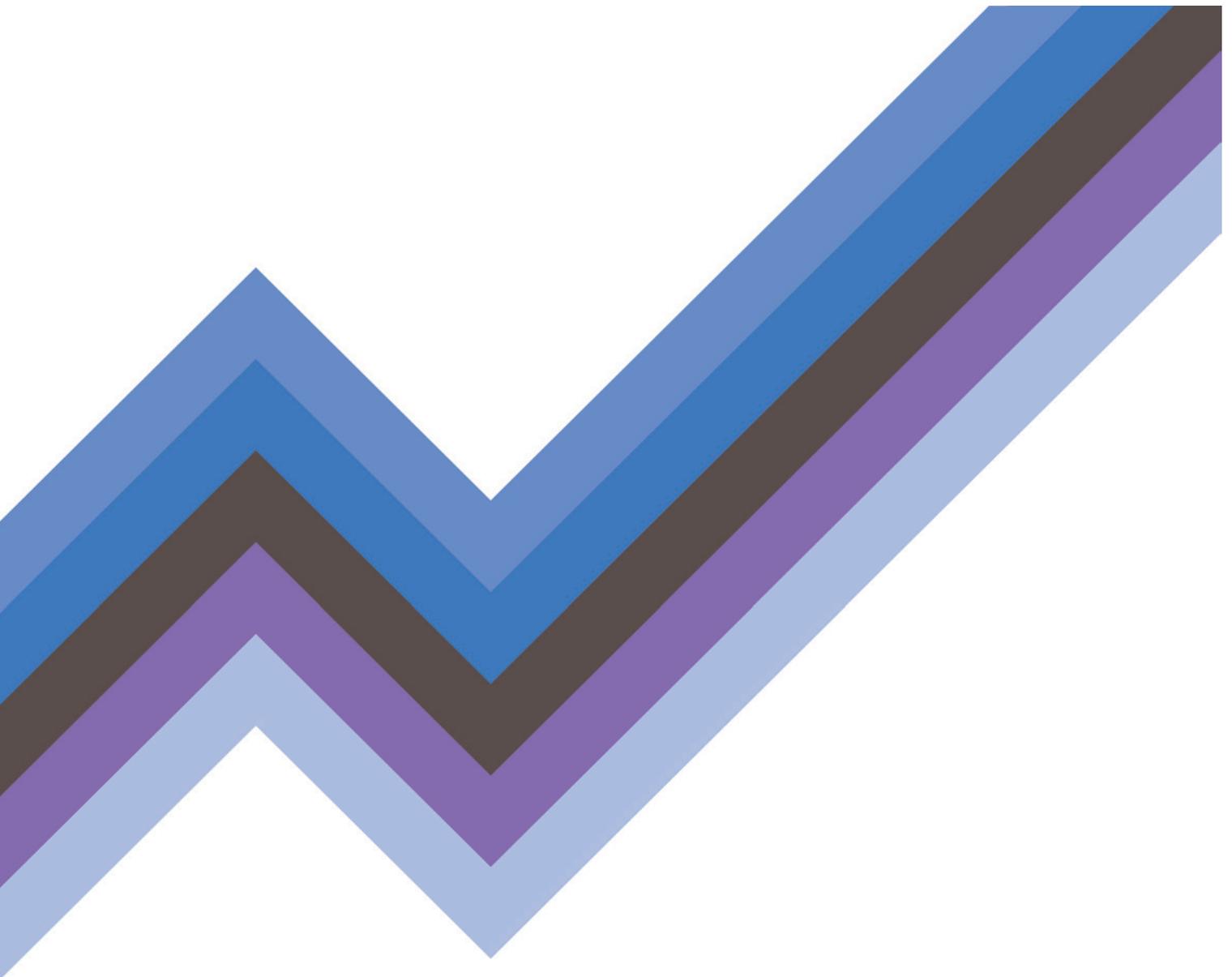


# UK Futures Programme Competition brief:

## Management and leadership in supply chains and networked organisations

June 2014



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### Summary

The UK Commission for Employment and Skills (UKCES) invites innovative proposals to raise demand for management and leadership skills in the UK. We want to work with major businesses (primes) to achieve this with their existing or developing UK-based supply chains or networks. Proposals must be business-led and backed with private co-investment.

A webinar briefing for interested parties will be held on **Wednesday 9th July**. The deadline for submission of proposals is midday on **Wednesday 30th July**. Interviews for short listed applications will take place **Wednesday 10th to Friday 12th September**. **Successful applicants will be informed by early October 2014.**

This document outlines the nature of the UK Futures Programme management and leadership supply chain competition. **It should be read alongside the ‘The UK Futures Programme: an introduction’ and accompanying guidance for applicants.**

### The challenge

Global competition is changing the way business is done in the UK. High value production and services, high skilled work and innovation are now worldwide with developing countries no longer competing on cost alone. In response, UK firms have had to specialise, innovate and, at the same time, suppress costs. Key to success has been the application of technology to achieve performance gains, along with a need for greater cross disciplinary working and greater networking.

In this tough global environment, the best UK firms have adapted to stay competitive and success has been hard won. Sustaining this across all businesses has been difficult and growth uneven, especially in those less exposed to global forces.

Management capability is a major influence on the response of firms to these global dynamics. Business leaders set the level of ambition through their business

plans and product market strategies that in turn determine the levels of innovation, the level of skills required and how they are applied in combination with other resources such as technology. Evidence confirms how businesses organise their production processes and how jobs are designed all have an enormous impact on how skills are developed and deployed, and on productivity.

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 means the UK does not measure up to the likes of the US on management capability.

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 staff.

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.

In an increasingly competitive global economy, the UK will not find its advantage in low-value, price-sensitive activities and cannot rely on the technological advantages of 20 years ago. Supporting firms in the UK to respond to these challenges with improved management and leadership capability is therefore essential to ensure they can deliver products and services at all points in the supply chain and to create growth and jobs.

## The opportunity

The UK Futures Programme is inviting innovative proposals from supply chain primes in the UK to drive-up the quality of management and leadership among their supply chain businesses. We are looking to invest in projects at the research, development, piloting and scaling stages.

This competition is open only to primes 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. Our evidence shows the case to act is strongest in these sectors.

The nature of the supply chain relationship in the four sectors will vary, as will the management challenge. In manufacturing and construction, more conventional vertical supply chain structures may prevail. In financial services and legal and accounting services, the supply chain is likely to be flatter and more networked (e.g. characterised by outsourcing, project based work or longer term partnerships and alliances).

Proposals must be business-led, backed with private co-investment and address one or more of the following challenges within their supply chains:

- Raising the capability of leaders and managers to align skills, job design and other workplace practices to support high value firm strategies;
- Boosting demand for management and leadership skills;
- Increasing social capital of managers, levels of interaction, and opportunities to learn from their peers and best practice

These challenges are not unrelated. Developing strong management and leadership skills supports good management practice. This creates a well-run business which utilises its human resources effectively in combination with other resources to improve supply chain performance.

Examples of proposals we anticipate funding include:

- Support and advice structures along the supply chain to raise understanding of, and capacity for, organisation development to guide and help businesses to re-think work processes, job design and human resource management practices as part of a wider integrated performance improvement and competitive strategy for the firm and supply chain. Such initiatives should also seek to raise the demand for management and leadership skills as a result of their work.

- High quality, industry relevant management and leadership development initiatives that disseminate best practice along the supply chain to meet the increased demand for management and leadership skills arising from support structures. For example, the creation of networks and opportunities to increase the social capital of managers and leaders, management exchange schemes, and prime-led management development programmes.

Proposals should not be constrained by the above examples. A principle of the UK Futures Programme is that it should be a test-bed for employer-devised, innovative solutions to the challenges identified in each competition. Its purpose is to encourage innovation, to experiment and to understand what works, what doesn't, and why.

This is most successful when a wide range of approaches to the problem are developed and piloted. It requires a willingness to share learning and a recognition that not all the approaches will succeed. Proposals must be rooted in a logic chain that demonstrates how the approach is appropriate to tackle the identified problem.

## Eligibility and success criteria

We are keen to receive proposals from primes in the identified sectors across the UK. Proposals must meet the core criteria of:

- Strong employer leadership/engagement;
- Public and private contributions;
- Innovation;
- A clear path from problem to solution which demonstrates the potential for impact;
- Testing and shared learning.

For more information see, the 'Further Information and Guidance' section at the end of this brief.

Proposals must align with the scope of this competition if they are to pass the gateway question as part of the assessment process (application form). A clear majority of the project's objectives and activities should be aligned with this competition brief and the output(s) of the project will address the problems/issues identified.

Proposals to continue a project previously funded with public, or indeed private investment, must demonstrate how they intend to build on and develop the project through transformative, context specific or adaptive innovation (see Innovation guidance). Proposals that

seek support for the continuation of their project unchanged will not be eligible. This applies to Employer Investment Fund and Growth and Innovation Fund projects as well as projects supported with other sources of public funding.

### UKCES contribution

A total investment pot of up to £3.5 million is available in 2014/15 for this competition. The UKCES expects to invest up to a maximum of £300,000 per successful proposal. UKCES will invest differing amounts according to the nature of the project being proposed (i.e. research, development, piloting, scaling). Further information is provided in the guidance documents, a link to which is provided in the 'Further Information and Guidance' section below.

The timings of this competition require that the majority of the UKCES' co-investment in the project is provided by March 2015. Applicants should therefore develop their proposals with this in mind. Projects may continue in to 2015/16 and a further £500,000 of the total investment pot is available to support this.

### Commissioner leadership

The UK Futures Programme is being led by Scott Waddington, Chief Executive SA Brain and Co Ltd and UKCES Commissioner. This competition will be

led by Nigel Whitehead Group Managing Director, BAE Systems and UKCES Commissioner. It will be managed by Sue Kirby, Senior Manager at UKCES (Manufacturing); Simon Temperton, Senior Manager, (Construction) and; Jeremy Horton, Senior Manager (Legal and Accounting Services; Financial Services).

### Application process

The table below sets out the timetable for the competition. An application form with guidance is available from: <https://www.gov.uk/government/collections/ukces-futures-programme-overview>.

Activity	Date
Competition announced	Monday 16th June
Webinar briefing	Wednesday 9th July
Submission of proposals - Competition closes	Midday on Wednesday 30th July
Interviews for shortlisted proposals applications	Wednesday 10th to Friday 12th September
Applicants informed of decisions	By early October 2014
Successful projects to start	From mid-October

### Further information and guidance

Further information is available from the UK Futures Programme website (<https://www.gov.uk/government/collections/ukces-futures-programme-overview>).

It is important that applicants read the suite of accompanying guidance documents:

- UK Futures Programme: an introduction
- Guidance for Applicants
- Application Form

Questions on the process and scope of the competition can be submitted via [enquires.futuresprogramme@ukces.org.uk](mailto:enquires.futuresprogramme@ukces.org.uk)

### Evidence

A number of key sources have informed the scope of this competition including:

- Bloom, N, et al. (2012) Management Practices Across Firms and Countries, Working Paper 17850. National Bureau of Economic Research, Cambridge, MA.
- Rubery, J. et al (2010) Blurring boundaries and disordering hierarchies: Challenges for employment and skills in networked organisations. UKCES.
- Keep, E (2013) Skills in Focus. Opening the Black Box: The increasing importance of a public policy focus on what happens in the work place.
- Further analysis of the UK Commission's UK Employer Skills Survey 2013.
- UK Commission's Review of Employer Collective Measures.
- UK Commission's Understanding Employer Networks.