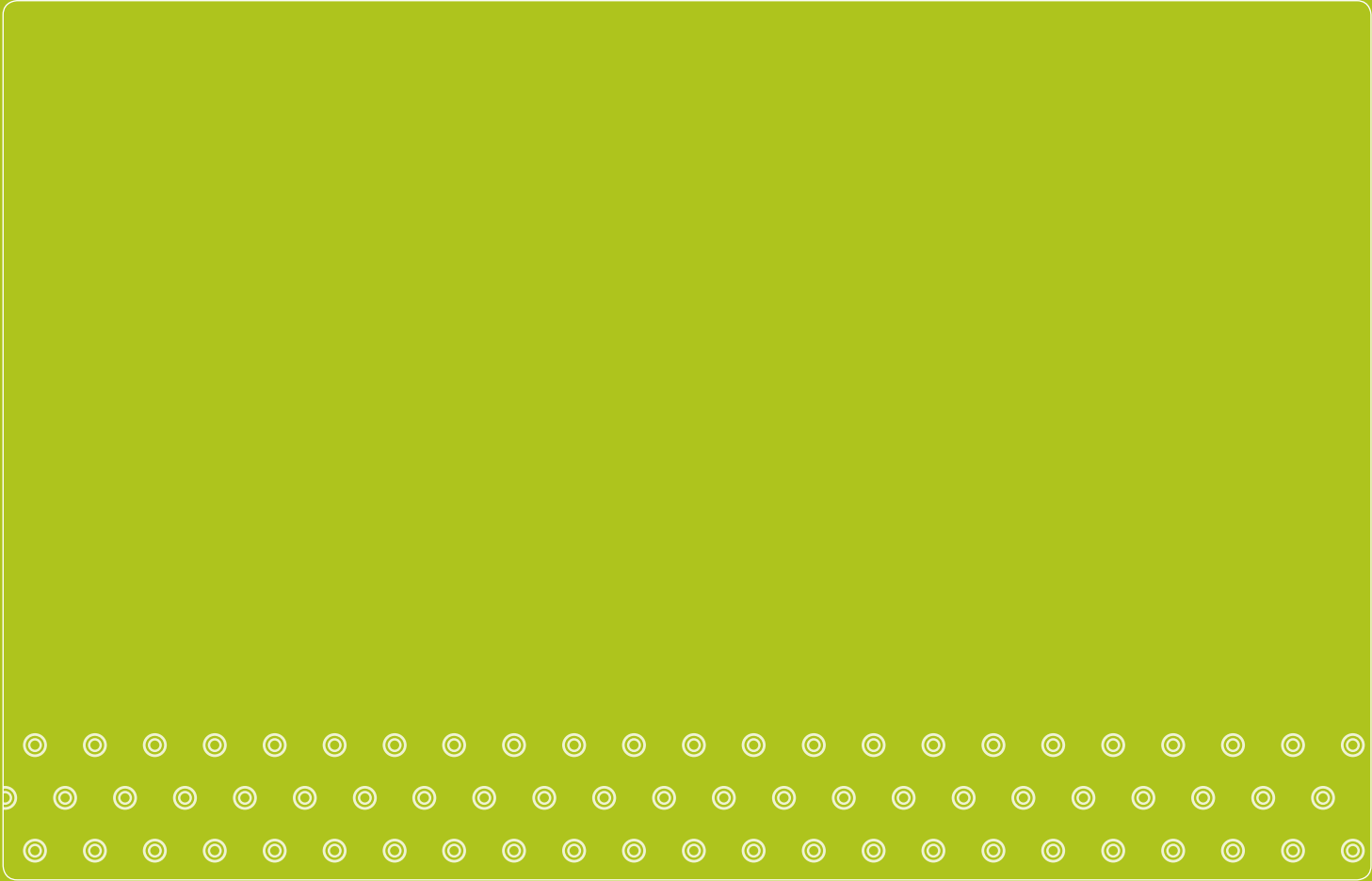




# High Performance Working Initiative

PAPER THREE | PROCESSES AND CRITERIA FOR SUPPORT FOR INDIVIDUAL FIRMS



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The Department of Labour provides information and investigates problems to do with employment and workplace health and safety. We can help employers and employees with:

- › employment conditions
- › minimum legal requirements
- › problem resolution
- › health and safety
- › ways to work better
- › labour market information.

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Information and answers to your questions about the High Performance Working Initiative can be found on our website [www.dol.govt.nz](http://www.dol.govt.nz) or by calling us free on 0800 20 90 20.

### ■ Disclaimer

This document is a guide only. It should not be used as a substitute for legislation or legal advice. The Department of Labour is not responsible for the results of any actions taken on the basis of information in this document, or for any errors or omissions.



## → Introduction

This document outlines the basis for the Department of Labour (the Department) assessing Proposals for funding individual firms under the High Performance Working Initiative (the Initiative).

It is one of a series of papers that constitute the Operating Guidelines for the Initiative, also including:

- › #1 - Operating processes
- › #2 - Expressions of Interest and Proposals for industry organisations; and
- › #4 - Monitoring and evaluation.

## → Overview

The HPW Initiative involves funding specialist consultants to work with selected firms, or groups of firms, to identify and implement HPW changes in the workplace.

The primary delivery model for support to individual organisations under the Initiative is through HPW Partner organisations - industry and trade organisations and similar business-oriented entities. Under this model, an HPW Partner will be funded to deliver the support to groups of firms.

This paper outlines a parallel option to assist firms for which there is apparent merit in providing comparable support, but no way of doing so through an HPW Partner project.

Under this option, interested firms would self-select and design their own methodology for

implementing HPW practices, and seek funding directly from the Department to implement them.

The following sections set out how this single firm option will operate. It is intended to be a 'stripped down' version of the HPW Partner model.

The key differences are that:

- › the firm will engage in a one-stage process, submitting only a Proposal, rather than an Expression of Interest followed by a Proposal; and
- › if the Proposal is approved, the Department will contract directly with the firm, rather than indirectly through an HPW Partner.

## → Processes

This option would come into operation when a suitable firm (not part of any HPW Partner project) came to the attention of the Department of Labour, for example through the New Zealand Council of Trade Unions or Business New Zealand.

The firm would need to prepare and submit a Proposal in its own name. However, it could be assisted informally to do this, for example by referral to a consultant or business advisory service who could help it design a proposal and make an application (or refer it elsewhere if more appropriate).

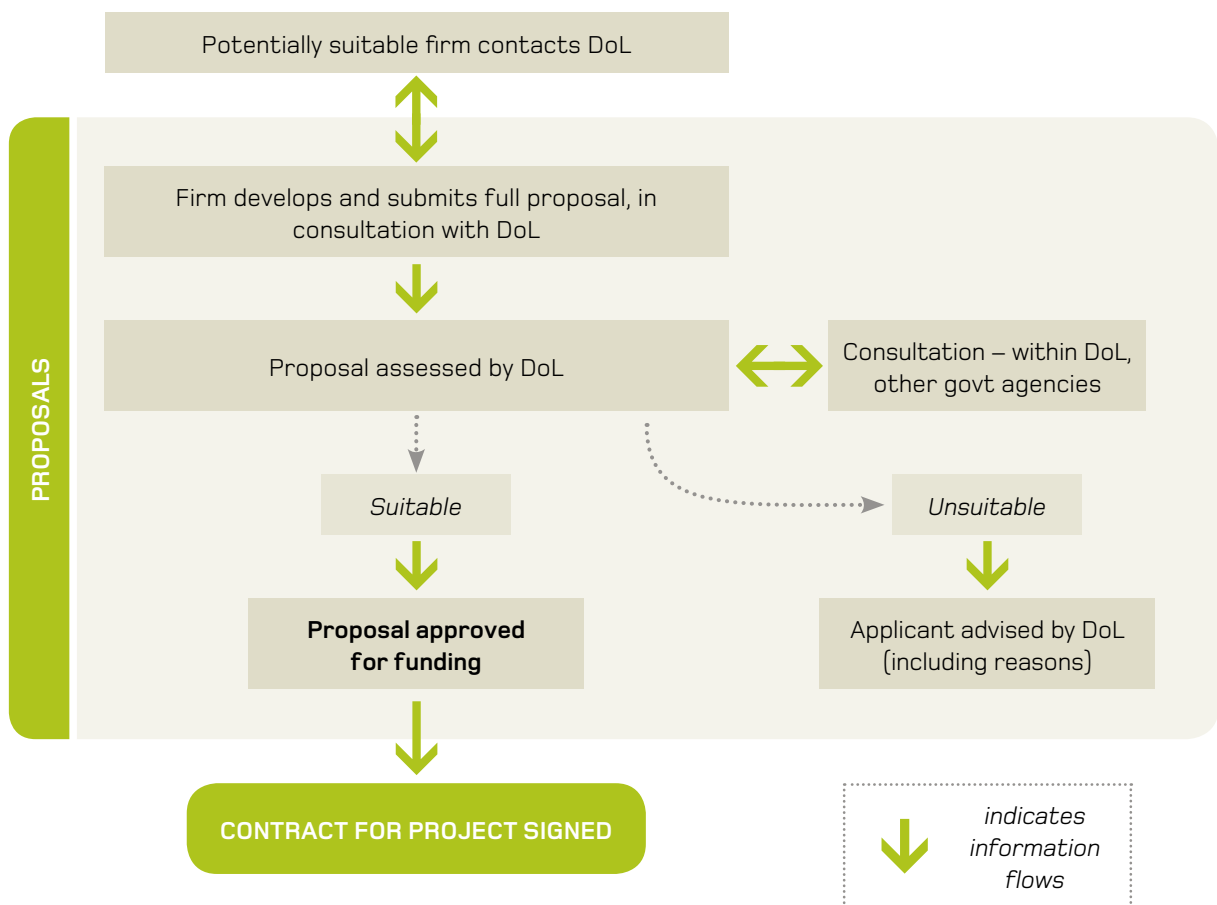
Department officials will also provide advice to applicants to assist in the development of a Proposal. If the Proposal is accepted, an effective working relationship between the firm and officials is important to the success of the project, and these initial discussions are integral to developing this relationship.

Proposals may be submitted at any time, and would need to include the information set out in the next section, against which it would be assessed.

The assessment, which would in most circumstances involve a site assessment, could be undertaken internally (by the Partnership Resource Centre, PRC) or externally by (for example) Regional Partners contracted to New Zealand Trade and Enterprise.

The decision about whether or not to fund the Proposal would be undertaken by a Department official, reporting to the PRC Board.

The process up to the point that a project is approved is summarised in the diagram below.



## → Proposals and assessment

The basis for single-firm Proposals is that the applicant should demonstrate that it is likely achieve successful outcomes, and the Department should form a view as to whether this is the case.

As for HPW Partner projects (see note #2), the basis for preparing and assessing Proposals is the **factors that are critical to successful projects**, which the Department of Labour has identified from its experience with previous productivity projects<sup>1</sup>.

In the following paragraphs, the critical factors are identified and discussed under seven headings, with explanatory notes where appropriate.

### ■ 1. The firm

The critical factors are that the firm must:

- › understand and be committed to HPW
- › be likely to achieve positive outcomes through the project
- › satisfy mandatory selection criteria, that
  - Organisations should be primarily from the private sector, plus some publicly-owned commercial entities (such as State Owned Enterprises, SOEs, and Council Controlled Organisations, CCOs) and local authorities. Central government departments and agencies are not eligible; and
  - Firms which have access to more suitable forms of funding through other government programmes would also be excluded.
- › satisfy key selection principles, in terms of demonstrating
  - business viability - in particular, excluding businesses whose prospects appear limited by internal factors or external market conditions
  - employee engagement - good workplace communications, relationships and culture; and
  - management capacity, commitment and leadership.

Notes:

1. *The 'key selection principles' have been identified (from evaluation of previous projects) as crucial to the success of firm-level engagements.*
2. *Most firms supported through earlier Workplace Productivity Agenda (WPA) projects have been in the primary and manufacturing sectors, and the Department seeks involvement from a wider range of enterprises, especially from the service sector.*
3. *While large firms and public entities would be expected to have the resources and management expertise to undertake HPW processes without government support, they would not necessarily be excluded from the Initiative. Their participation would be on the basis of higher co-funding than required for smaller entities.*

### ■ 2. Project objectives

The critical factors are that the objectives of the project must be

- › aligned with the firm's strategic objectives, with outcomes that are relevant and important to it
- › have a clear focus, and highlight the key elements
- › tangible/ measurable, so that it will be possible to assess whether the objectives have been met.

*Note: the scope of the Initiative has been left wide so business improvement projects can be relevant to many areas of participating firms' operations. Improved employee engagement, creating productive workplace cultures, skill development, encouraging new ideas and new ways of doing things, and lower production costs, are valid examples of the types of outcomes that can be targeted.*

*However, the project will need to align with the principles of HPW and objectives of the Initiative. Examples of activities that would not fall within scope of the Initiative include new capital expenditure and hiring staff.*

1. These projects were supported through the Workplace Productivity Agenda (WPA). Information about them can be found at [www.dol.govt.nz/er/bestpractice/productivity](http://www.dol.govt.nz/er/bestpractice/productivity)



### ■ 3. Methodology

The critical factors relating to the proposed project methodology (ie the methods that will be used) include:

- › a suitable consultant – having relevant expertise, resources (for example diagnostic and planning tools), ability to relate to company staff at all levels, and knowledge of the industry; and
- › an approach consistent with HPW, as outlined above.

### ■ 4. Project planning

The critical factors relating to project planning include:

- › a realistic timeline - in particular, that there is sufficient (but not excessive) time for the engagement between the firm and the consultant to make demonstrable progress<sup>2</sup>
- › clear milestones and decision points; and
- › prior identification of key risks and issues, and a plan for how these would be managed.

### ■ 5. Project management

The critical factors relating to project management include:

- › a system for monitoring progress within the firm; and
- › an effective working relationship between the HPW Partner and the Department.

*Note: it is a condition of funding that participating firms and consultants provide the Department with information, and the opportunity for discussion, in order for the Department to monitor and evaluate the projects. The Department will set this up to minimize costs, consistent with its obligations to report to the Government.*

### ■ 6. Costs/Funding

A project budget needs to have:

- › a realistic budget, with sufficient consulting time for the firm to make demonstrable progress (but not beyond the point that it should be reasonably expected to fund the consultant's services itself)
- › a statement of the amount of co-funding to be provided by the firm, and the basis for this; and

- › clear funding milestones (per the project plan), against which payments will be made, and if necessary, project plans and funding adjusted.

Notes:

1. *The Department estimates that acceptable costs would be in the order of \$10-15,000 per firm, net of co-funding, for consultants for working with firms.*

*These figures are subject to revision in future, in light of experience from proposals and projects.*

*In any event, the Department's focus is on value for money, so costs will be assessed relative to the expected outcomes of proposed projects.*

2. *The objective of requiring some co-funding is partly to recognise that a significant share of the benefits of consultants' services goes to the firm itself; and partly for it to demonstrate its commitment to the process, which is critical to positive outcomes.*

*In considering proposed co-funding, the Department will take account of the firm's 'ability to pay' - for example, it would expect greater levels of co-funding from large firms or organisations with stable income streams, relative to smaller firms or those in highly competitive markets.*

*The experience of previous projects is that consultants' engagements with firms are typically in two phases - an inception phase (involving problem identification, setting priorities, planning and setting up systems), and an implementation phase. It would be appropriate for the Department to fully- or near-fully fund the inception phase, with co-funding during the implementation phase; by which point the firm should have some confidence in positive outcomes, and hence willingness to demonstrate its commitment to the process.*

### ■ 7. Follow up activities

It is a condition of support that the lessons learnt from the project can be made widely available as a case study (as is the case with current PRC projects).

Applicants should indicate any other opportunities for follow-up.

2. Engagements of about a year have been the norm on previous projects.



## → Assessment of Proposals

Assessment of Proposals will be undertaken by officials from the Department. The assessment will be based whether the applicant has demonstrated that it is capable of delivering a successful project and is likely to do so.

This assessment will be made by reviewing the applicant's responses, intentions and commitments under the above headings.

In making this assessment, officials will rely primarily on the Proposal and supporting information, and associated discussions with the applicant.

Officials may also refer a Proposal to other parts of the Department (for example Workplace

Services and/or the Small Business Information Unit) and government agencies with an interest (for example, New Zealand Trade and Enterprise, NZTE, and sector-specific agencies), in order to address questions such as:

- › would the proposed project be more appropriately funded from other sources?
- › has the proposed project previously been considered by any other agency?

It will be a condition of submitting a Proposal that applicants agree to the release of information held by other government departments and agencies relating to the firm itself and any subcontractor on the project.

## → Contract management

If approved, a contract for the project will be drawn up (with standard terms and project specific components) and executed. The project specific components will be based as far as possible on the contents of the proposal.

### ■ Contract and relationship management

Ongoing contract and relationship management will be undertaken by Department officials.

Effective management of the relationship between the firm and the Department is critical and requires:

- › a common understanding of the key aspects and objectives of the project
- › designated contact people in both the Department and the firm
- › development of the working relationship between key project personnel in the firm and the Department (designated contact persons from the firm and the Department)
- › ensuring that the Department and the firm adhere to relationship principles, as per funding agreement
- › monitoring the health of project and discussing it regularly with project personnel,

by maintaining at least monthly personal contact

- › provision of information and other assistance to the Department in ongoing monitoring and evaluation
- › the Department providing advice and support as necessary
- › identification and management of any media or political issues; and
- › creating/maintaining links for networking between projects as opportunities arise.

### ■ Monitoring and evaluation

The main elements of these include:

- › Ongoing monitoring will include provision of information by the firm, primarily relating to progress against productivity targets (Key Performance Indicators, KPIS, agreed with consultants at the inception of the engagement).
- › Summative evaluation may take place at the end of the project and approximately a year afterwards, drawing together information gathered during the project, and reinforced with interviews and other discussions as



necessary, to form conclusions about the outcomes achieved, and effectiveness and sustainability of the processes.

- › The firm and the consultant must agree to the provision of information and other assistance to the Department in monitoring and evaluation.

Internal management systems (within the Department) involve designated staff reporting to PRC management and Board monthly or as required across all projects, with respect to progress, finances, risks, and other issues.

Project payments will be approved in accordance with the project meeting contractual milestones and deliverables.

Outstanding project issues may need to be escalated to management level in accordance with internal processes. Where necessary, a variation to the project contract will be agreed and executed.

### ■ **Project closure**

Actions for project closure include:

- › ensuring all deliverables (per the contract) have been met
- › working with the firm to ensure a high-quality final project report
- › circulating the final report
- › the Department arranging to disseminate any project resources through its channels
- › paying the final invoice (or generating a Departmental invoice for unused funding to be returned); and
- › ensuring the final evaluation plan is in place and the Department evaluators are receiving the required support.





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