

Skill Ecosystem National Project
Exit point review of the Logistics and Export Assured Delivery (LEAD)
demonstration project

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1. Introduction

The LEAD project is one of a number of demonstration projects funded under the Skill Ecosystem national project. The LEAD project set out to develop a demonstration model for supply chain management supported by engaging the participants in skills development and a learning network.

The method proposed involve tracking supply chain (temperature) performance via the use of data loggers placed in 12 shipments to Singapore. Breaks in the integrity of temperature control would be analysed to identify opportunities to improve overall chain performance through skills development and other technical or work process changes. Details of the initial project proposal are set out in the LEAD submission prepared by AITEC Corporate Education & Consulting and submitted by the SA Freight Council in conjunction with the key stakeholders.

Despite the apparent involvement and support of key industry players and general (though not unanimous) agreement that the project was a 'good idea', it failed to deliver on these key objectives.

In order to understand more about why this was the case, exit interviews were conducted with the main stakeholders. In spite of frustrations and differences that arose during the project, all stakeholders participated in the exit interviews, and offered frank and insightful comments that provide the basis of this report and underpin a number of observations about lessons for future skill ecosystem projects.

The observations made in this report are based on the views as expressed by stakeholders from the current vantage point, rather than providing a detailed forensic investigation of events. In some cases, these views have changed over the course of the project and may differ from statements made during the project. Some of the observations or suggestion made may also have been tried by the project team.

2. Overview

This has been a difficult and disappointing project for all participants.

- The supply chain linking growers coordinated by the Virginia Horticulture Centre (VHC) to an export market in Singapore (based on the connection between Singapore and the Cold Chain Centre) never came together.
- Data loggers were used to track a small number of shipments (including two domestic delivery chains). However, the data collected was not sufficient to draw any conclusions relating to skill development issues.

- When the initial supply chain failed to materialise, an alternate supply chain coordinated by Australian Quality Plus (AQP) was approached. This arrangement did not offer scope to meet the training/learning network objectives of the project. For AQP the focus was clearly on Australian Logistics Association (ALA) accreditation. Training was not seen as a priority.
- Apart from a train the trainer session delivered to the Institute of Applied Logistics (IAL) to prepare them to use licensed training materials developed for Food Export Logistics Training (FELT), no training needs were identified and consequently no training was undertaken.

The picture that emerges in discussion with stakeholders is a complex one. There were often significant gaps between what people said, what was understood and what was done. Just as importantly, many important issues and concerns were left unsaid. While there are no easy answers or quick insights to explain the project experience, there are some repeated themes that are instructive. The following discussion describes these under four interrelated headings:

- Stakeholder expectations
- Project scope
- Structure and management
- Stakeholder engagement.

3. Stakeholder expectations

This section looks at the understanding key stakeholders had of the project at the outset. Stakeholders were asked to describe their initial expectations of the project. All but one identified learning and skills development as a central element of the project. Most also understood skill ecosystems to be about developing broad, holistic responses to skills formation.

Aside from the broad aims of the project, participants identified more specific interests. They included:

- Improving export market access through ALA certification (VHC and AQP)
- Trialling the recently developed ALA quality framework and the training materials developed to support the Food Export Logistics Training (FELT) program
- Exploring skill development issues relating to mixed loads (SAFC).

While there was general agreement on the purpose of the project, there were also some reservations about what the project set out to do and how it would work:

Looking at training is a good idea, but most quality problems in supply chain are not about skills. They are about balancing costs and risks. If you are thinking people in supply chains are making uninformed decisions based on lack of skills, you're heading down the wrong path.

It's difficult to sell the idea that people in supply chains have poor communication

skills. These are sensitive relationships. How can we go into Dubai and tell them how to go about their business?

The project had some good ideas but was just too theoretical.

These views are not necessarily at odds with the project. They could have been discussed by the team to clarify or refine the approach, but they were not raised during the project.

4. Project scope

This was an extremely ambitious project. Key features included:

- A focus on high value, temperature sensitive products
- Targeting mixed loads supplied by different (small) growers
- Working with players with little experience of supply chains
- Working with growers often characterised by low levels of English language and limited management skills/systems
- Establishing a new export market in Singapore.

Supply chains can be difficult to work with at the best of times, as participants are often nervous about the impact of findings on their commercial relationships. When the chain is dealing with a perishable product, the criticality of each step is heightened and the 'wobble room' gets much tighter. Added to that is the challenge of consolidating orders supplied by a number of small growers, some of whom had limited if any experience in exporting product. Finally, the focus was to be on exporting mixed loads. Stakeholders expressed mixed views about how realistic this was. One stakeholder suggested that the scientific evidence for setting mixed load parameters is not sufficiently developed.

Not only was the focus an extremely challenging one, but there were a number of optimistic claims and assumptions about the capacity of stakeholders; for example:

- Growers could be readily identified and coordinated
- Growers were 'export-ready'
- Buyers in Singapore could be easily located.

In the experience of this project, none of these proved to be true, and there is considerable debate about the initial claims or offers made and responsibility for following through.

Comment

In retrospect, most stakeholders agree that the project took on too much and would have had more chance of succeeding with a narrower focus. A frequent recommendation was that any future supply chain project should be based on an existing, real supply chain. It is also worth considering whether there are any other criteria that should guide selection of a supply chain. For primary product growers, supply chain issues are integrally linked to concerns about transparency and accountability of all players in the chain. An upfront understanding and acceptance of

this undertaking might be important to any future supply chain project.

The issue of checking project scope could be addressed in different ways.

Tight timelines for the preparation of proposals meant that the opportunity to explore possible concerns or issues was very limited. More time to develop proposals should be provided. The experience of this project also strongly supports the provision of an initial, discrete project establishment stage that would provide a modest amount of funding to support projects to flesh out and test the feasibility of their proposal. This confirms the staged funding proposed in the *Skill Ecosystem National Project – Mid term evaluation report*.

One stakeholder also suggested that more guidance could be provided to potential funding applicants. This could take the form of a structured application template. This suggestion was prompted by a concern that ecosystems may overstate their real interests and capacities in an effort to attract funding.

The members of this ecosystem could have challenged the project scope but didn't. Similarly the funding body could have questioned how realistic the project was. The *Skill Ecosystem National Project – Mid term evaluation report* suggested the establishment of a small expert panel including members with expertise in the VET sector, industry, employee organisations and government. This panel would provide a sounding board for projects at both the development and implementation stages. Depending on the skills of panel participants, this group could have flagged possible concerns with the initial scope.

Not everyone agreed that the scope was too ambitious. More than one stakeholder suggested that establishing a new supply chain as set out by the project proposal is a fairly easy and straightforward task that could be 'done in a couple of days'. This is the nub of the problem: either people didn't have the skills and abilities they claimed, or people did have the skills but didn't see it as their role. Contested responsibilities and conflicting expectations are recurring themes. This was exacerbated by turnover of key personnel across stakeholder bodies.

5. Structure and management

5.1 Participants responsible for implementation were not directly involved

The project appeared to have support of the strategic players in the logistics industry. This assumption was challenged by a number of participants:

The project was too top-heavy

There were plenty of managers but no-one to do the work.

The people who were expected to carry out the work of the project and implement its findings were not actually at the table. This included the actual growers, transport companies and freight forwarders who made up the chain. Instead the project relied

on representatives giving commitments on their behalf. Reliance on third parties to negotiate with the chain participants became an even stronger feature of the project arrangements when the project switched from the Singapore chain to use AQP.

Comment

Given that the approach was to establish a totally new chain, this reliance on representative bodies was almost unavoidable in the first instance. However the need to directly involve people with hands-on, practical experience was a strong message. Future projects should be required to show evidence of engaging people with the capacity to implement the project objectives. Where this is not feasible, as in the case of this project, identification and engagement should be an early milestone and condition of further funding.

5.2 Breadth of stakeholders' experience and interests

Stakeholders associated the skill ecosystem concept with holistic, broad engagement to develop appropriate skill formation responses. This did not necessarily translate into comfort with sharing project management with stakeholders from different communities of interest. In suggesting what improvements could be made, some stakeholders questioned why training providers and government representatives were part of the project steering committee. This reflected concerns about perceived motivation and vested interests. As the project progressed, concerns about protecting intellectual property proved an insurmountable barrier to information sharing, and the opportunity to improve on current practice was lost.

One stakeholder suggested the project could have worked better if it was more tightly managed (less people involved) with relevant people/organisations brought in when their specific skills were required. So for example, trainers would only be introduced at the point that training is actually required.

Comment

Challenging professional silos is a central feature of the skill ecosystem model, and potentially one of the most challenging to get right. Efforts were made to identify the different interests of the stakeholders as part of developing the proposal. In retrospect, this needed to be more fully explored and revisited as views changed during the project.

Most projects will occur in the context of potential commercial conflicts of interest (and particularly any in the area of supply chain). Unless these conflicts are recognised and addressed early on, they can result in endless stalling and stonewalling. As one participant noted:

Despite endless meetings, the same action items appeared in the minutes month after month.

5.3 Leadership

Some stakeholders criticised the project for showing a lack of leadership, and in

particular for failing to identify when *enough was enough*. There is general agreement that when the Singapore chain failed, the project should have been wound up. Many agree that identification of AQP as an alternate chain was not well thought through and the initial benefits identified by the project were lost. Certainly AQP had a very specific view of the project as being about achieving ALA accreditation. There was no firm understanding that the project was looking at skill and training issues.

The project manager advised the funding body of problems and lack of progress. Their decision to press on was influenced in part by NSW DET's expressed preference to seek resolution of the problems rather than terminate the project prematurely.

Comment

These projects rely heavily on relationships and trust. This was not a strong feature of this group. Although tensions and strains were not evident at the outset, they became apparent as the project unfolded. As noted by the project manager:

There were constant misunderstandings about who was calling who. It was difficult just to get the parties to talk to each other.

As another stakeholder reflected:

If it's difficult at the start, you should get out. It's OK to make mistakes and it should be OK to stop.

It is often difficult to identify when teething problems become problems that undermine longer term viability. Projects need to establish clear, outcome based deliverables that set boundaries and define agreed, minimum requirements. Where these are not delivered, the funding body should investigate the reasons. This should possibly include a report from an independent expert. A feature of the demonstration projects is that they are new and often required adjustment to scope and budgets. While a level of flexibility is important, there needs to be a point at which failure to deliver comes under more scrutiny than occurred in this project. The milestones that triggered payments to the service provider for this project were also report-based. It would be more useful if the payment-triggering milestones were framed in terms of practical outcomes to be achieved by the ecosystem.

5.4 Project management

Project management was one of the most contentious issues for a number of stakeholders. The project managers worked many more days than they were paid for and were frustrated that, in spite of their efforts, they were unable to pull the project together. Other stakeholders expressed strong criticism about the proportion of resources devoted to project management as opposed to real outcomes. Some suggested they could have delivered the project for a small fraction of the cost.

A number of stakeholders suggested that the project should have been done in-house by the SAFC rather than contracted out. It is noted that the consultant (not the SAFC) was responsible for conceiving the project and developing the proposal. Whether the

objectives of an industry managed project would align sufficiently with the skill ecosystem model is an open question. Certainly the arms length project management meant that not only was the project management contracted out; so too were the problems and responsibility. Key industry players clearly identified the project manager as being responsible for activities such as pulling together a supply chain even when it was clear that this wasn't working (and this was also at odds with the project description). While they were confident of their own ability to do this, they did not see it as being their responsibility.

Comment

The budget clearly identified the project management fee. Although the parties agreed with this at the outset, it is possible that some participants didn't understand the specific details of what they were supporting and/or their views changed over time. An underlying assumption of the project structure was that value chain participants would perceive the value of the project to their business and would therefore be prepared to participate at their own cost. In retrospect, this needed further testing. A frequent comment from stakeholders is that they felt pressured to do things on behalf of the project that they didn't see as being their job (or problem):

There was nothing in it for us. We were supplying information for no benefit.

Often these projects rely on the contribution of people who are not directly paid for their work. Making expectations explicit and reviewing them as the project progresses is essential. It is also likely that views changed as the project progressed either as people came to understand the expectations and/or due to changes in key personnel. It might be appropriate to design projects to allow a degree of flexibility in the budget to allow for costs that may not have been anticipated at the outset.

5.5 Communication and decision making

Apart from diverse stakeholder backgrounds and experience, there were also very different approaches and assumptions about communication modes. Here are some of the contrasting attitudes that seem to be held by different people involved in the project:

A commitment to inclusive/collaborative decision making	A preference for tighter management and stronger leadership associated with involving less people
Transparency supported by website where all key documents were available and scheduling of regular project meetings	Concern about time commitment required to participate in meetings and questioning of benefits/outcomes

Comment

There is no easy answer to this except to recognise that different stakeholders and/or industries have their own culture that shapes the communication style that works best for them. Assumptions about how the parties want to work together need to be tested at the outset.

6. Stakeholder engagement

The theme of low-level engagement and ownership by stakeholders filtered through all of the interviews. The reasons for this are complex and many have already been discussed. A specific issue raised was the lack of consequence of failure for most of those involved. A suggestion repeated by quite diverse stakeholders was to raise the stakes on participation. This could include:

- A more rigorous process of interviewing potential participants, verifying their capability and identifying and articulating their interests and expectations
- Directly involving people with hands-on experience and capacity to undertake the work of the project
- Requiring stakeholders to make a funding contribution to underpin their involvement. This ranged from suggestions of a modest amount to represent a genuine stake and interest in outcomes to a more substantial contribution to reflect benefits to the business.

7. Concluding comments

In spite of the difficulties that ultimately undermined this project, there was qualified support for projects of this type – in particular, projects that focus on the specific challenges of supply chains transporting perishable goods – to be undertaken in the future. The contributions of project stakeholders provide some suggestions about the characteristics of a supply chain project that may have a greater chance of success. These include:

- Selecting an existing supply chain where the parties have a commitment to working together to develop relationships based on transparency and accountability
- Focusing effort on a more manageable set of objectives
- Ensuring that members of the actual supply chain were directly involved in designing as well as implementing the project
- A more rigorous process for requiring parties to establish their interest and commitment to the project which could include making a financial contribution.

Hopefully the lessons and insights that emerged from this experience can guide future initiatives.