



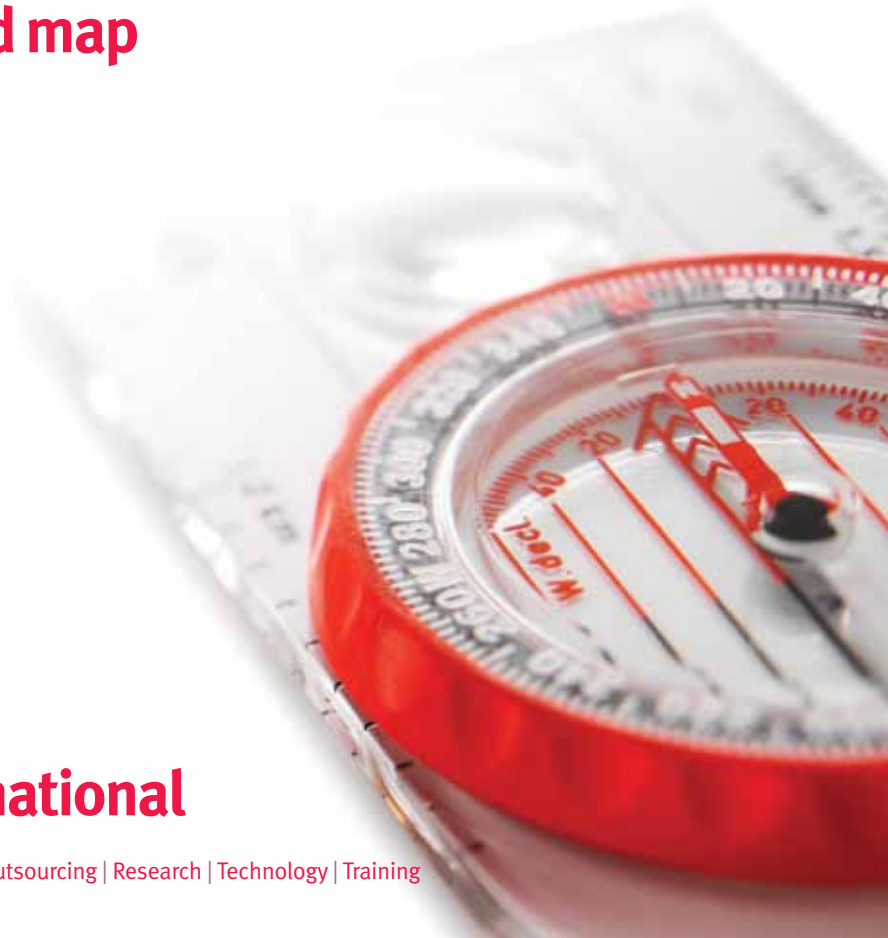
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INTERNATIONAL  
NETWORK OF SECTOR  
SKILLS ORGANISATIONS

# Setting up a Sector Skills Organisation

## A road map



**International**

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## To find out more

Get in touch today for further information or to discuss a tailored solution for your organisation

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# Introduction

As nations look to compete in an increasingly globalised world, they are turning in ever increasing numbers to the sectoral approach – to engage both industry and education in more effectively upgrading workforce skills. This ‘global skills race’ is a phenomenon that will define economic development and prosperity in the 21st century. Whole economies will prosper or falter depending on how well they move up the value chain, mainly by investing in human capital potential.

## **Can you afford not to implement the sectoral approach to skills and workforce development?**

The International Network of Sector Skills Organisations (INSSO) and LSN – both not-for-profit organisations – have developed this road map on how a successful network of sector skills organisations can be established, even in countries that currently have no such tradition.

We provide an unrivalled range of services in support of the sectoral approach, including international consultancy, interim management, outsourcing and business services. We help countries implement the most effective sector-based skills systems and workforce improvement programmes, drawing on best practice from around the world.

In this document we have provided a roadmap that:

- outlines the key stages that a country needs to go through and the decisions that need to be made as it establishes a sector skills organisation, and
- identifies the support that INSSO and LSN can offer as part of a suite of paid for consultancy and delivery support services.

# The road map

**In this section we identify the six stages that need to be passed through in order to set up an effective sector skills organisation.**

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# Stage 1: Mandate

The mandate comes from each country's legislative and planning framework in respect of skills development. To operate at the sectoral level the mandate should formally empower industry to address its own skills and workforce development needs, working with partners. The exact terms of the sectoral mandate will vary according to each country's political and cultural traditions.

INSSO member countries exemplify sector-based skills systems which:

- engage directly with industry, education and governmental interests
- develop competency standards to drive workforce improvement
- produce labour market analysis at the sectoral level, identifying skills gaps and shortages
- improve labour market supply and demand.

Some sector-based skills systems go much further. In the publication *Think Global, Act Sectoral*, INSSO members spell out these key differences. Visit the INSSO website for more details: **[www.inssso.org](http://www.inssso.org)**

The mandating authority is usually government, or an agent thereof. Again, this will vary by country depending on institutional and political structures.

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## Support offered

**INSSO/LSN can assist in devising an appropriate sectoral mandate, facilitating knowledge transfer of best practice and models of implementation from different sector-based systems. We have strong links with mandating and/or regulatory authorities around the world.**

## Stage 2: Convert the mandate into an industry-facing Prospectus

The mandate alone is unlikely to be enough to operationalise the establishment of a sector skills organisation. Where a sector skills system is being formed for the first time or substantially overhauled, it is advisable to draw up an industry-facing Prospectus. This is a key document, written in plain language, setting out the ‘offer’ to sector-based employers and other interests, for example, trade associations.

The Prospectus will usually include:

- an invitation or ‘call to action’ to industry to get involved in setting up a sector skills organisation, inviting an ‘expression of interest’
- details of the benefits of such a body, including details of funding and support on offer from the mandating authority
- expectations of industry investment and involvement, i.e. the leading industry figures and cash investment in the workforce
- operational requirements and functions of the council in order to attain a License (usually granted by government or the mandating authority)
- criteria by which an ‘expression of interest’ from employers will be fairly judged
- timetable for consideration, including arbitration.

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### Support offered

**INSSO/LSN can support the production of the Prospectus. This could also include a communications strategy for ‘selling in’ the proposition directly to employers and other stakeholder interests, referred to here as Communities of Interest.**

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## Stage 3: Identify communities of interest and define the employer community of interest

The call for Expressions of Interest to establish a sector skills organisation will not necessarily be straightforward. Some industries organise themselves around very clear lines, perhaps through a single trade association. But the majority of sectors, particularly those where small and micro firms predominate, it may not be immediately apparent whom to work with or how best to constitute the sector. In countries where a large part of the workforce operates in the informal economy the task is made especially difficult, but not impossible.

Running in parallel with the Prospectus it may be necessary to identify the main communities of interest around each sector, including the areas of overlap. A community of interest goes beyond the industrial sector, to include for example, a map of supply-side factors such as training providers and colleges. The mapping document will show both the sectoral and geographical spread as well as the concentration of all the key players.

A network of trade and professional bodies is also an important community of interest. The employer community of interest refers explicitly to the industry leaders within the industry - the owners or CEOs of successful sector businesses. They should be known to their peer group, have integrity, and respected by the wider community. International experience shows that the quality of industry leadership, in particular the quality of the Chairperson and Boards of sector skills organisations, is critical to the success of the sectoral approach. Poor performing leaders usually result in poor performing sector skills organisations.

Experience of INSSO countries shows that there is no hard or fast rule around what constitutes an industry. Top-down definitions are unlikely to work. The Expression of Interest stage is an opportunity to define the industry or 'employer community of interest' from the bottom-up. International experience shows that this approach is more

likely to lead to the successful establishment and leadership of a sector skills organisation, than an approach that is simply imposed. Similarly, there is no precise formula for the number of sector skills organisations required, although international experience suggests that somewhere between 15 and 35 is optimal. Below or above this number tends to result in criticisms regarding their capacity to implement or represent industry interests effectively since sector boundaries can become too aggregated. Each country will ultimately find its own path.

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### **Support offered**

**INSSO/ LSN can help define sector communities of interest based on a tried and tested model of consultation and mapping. We can also manage the expression of interest stage, working in an expert and impartial manner, allowing the mandating authority the ability to make informed decisions without affecting its own room for manoeuvre.**



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## Stage 4: Business Plan developed and submitted by the industry and/or agreed community of interest

The mandating authority decides which expressions of interest to proceed with. It will usually invite successful applicants to work up a fully-fledged business plan. At this stage, a chairperson, CEO and board will be identified and will start meeting as a 'shadow board' (sometimes these are the same group of people who submitted the expression of interest). The sector skills organisation will be formally described as 'in development' until such time as the mandating authority accredits them or awards them a License to Operate as a sector skills organisation.

International experience shows that the formal development stage can last between 6 and 12 months, but in some cases it can be much quicker. The timing for approving a fully-fledged sector skills organisation depends largely on the quality of the business plan. It is advisable to provide very clear guidelines on what is expected in any business plan, usually issued by the mandating authority. This saves time helping to avoid protracted negotiations or misunderstandings.

It also helps to assign the fledgling sector skills organisation with a sector specialist or business adviser who can work in a consultative and iterative manner with the team putting together the plan on behalf of industry employers. Again, this helps save time and frustration.

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### Support offered

**INSSO/LSN can support the business planning process by developing supporting materials, including guidelines for drawing up successful sector-based business plans. There is a wealth of international experience, in terms of successful sector skills organisations, to draw on in this regard, including advice on successful models that deliver financial sustainability.**

**For example we can 'buddy up' emerging sectors with their respective counterparts in other parts of the world. We can also provide a team of specialists to help write and formulate business plans.**

## Stage 5: Business Plan accepted and License to Operate awarded by the mandating authority

Once a business plan has been submitted it needs to be assessed and a decision taken whether or not to proceed. It is advisable to establish a panel of respected industry leaders and other public figures. They will not themselves be directly involved in putting in bids to establish sector skills organisations. Such a panel is tasked with making recommendations to the mandating authority, in some cases directly to the relevant ministry. This helps give both credibility and legitimacy to the process and will ensure that once an organisation has achieved its License to Operate as a sector skills organisation it has the firm backing of both industry and government. For business plans that are rejected, it makes it difficult to call into question the panel's integrity.

The successful sector skills organisation is then issued with a formal License to Operate document (usually signed by the relevant Minister). This document gives the organisation an exclusive trademark license to operate as a sector skills organisation, named appropriately depending on each country's

system. In the UK, for example, the government grants exclusive trademark licenses to organisations known as 'Sector Skills Councils'. As a result, no other organisation can call themselves a sector skills council or deliver on a similar remit while a License to Operate is in force. This helps further protect the brand of the sector skills system and ensures industry works through a single, authorised body.

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### Support offered

**INSSO/LSN can review and assess each business plan, benchmarking them against international best practice. We have close working relationships with mandating authorities and government ministries, from across the world, that support sector skills organisations. Using this network we can present different models of 'licensing' which vary in terms of costs and levels of bureaucracy.**

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## Stage 6: Performance monitoring, benchmarking and evaluation

Once a License to Operate has been awarded it is important to monitor implementation of the agreed business plan. In most countries, the boards of sector skills organisations, through self-assessment and benchmarking, carry out the primary role of performance management. Mandating authorities can undertake a regulatory role, particularly where large sums of public investment have been made.

There are many different approaches to performance monitoring, benchmarking and evaluation currently exercised by INSSO member countries. Some are very costly and require significant central teams of ‘regulators’; others are lighter touch.



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### Support offered

**INSSO/LSN can offer an appraisal of different performance management systems and assist in each country selecting the one that is most appropriate and cost effective.**

# Other operational support services from INSSO and LSN

This document provides a road map to establishing successful sector skills organisations. It describes a logical process to go from having no such organisations in development to a thriving sector skills network with 2 years. However, sector skills organisations are evolving all the time, as are the policy and institutional systems that underpin them. The international experience shows that even once they are established, sector skills organisations need to be continually challenged and defined to stay ahead of the curve in terms of their impact on skills and workforce development.

In addition to supporting a set up process, INSSO/LSN can also help in the following ways:

- advise on the best way to write and develop workforce competency standards, also known as national occupational standards
  - assist with policy and funding decisions that are needed to empower industry working through sectors
  - develop and set up both national and sectoral Labour Market Intelligence systems (LMIS), taking account of best practice.
- Employer engagement strategies, including leadership and management training:
- models of international best practice in terms of employers working with colleges and training providers, including reform of the curriculum
  - models of international best practice in terms of supply-side reform
  - advise on successful business models and financial revenue streams underpinning sector skills organisations
  - provide supporting technology to the project such as web portals that would be a source of relevant materials, encourage discussion forums both National and International, and support Employer Engagement.

# Our partners internationally

Our cross-national working and international partnerships makes us unrivalled in this area.

International partners include:

- Association of Colleges – UK
- British Council
- COLO – The Netherlands
- Department for Business, Innovation and Skills – England
- Human Resource Development and Skills Canada
- Industry Skills Councils – Australia
- Industry Training Federation – New Zealand
- Industry Training Organisations – New Zealand
- National Vocational and Technical Commission – Pakistan
- Sector Skills Councils – UK
- Sector Education and Training Authorities – South Africa
- The Alliance of Sector Skills Councils – UK
- The Alliance of Sector Councils – Canada
- TVET UK
- UK Commission for Employment and Skills.



## Next steps

To discuss any aspect of this road map please contact:

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**LSN is a not-for-profit organisation focused on making learning work across the public and private sectors, in the UK and internationally.**

**We're experts in learning and development – at individual and organisational levels. We apply this expertise to provide consulting, outsourcing, research, technology and training services, all underpinned by a powerful body of research and 25 years' experience.**

**Our people work at the very forefront of their field, and we take pride in placing innovative policy and practice at the heart of everything we do.**

**The International Network of Sector Skills Organisations (INSSO) is a membership-led organisation founded by:**

- **UK – The Alliance of Sector Skills Councils**
- **Canada – The Alliance of Sector Councils**
- **New Zealand – The Industry Training Federation**

**It was launched in March 2010 at the British Council's Going Global conference and the network is sponsored by LSN.**

**INSSO exists to support the work of national sector skills organisations through the sharing of best practice. Find out more at [www.inssso.org](http://www.inssso.org)**

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