



Industry Forum

Business Excellence Through Inspired People

August 2013

Skills and Talent Strategy – the Key to Global Competitiveness

The last couple of months have seen important developments in the UK Industrial Strategy. A number of sector strategies have been published which now fall into three groups; Advanced Manufacturing, Enabling Sectors and Knowledge Services. Under Advanced Manufacturing there is Automotive Manufacturing, Aerospace, Life Sciences and Agricultural Technologies. The so-called 'enabling sectors' cover three energy sectors, Offshore Wind, Civil Nuclear plus Oil and Gas and Construction. In addition there are three sectors grouped under Knowledge Services, International Education, Information Economy plus Professional and Business Services. Each sector has been selected on account of its future growth potential.



The Government's overall economic objective is to achieve 'strong, sustainable and balanced growth that is more evenly shared across the country and between industries'. The suite of sectoral strategies are an important step forward in achieving this goal. However this will require a high standard of implementation and continuity of purpose in the medium and long term. Project and programme management capability and skills in both the public and private sectors will also be a major success factor. Indeed skills have emerged as a strategic issue in every sector strategy.

As far as the Civil Service involvement in Industrial Strategy is concerned, the CS Reform Plan prioritises the Coalition's commitment to improving project capability and skills. There is a new Major Projects Authority and within that a Major Projects Leadership Academy set up at Said Business School in Oxford to address the issues of development and retention of the skills of senior project leaders across the civil service with a focus on leadership. In the future, no one will be able to lead a major government project without completing the Academy. The aim is to have had all major project leaders started on the Academy's programme by 2015. However it is not clear whether these initiatives will be in time to support the implementation of the sector strategies.



The reaction of larger firms to the strategy has been positive. Toby Peyton-Jones, the HR Director for Siemens in the UK and North West Europe, has commented on the Offshore Wind Strategy in a UKCES blog,

'Offshore wind may occupy a small share of the wider energy sector, but recently it has seen a surge in employment, rising four times to what it was from 2007 to 2010. This growth is set to continue, as wind power offers a clean way of generating energy and reducing harmful greenhouse emissions. This week the Department for Business, Innovation and Skills published its industrial strategy for offshore wind. Its focus is on building up a capable and skilled workforce to capitalise on this growth and encourage innovation

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in the sector. In particular, maximising opportunities for offshore wind generation requires high-level STEM skills for areas such as electricity generation and working with turbines. Similarly it requires attracting more talented individuals into the sector.'

Peyton-Jones refers to 'crippling skills shortages limiting growth in the sector.' This is partly a matter of a lack of specialist skills, but there is also problem of the image of the sector.

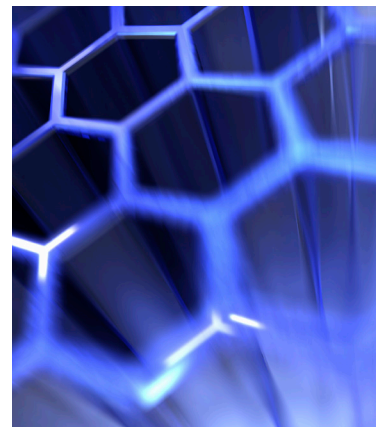
The availability of STEM skills is relevant to a number of the Sector Strategies, the Advanced Manufacturing sectors, the energy sectors, Information Economy and Professional and Business Services. All these sectors will be competing in a global economy for talent where the skills the UK needs are similar to those sought by other major players in the global economy.



According to Deloitte's the availability of skills and talent is rising up the agenda of boards of major international companies. They point out that in a recent Public Company Governance Survey conducted by the National Association of Corporate Directors in the US, executive talent management and leadership development were ranked as one of the board's top five priorities, ahead of CEO succession.

Deloitte's suggest that talent is being seen as a core component of a company's risk profile, including reputational risk, operational risk, regulatory risk, and financial risk. As the board's oversight responsibilities for risk-management increase, boards are working proactively with the heads of HR to ensure organizations have the infrastructure and programs in place to minimize talent-related risks. High-performing boards are asking HR heads whether their organizations have the talent in place to deliver sustainable performance and execute the business strategy. Attracting, developing and retaining talent has become a major factor in all capital investment decisions, business strategic planning and organisational growth initiatives.

The supply of STEM talent is also emerging globally as a major factor in national competitiveness. McKinsey have just published an analysis of the 5 key factors that can boost the US economy in the medium and longer term. One of these is a more effective US system of talent development. At the postsecondary level, McKinsey recommend expanding industry-specific training and increasing the number of graduates in the fields of science, technology, engineering and math to build a more competitive workforce. There is also a need to enhance classroom instruction in the US, turning around under performing high schools and introducing digital learning tools which can boost student achievement. McKinsey estimate that these initiatives could raise GDP by as much as \$265 billion by 2020 and achieve a dramatic "liftoff" effect by 2030, adding as much as \$1.7 trillion to annual GDP.



Against this background, the UK debate on the strategic role of STEM knowledge and skills formation in economic growth is continuing even as the sector strategies start to be implemented. At the end of July the CBI published Tomorrow's

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Growth , a report which argues that the UK will fail to close its chronic skills gaps without urgent action to boost advanced 'learn as you earn' training and more business-designed degrees. The CBI suggest that relying alone on traditional university courses will not meet the growing demand for degree-level, technical skills in key sectors like manufacturing, construction, IT and engineering. The CBI warns businesses need to tackle the perception that A-levels followed by a three-year residential course is the only route to a good career. Universities need to boost the number of employer-backed "sandwich" courses and compressed or part-time degrees, which give students practical work experience or allow them to support their studies. Businesses need to expand their commitment to high-quality training schemes such as higher & advanced apprenticeships, work-based training and fast-track schemes aimed at school leavers, alongside traditional degrees.

Industry Forum has a comprehensive skills development offering which is described in our recent article '[Equipping Executive Leaders and Their Teams to Meet Today's Challenges.](#)'

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