Figure 11.13b. PROCESS IMPROVEMENT STRATEGIES: Training

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COMMENTARY / *In the final analysis, it will be the quality of a country's workers and management that will determine the winners and losers in the fiercely contested global markets of the 90s*

Training Canada's competitive edge

BY GORDON SIMPSON

IF Canada is to survive and prosper in today's fiercely contested global markets, we must improve our ability to compete.

At present, we are not doing well. The World Competitiveness Report (published annually by the World Economic Forum in Geneva and the International Institute for Management Development) last year showed us dropping to fifth from fourth place among the 24 member countries of the Organization for Economic Co-operation and Development. If Canadians do not take the necessary actions to change this trend – and soon – the result will be falling market share and a lower standard of living.

While there are many elements in the challenge to improve our competitive position in world markets, a key factor is the need to raise the quality of our human resources. In the final analysis, it is people who make the difference between inferior and superior products, whether goods or services. It is the quality of a nation's workers and management that will ultimately decide if it will be a winner or a loser in the global marketplace.

As John Naisbitt and Patricia Aburdene state in the *Ten New Directions for the 1990s*: "In the global economic boom of the 1990s, human resources are the competitive edge for both companies and countries." Canada needs to upgrade the skills of both its workers and managers.

Yet while there is widespread agreement that training to improve the quality of Canada's work force is a top priority, there is less agreement on how to accomplish this. Thus, it is vital, as a first step, that Ottawa, in co-operation with the provinces and businesses, set national goals

Currently, the federal government has announced creation of a national board to provide recommendations on how Canada can help raise productivity through improved worker training. Some of the provinces, including Ontario, are considering provincial equivalents. A number of regions and municipalities are also seeking the best structures to meet training needs at regional and local levels. It is essential that all of these bodies work in harmony, and not at cross-purposes.

Despite the importance of such government initiatives, the primary responsibility of upgrading the quality of Canada's human resources must lie with the business community. The main role of government should be to foster a climate in which business takes the lead.

At the present time, only about one-quarter of Canadian companies spend money on formal employee training. U.S. firms spend on average twice as much on training as their Canadian competitors. German companies spend four times as much. Clearly, Canadian business needs to do much more if we are to avoid losing our share of global markets.

Gaining the co-operation of all the parties who have a stake in increasing Canada's competitive edge won't be easy. The best place to start is at the regional level.

Each region has a vital interest in the commercial success of all the companies within its bounds. It also possesses first-hand knowledge of the regional infrastructure, the concerns of its people and of what is possible. Since these often differ tremendously from one region to another, policies and strategies that make sense in one region may be quite inappropriate to other regions.

The various regions should be encouraged to accept responsibility for bringing together the appropriate groups to develop training strategies within policy guidelines set by the senior governments.

Hamilton-Wentworth is a good example of what can be achieved at the regional level. Three years ago, the chamber of commerce formed a committee to investigate what could be done about skills training. As a result, the Hamilton-Wentworth Skills Training Advisory Committee (STAC) was set up to bring all interested parties together to identify training needs and to implement the necessary programs.

With some financial help from Employment and Immigration Canada, five "think-tanks" have been held with participation by business, labour, education and government. Skills training has already started in a number of industry groups.

STAC's costs have been minimal. Its permanent staff – just three people – is small, but the initiative and leadership it has provided has been strong. If the achievement of Hamilton-Wentworth could be replicated in every region of Canada, this counry would be a long way along the road to accomplishing its national goals for competitive success.

So far the emphasis has been on worker training – improving education and skills on the shop floor, as it were. Yet if Canada is to succeed in world markets in the 90s, equal emphasis must be given to improving the quality and skills of management.

IT is, after all, management that provides the vital link between improved worker skills and increased productivity and superior products. The best-trained workers, using the most advanced technology, cannot make Canada competitive if management fails to do its job.

Today, that job has changed or is changing. The management skills that sufficed in the past are not adequate to meet the challenges of the 90s. The old hierarchical system of management is becoming increasingly obsolete. The old style of allowing problems to filter up from the shop floor or front-line sales force, through multiple layers of management until they come to the attention of the people with the power to make decisions, is just too slow to bring success in today's world.

Workplace partnerships and employee empowerment that unleash the thinking and problem-solving abilities of shop-floor and front-line employees open the way to success in the 90s. Management must be capable of bringing their work force on side by treating them like adults and allowing them to share in the challenge of making decisions.

New communication skills are also needed. The habit of working to predetermined standards and no more must be replaced by dedication to continuous quality improvement. New marketing skills must be learned and practised. And everything must be focused on satisfying the company's customers because, today, those customers can so easily go elsewhere.

In short, no matter how great the need is for worker training, the need for management training is just as pressing. Canada must make sure that its managers, as well as its workers, are up to meeting the challenges of their changing role.

The challenge has been identified. It is time

(*continued overleaf*)

to address it head on. If we delay or fail, Canada will continue to fall behind its global competitors and the standard of living of all Canadians will inexorably fall.

The choice is to compete, to outperform other nations, to deliver superior products and services at the right price, or to become an economic backwater.

Surely Canadians can meet this challenge. So let's get going!

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The article EM9107 reprinted above and overleaf on page 11.81 is of interest its own right and also because it adds to the emphasis of Crosby (recall Figure 11.9a) and Deming (recall Figure 11.10) on the (often *un*recognized) key role of *management* in process improvement to achieve higher quality and lower cost. Examples of this emphasis, from the right-hand column overleaf, are:

∗ *It is ... management that provides the vital link between improved worker skills and increased productivity and superior products.*

∗ *The best-trained workers, using the most advanced technology, cannot make Canada competitive if management fails to do its job.*

∗ *The management skills that sufficed in the past are not adequate to meet the challenges of the 90s. The old hierarchical system of management is becomimg increasingly obsolete. The old style of allowing problems to filter up from the shop floor or front-line sales force, through multiple layers of management until they come to the attention of the people with the power to make decisions, is just too slow to bring success in today's world.*

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∗ *And everything must be focused on satisfying the company's customers because ... those customers can so easily go elsewhere.*

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Joiner (in Figure 11.12) makes a similar point in emphasizing the key role of *statisticians* in quality improvement; implicit in Joiner's discussion are the concepts of:

- **Process thinking:** thinking of an activity as a series of *steps* which form a process; the aim is usually to *improve* the process by, for example, eliminating unnecessary steps.
- **Statistical thinking:** building on process thinking, statistical thinking sees activities as processes (or collections of processes) which exhibit *variation*; identifying the sources of variation and managing them so as to reduce variation *improves* the process(es).