development.

The tool is used in a semi-structured interview format, led by a facilitator, and involving senior managers from the company. The interview is completed in 1½ - 2 hours. The immediate output is a summary of responses, including contextual comments, in text form with accompanying radar charts. A brief report with recommendations is provided later. Use of the tool has a number of benefits. Most significantly, the company is provided with a summary of its organizational readiness for technology transfer. Because it is holistic and robust, this positions the HR imperatives strategically and increases their significance in the minds of senior managers. It enhances motivation to address the issues raised. The tool can be used repeatedly to monitor both the implementation of specific innovation projects and for the enhancement of organizational and individual capability.

The process of identifying and acquiring new technology requires a sophisticated level of understanding of its capability within any organisation. Once identification and acquisition has been done, then there must be a process of adaptation to suit the organisational situation and enable activities that will result in the new process becoming embedded and hence sustained. Those responsible for Human Resource Development (HRD) can contribute to the success of such transformations by ensuring that all individuals involved possess the required capabilities.

5.2 Methodology
The Capability Development Cycle is a multistage process which directly links learning interventions to business needs via the establishment of role performance benchmarks. These form the context for individual assessment of capability and subsequent development. A diagnostic tool has been developed from this cycle. It takes the form of a series of questions at each of six stages.
The adaptation from the Competitive Capability Framework, described in Section 4, can be summarized as follows:

- Stage 1 (Articulate) corresponds to the Vision, Business Strategy and Business Need elements of the framework.
- Stages 2 and 3 (Determine, Analyse/Define) correspond jointly to the Business Unit Functionality and Individual Functionality elements of the framework.
- Stage 4 (Appraise/Specify) corresponds to the Individual Functionality element of the framework.
- Stage 5 (Assess) corresponds to the Individual Performance element and in part to the Business Unit Functionality and Competitive Advantage elements of the framework.
- Stage 6 (Identify) corresponds in part to the Competitive Advantage element, and to the opportunities element of the framework.
- The central hexagon (Business environment etc) corresponds to the Overlay element of the framework.

It must be pointed out that this is a translation from a framework to a process format, so that the activities represented by the framework’s arrows are also embedded in the Cycle.
Also, the positioning of a Learning Intervention is shown explicitly on the Cycle (to include training/learning input, assessment and transfer to the workplace). The equivalent for the framework is shown below:

![Diagram of individual performance and functionality]

Having established the process structure of the Cycle, the remaining task was to develop questions for each stage that captured the essence of the framework in the simplest possible way. This was done by producing a draft version, and testing it with a number of companies until a ‘production’ version had been achieved.

The purpose of this tool is to prompt strategists in an organization to address appropriate questions, and work towards answers, to achieve workforce capability development. This is achieved in a manner that meets the needs of a general technology acquisition readiness analysis or the real needs of a specific technology transfer instance.

The tool is used in a semi-structured interview format, led by a qualified facilitator, and involves senior manager(s) from the company. The process is facilitated by use of a laptop to project the questions onto a screen, to allow on-line capture of both ratings and commentary, and to permit the immediate feedback of results through the Radar Charts described below. The interview is completed in around 1½ hours. The immediate output is a summary of responses, including contextual comments, in text form with accompanying radar charts. A brief report with recommendations is provided later.

The full set of topic areas explored are shown below. The approaches to rating them and reporting are outlined later.
Figure 3: Diagnostic topics

<table>
<thead>
<tr>
<th>Topic of Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Articulate</td>
</tr>
<tr>
<td>(Business case)</td>
</tr>
<tr>
<td>1a - Proactive approach</td>
</tr>
<tr>
<td>1b - Clear benefits</td>
</tr>
<tr>
<td>2. Determine</td>
</tr>
<tr>
<td>(Areas affected)</td>
</tr>
<tr>
<td>2a - Impacted business areas known</td>
</tr>
<tr>
<td>2b - Job roles impacted</td>
</tr>
<tr>
<td>2c - Role contribution</td>
</tr>
<tr>
<td>2d - Role criteria specified</td>
</tr>
<tr>
<td>3. Analyse &amp; Define</td>
</tr>
<tr>
<td>(Group capability)</td>
</tr>
<tr>
<td>3a - Role capability defined</td>
</tr>
<tr>
<td>3b - Group capability gaps known</td>
</tr>
<tr>
<td>3c - Defined ways to close gaps</td>
</tr>
<tr>
<td>4. Appraise &amp; Specify</td>
</tr>
<tr>
<td>(Individual capability)</td>
</tr>
<tr>
<td>4a - Individual capability gaps known</td>
</tr>
<tr>
<td>4b - Individual development plans</td>
</tr>
<tr>
<td>4c - Targets attainable and realistic</td>
</tr>
<tr>
<td>5. Assess</td>
</tr>
<tr>
<td>(Benefits achieved)</td>
</tr>
<tr>
<td>5a - Individual enhancement measured</td>
</tr>
<tr>
<td>5b - Project performance assessed</td>
</tr>
<tr>
<td>5c - Business performance assessed</td>
</tr>
<tr>
<td>6. Identity</td>
</tr>
<tr>
<td>(Competitive advantage)</td>
</tr>
<tr>
<td>6a - Further opportunities sought</td>
</tr>
<tr>
<td>6b - Innovative ideas nurtured</td>
</tr>
<tr>
<td>6c - Innovative individuals valued</td>
</tr>
</tbody>
</table>

The diagnostic serves an important purpose in appraising a company’s effectiveness in developing the required processes to improve the capabilities of employees. It is designed to help senior team members to focus, align, and engage in appropriate activities; regular use of the diagnostic will create a consistent means of assessing progress.

Responses to the diagnostic questions will reflect current levels of performance and reveal significant opportunities for improvement. The responses to each question are scored on a range from “doing comprehensively” to “not doing”, with three intermediate points. This is not judgmental, as the degree of sophistication required depends on company circumstances. However, the company will be able to compare their current rating with their true requirements.
The scale used is:

Level 5: Highest expected level of performance in this activity

Level 4: Substantially performing this activity.

Level 3: Have most of the processes and tools in place, but they are not being fully utilised or they are not getting the required results.

Level 2: People, processes and tools are not in place.

Level 1: This activity is not being performed.

This method of scoring has been chosen because it recognises the work that people have already done, even though the company may not be at the highest stage. It also provides an indication of how much work remains to be done.

Reporting is achieved through three means:

a) A record of the ratings and comments

b) Radar charts showing the scores

c) A report prepared by the facilitator interpreting these results and suggesting approaches, based on PARD Skills Development project findings, which could be adopted to address areas of concern.

5.3 Interpreting the ratings, and preparing the report

As described above, the 5-point scale is not necessarily ‘higher the better’. Higher ratings indicate a more sophisticated system, but this may or may not be appropriate. This is why it is vital to capture a record of the discussion so that the context of the ratings is clear and any illustrative examples are available.

It has therefore been useful to categorize the topics listed in 5.2 and their ratings for a specific company as follows:

i. areas of strength – where the ratings clearly match the business needs of the organisation
ii. areas of weakness – where the ratings clearly fall below the business needs of the organisation

iii. areas of debate – where a ‘low’ rating may not necessarily be a weakness, or a ‘high’ rating a strength – and further discussion is required to qualify the information obtained in the comparatively short interview session.

The facilitator will carry out the analysis on the basis of the captured information, and will prepare a draft report for discussion, prior to the development of an action plan if required. The report will include:

- Background information
- Record of ratings and discussion (verbatim)
- Radar charts for visual impact
- Comparison charts with results from other relevant companies (presented anonymously, so that an organisation can benchmark itself)
- Interpretation of ratings, as described above
- Suggested relevance of the PARD Skills Development toolkit elements
- Recommendations.

Obviously the whole picture has to be taken into account when drafting the last three sections above. However, the following table can assist the facilitator to prepare them:

<table>
<thead>
<tr>
<th>Company's Response Level</th>
<th>Company Needs</th>
<th>PARD/ Facilitator Offers</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Nothing</td>
<td>Confirmation</td>
</tr>
<tr>
<td>4</td>
<td>Guidance</td>
<td>Guidance &amp; Refinement</td>
</tr>
<tr>
<td>3</td>
<td>Development</td>
<td>Coaching &amp; Supplements</td>
</tr>
<tr>
<td>2</td>
<td>Tools, Processes, Capability</td>
<td>Co-working, Facilitation, Coaching, Toolkit</td>
</tr>
<tr>
<td>1</td>
<td>Awareness, Understanding, Starter-kit</td>
<td>Basic Education &amp; Starter-kit</td>
</tr>
</tbody>
</table>

Case Study illustrations are given in Section 6 below.

5.4 Outcomes

Undertaking the diagnostic process will result in the establishment of the link between work related learning and development, and clearly identified business needs. If this is followed and acted upon then an organization can expect:

- Improved individual in-role performance
- Improved broad-based organisational capability and competitiveness
- Measurable improvement in new technology introduction
- The creation of organisational competitive advantage
- The creation of new business opportunities.

Use of the tool has a number of benefits in terms of organisational capability development. Firstly the company obtains a transparent picture of its organisational readiness for technology transfer. Because it is holistic and robust, this has an inescapable logic which positions the ‘people agenda’ strategically and thus increases its significance in senior managers’ minds. Secondly, this enhances motivation to address the issues raised.
If these opportunities are followed, the company should achieve sustained improvements in technology acquisition and deployment. The tool is designed for repeated use to monitor both the implementation of specific innovation projects and the basic enhancement of organisational and individual capability.

For the facilitator, achieving buy-in from senior managers is a major benefit in its own right. In addition, the facilitator gains sufficient insight into the company’s processes and needs such that recommendations can be made on a firm basis.

6. Case study – use of the Diagnostic Tool

6.1 Company Case Study
This West Midlands company is a supplier of major, specialized components to a number of OEMs (Original Equipment Manufacturers), including Jaguar Land Rover and Toyota. It employs around 170 workers. It competes keenly with alternative suppliers/technologies, with a culture in which every cost is measured rigorously for its business return within 12 months. The diagnostic was carried out with 5 members of the senior team led by the Site Manager.

The ratings which the team decided on are portrayed in the Radar Charts below:

(The numbered list of topics in the right-hand chart is set out in Figure 3, Section 5.2)

It will be seen that the majority of ratings are 3 or below, indicating that although many of the company’s business and engineering processes are highly-tuned, those relevant to issues addressed here are relatively basic. When these results were considered in light of the business context, they gave rise to the following interpretation table:
### Summary of Diagnostic Comments

**Strengths**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1b</td>
<td>Rigorous analysis of financial implications of innovation</td>
</tr>
<tr>
<td>2b</td>
<td>Identifying roles affected</td>
</tr>
<tr>
<td>3a</td>
<td>Clear understanding of role knowledge &amp; skills requirements</td>
</tr>
<tr>
<td>3b</td>
<td>Manufacturing role capabilities specified</td>
</tr>
<tr>
<td>5b</td>
<td>Project performance analysis</td>
</tr>
<tr>
<td>5c</td>
<td>Business performance analysis</td>
</tr>
<tr>
<td>6a</td>
<td>Seeking out new opportunities</td>
</tr>
</tbody>
</table>

**Areas of concern**

(suggested as probable weaknesses)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>2c</td>
<td>Patchy assessment of changes in role requirements</td>
</tr>
<tr>
<td>2b</td>
<td>Age profile – risk of losing capability in informal processes</td>
</tr>
<tr>
<td>2d</td>
<td>Little analysis of role suitability</td>
</tr>
<tr>
<td>3b</td>
<td>Non-manufacturing role capabilities not specified</td>
</tr>
<tr>
<td>3c</td>
<td>Little formal capability gap analysis</td>
</tr>
<tr>
<td>4b</td>
<td>Little or no use of individual development plans, and …</td>
</tr>
<tr>
<td>4c</td>
<td>No targets at the individual level</td>
</tr>
</tbody>
</table>

**Areas of debate**

(significance of rating must be seen in light of business ethos)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1a</td>
<td>Reactive innovation process</td>
</tr>
<tr>
<td>2a</td>
<td>Objectivity of assessment of areas affected</td>
</tr>
<tr>
<td>2b</td>
<td>Last-minute ‘solutioneering’ to deal with areas affected</td>
</tr>
<tr>
<td>3a</td>
<td>Lack of job specifications; no attention to role behaviours (<em>affective attitudes</em>)</td>
</tr>
<tr>
<td>4a</td>
<td>Frequency and rigour of individual capability gap analysis; ability to relate to specific challenges</td>
</tr>
<tr>
<td>5a</td>
<td>Sufficiency of informal methods to evaluate post-intervention enhanced performance</td>
</tr>
<tr>
<td>6b</td>
<td>Degree of innovation-orientation</td>
</tr>
<tr>
<td>6c</td>
<td>Attitude to innovative individuals</td>
</tr>
</tbody>
</table>

The comments shown are summaries of the verbatim discussion record. Taking all of the information into account, the facilitator was then able to offer a critique of the company’s associated business processes, under the headings:

- Capability planning
- Capability gap analysis
- Individual performance management
- Evaluating business benefit
- Competitive Advantage through Innovation

The links between people development and business performance achieved with this tool are plain to see.
Finally, the following next steps were suggested in the full report which went back to the company:

"The PARD Skills Development Programme can provide support through its Capability Development Tools. In particular:

- The Competitive Capability Framework, coupled with Business Impact of Learning Intervention. These will assist with ensuring the strategic alignment of people development practices with current and evolving business drivers.

- Aligning HRD with Innovation and People Planning for Innovation. Within the above framework, these will assist with matching of people skills and people management practices to the company’s innovation challenges."

The Competitive Capability Framework was described earlier. Business Impact of Learning Interventions, Aligning HRD with Innovation, and People Planning for Innovation are three of the other tools in the PARD toolkit.

6.2 Combining Results from Companies

One of the benefits of this tool is that it enables multi-company results to be compiled, and through this for individual companies to benchmark themselves. The first step is to combine the data, and the results of this and an average are shown below:
In terms of benchmarking, a simple comparison with the average can be shown. This is shown below, using the Case Study described in 6.1 as an example (the objective company is NOT included in the average in this case):

This demonstrates that although the Case Study company achieves higher-than-average ratings in a couple of topics, its ratings are generally lower than average. This fits with a company whose main preoccupation in the recent past has been survival through stringent efficiency measures, but carries a high risk for the future in terms of keeping abreast through innovation and in view of the demographic consequences of the ageing experienced workforce.

A further salutary picture can be obtained by simplifying the Combined Diagnostics chart above. If the results are summarized into 'number of companies rating 1-3', and 'number of companies rating 4-5', then the following frequency chart emerges (this is an eight-company version):
Although it must always be remembered at the individual company level that higher ratings are not necessarily ‘better’, this analysis is considered to be valid since it provides a clear picture of overall capability. The general concern for West Midlands companies is the general lack of processes to identify which areas and job roles will be affected by technology innovation, and how the remedies for this can be focused (Topic areas 1-3). Further specific concerns centre on the lack of follow-up at the individual level, and the wariness of innovative individuals (topic areas 5a, 6c).
7. Summary

This paper documents a 12 month long research project from the underlying impetus associated with the Competitive Capability Diagnostic conceptualization to its initiation within the supply chain and the process through which the tool was collaboratively developed. Drawing on the literature about organizational cultures and strategic and knowledge management, a comparison is made between companies, thereby suggesting factors which: (i) contribute to the successful deployment of a work based learning approach to capability development, and (ii) maximise the benefits associated with taking a systematized approach to HRD. Early indicators of the impact of the methodology piloted here are that it is able to identify those organizations which are likely to succeed in process/people focused technology transfer. These outcomes have important implications for the sustainability and growth of industries that can no longer support the autarchic isolationism that survived pre-globalization.

Although the focus of this work was the development of a tool focused on the supplier network within the automotive sector, the underlying principles could apply to any business or process improvement work. This paper demonstrates the general applicability of the approach, which therefore has significant implications for increasing the broad-based capability and competitiveness of an industry.

8. References


Unwin L & Fuller A (2005) Learning as Work: Teaching and Learning Processes in the Contemporary Work Organisation. Leicester University of Leicester
