JAL Masterclass: Outcomes-based contracts

Implementation and management

16 October
1. Introduction
2. Setting the context
3. Organisational Architecture framework
4. Creating a performance-based team culture
5. Making performance-based payment models work for you
6. Moving towards outcome-based contracts
7. New business strategies and contracts
8. New methods are required to match how business must now approach the market
9. Conclusion
The defining features of outcomes-based contracting are:

- A focus on business outcomes rather than processes (“what,” not “how”)
- The use of measurable KPIs linked to the required outcomes
- A pricing model that comprises or includes rewards and risks

What fraction of your total payment is determined by outcomes versus fixed for processes you perform will depend on the nature of the contract

1. North, J. 2014. “Outcome-based contracting is on the up”.

Introduction
Defining outcomes-based contracting
Introduction

Why does this session matter?

A + B + C = D

Increased use of OBCs in employment service contracting + Insufficient evidence to help guide OBC design + Challenges of effectively implementing OBCs = You need a strong grasp of OBC management in order to thrive
Introduction

Research supporting OBC use and correct OBC design

Ideal timeline

1990s
- First OBC programs in Aus.

2000s
- Robust evidence emerges

2010s
- Widespread OBC implementation

2020s
- Large-scale improvement for society

Actual timeline

1990s
- First OBC programs in Aus.

2000s
- ?

2010s
- Widespread OBC implementation

2020s
- Robust evidence emerges

“There is a lack of evidence comparing outcome-based contracts for public human services with other means of funding...The enthusiasm of governments to adopt outcome-based contracting has outpaced the production of evidence on its effect”

Tomkinson 2016
Proper OBC design is crucial

(1) “[W]hile the quantitative measures of performance rewarded by payment almost always improved, Verbeeten (2008) found that unmeasured quality of services did not follow suit.” Tomkinson 2016: 5

(2) Unbalanced payment models can create perverse incentives for service providers. See, for example, what happened with employment services in Australia:

- OBCs implemented in 1990s promoted “cream skinning” – prioritizing easier clients (Davidson and Whitford 2012)
- These practices came under political scrutiny
- Payment models were revised + increased regulation introduced
- Perverse incentives corrected but service provider innovation curbed
Fees were based on bids, with a high proportion paid on commencement of job seeker with provider, and a smaller proportion on the attainment of employment. Outcome fees were scaled based on the job seeker’s assessed level of disadvantage.

Active Participation Model introduced: fees were tied to interviews with jobseekers, and outcome fees become more prevalent as providers receive higher payments for 13 weeks ongoing employment.

Shift towards outcome payments for longer periods of sustained employment. Incentives for collaboration with employers and post-training employment.

Approximate split of fees is service 67% and outcomes 33%. Higher fees awarded for 26 weeks of employment.

Approximate split of fees is service 48% and outcomes 52%. Different level of incentives for 4, 12 & 26 weeks.

Fee system encouraged providers to place complex jobseekers in intensive assistance.

System was redesigned to incentivise providers to assist difficult-to-place jobseekers.

The star ratings provided incentives for providers to perform, with the highest performing providers provided with contracts for enhanced market share – and the worst performers exited.

Providers were subject to regular contract management checks and performance reviews. A charter of contract management was established to outline standards of performance and conduct. Recoveries are now based on if an error rate is found, the rate is then applied to the whole caseload and recoveries applied pro-rata. Random rolling audits are utilised.

Providers were audited against a quality framework.

Formal performance measurement reviews are conducted. Focusing on all key performance indicators. Program success teams run audits and there is increased surveillance of internal governance and external engagements.

All organisations are subject to independent audit in terms of meeting a mandated quality framework.

1945

Fees were based on bids, with a high proportion paid on commencement of job seeker with provider, and a smaller proportion on the attainment of employment. Outcome fees were scaled based on the job seeker’s assessed level of disadvantage.

Provision of minimal service to job seeker.

1998

Fees were based on bids, with a high proportion paid on commencement of job seeker with provider, and a smaller proportion on the attainment of employment. Outcome fees were scaled based on the job seeker’s assessed level of disadvantage.

Performance measures and weightings: 50% 26 weeks, 10% indigenous, 15% placed within 12 weeks, 10% placed within 12 weeks with collaboration, 20% Work for the Dole participation, and 10% commencement on time for Work for the Dole.

Big data is used to spot irregularities within provider error rates - if found, the rate is applied to the whole caseload and recoveries applied pro-rata. Random rolling audits are utilised.

A lack of collaboration between providers existed and was not mandated.

There was a lack of incentives to work and collaborate with providers and provide national solutions to large employers.

There is engagement between Government, Centrelink and private and community-based employment service providers.

2000

Star ratings were introduced to identify top performing providers.

Introduction of Active Participation Model brought updated star ratings. 3 KPIs were measured including: average time for placements, proportion of jobseekers into outcomes, and quality of service delivery.

The star rating was reviewed and revised, and became more complex with new weightings. KPI 1 and 2 remained similar, with KPI 3 incorporating a new quality framework in an attempt to make it more objective.

Performance measures and weightings: 50% 26 weeks, 10% indigenous, 15% placed within 12 weeks, 10% placed within 12 weeks with collaboration, 20% Work for the Dole participation, and 10% commencement on time for Work for the Dole.

Big data is used to spot irregularities within provider error rates - if found, the rate is applied to the whole caseload and recoveries applied pro-rata. Random rolling audits are utilised.

2003

A lack of collaboration between providers existed and was not mandated.

There was a lack of incentives to work and collaborate with providers and provide national solutions to large employers.

There is engagement between Government, Centrelink and private and community-based employment service providers.

2006

Performance measures and weightings: 50% 26 weeks, 10% indigenous, 15% placed within 12 weeks, 10% placed within 12 weeks with collaboration, 20% Work for the Dole participation, and 10% commencement on time for Work for the Dole.

Big data is used to spot irregularities within provider error rates - if found, the rate is applied to the whole caseload and recoveries applied pro-rata. Random rolling audits are utilised.

2009

2012

2015

2020

To assist jobseekers to find employment in order to enhance their quality of life

There is a push on targets and outcomes and working on caseload to focus on generating income

Understanding the dollar value of the jobseeker and maximising throughout and outcomes

Maximise outcomes that deliver maximum dollars for the least effort

Providers compete not only at the time of each tender but throughout the contract, so as to: (i) maximise payments, (ii) avoid business share being reallocated by the Department, and (iii) increase their chances of securing subsequent contracts.

Minimise contact with the job seeker

Maximise contact with job seekers

Facing the extra mile

Holistic approach

Focus on the individual

Competitive environment

Commercial focus

Contact compliance

Business imperatives become the priority

Commodification of the unemployed

Focus on process rather than people
The employment sector workforce is dominated by employment consultants.

- Frontline employment sector employees are overwhelmingly constituted of employment consultants (59%)
- Female staff represent over three quarters of the employment sector workforce (76%), most of whom work on a full time basis (91.8%)
- The sector has very low unionisation, with membership at only 3%
- 29% of staff reported job movement within the past year, with 3 in 10 workers having worked for their current employer for under a year
- Typically, new jobs are resumed by staff who have previously worked within the industry, with only 16.5% of new positions entered by employees new to the sector

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There are plenty of opportunities to improve the jobactive program.

Respondents saw a variety of opportunities to improve jobactive:
- Flexibility on the frontline to assist transitioning into employment (17.4%)
- Improving links to employers (17.3%)
- More staff on the frontline (16.5%)

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There were a number of differences between the 2016 and 2012 survey results.

Changes were observed in how staff work with jobseekers and enforce compliance.

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>Change</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Caseload</td>
<td>114.2 clients</td>
<td>+3.4 clients</td>
<td>147.6 clients</td>
</tr>
<tr>
<td>Jobseekers seen as ‘difficult’</td>
<td>35.6%</td>
<td>+6.1%</td>
<td>41.7%</td>
</tr>
<tr>
<td>Jobseekers with mental health problems</td>
<td>39%</td>
<td>+4%</td>
<td>43%</td>
</tr>
<tr>
<td>Clients not complying with obligations</td>
<td>35.6%</td>
<td>+3.4%</td>
<td>39%</td>
</tr>
<tr>
<td>Caseload streams</td>
<td>Highest stream 28.6%</td>
<td>+ 10.8%</td>
<td>Highest stream 39.4%</td>
</tr>
<tr>
<td>Employees not reporting job seekers due to lack of incentives</td>
<td>8.1%</td>
<td>+7.2%</td>
<td>15.3%</td>
</tr>
</tbody>
</table>

There were a number of differences between the 2016 and 2012 survey results.

There are subtle changes in the work priorities of employment service staff

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main priority of frontline staff</td>
<td>‘knowing rules and official procedures’</td>
<td>‘meeting the targets set by management’</td>
</tr>
<tr>
<td></td>
<td>(43.5%)</td>
<td>(49.5%)</td>
</tr>
<tr>
<td>Employees reporting being influenced by numerical targets</td>
<td>69%</td>
<td>75%</td>
</tr>
<tr>
<td>Frontline staff reporting agency prioritises job placement over upskilling or educating jobseekers</td>
<td>31.8%</td>
<td>51.6%</td>
</tr>
<tr>
<td>Staff reporting ‘needing to get an outcome quickly’ as influential</td>
<td>39%</td>
<td>45%</td>
</tr>
<tr>
<td>Staff reporting little or very little leeway in deciding client assignment to program/activity</td>
<td>21.8%</td>
<td>24.5%</td>
</tr>
<tr>
<td>Staff reporting decisions made determined largely by standard program rules and regulations</td>
<td>77.8%</td>
<td>85%</td>
</tr>
</tbody>
</table>

In 2000, the Disability Services Act (CRS, Open Employment Services and Business Services) was introduced, replacing block-grant funding with case-based funding with four levels of participant funding, replaced block-grant funding, with incentives for ongoing sustained employment. In 2006, funding was divided into capped and uncapped.

Since 2002, compliance has been measured against the 12 Disability Services Standards. Non-compliance is detected through normal program assurance, contract monitoring and management mechanisms.

In 2010, those with 4 and 5 star ratings were offered contract extensions, incentivising providers to provide quality service.

In 2010, star ratings were used to measure the quality of providers. The Disability Employment Services Performance Framework came into effect in 2013, including star ratings, service standards, a service guarantee and a code of practice.

In 2006, star ratings for the Disability Employment Network were published. Star ratings are used to measure performance. 3 KPIs were measured including: average time for placements, proportion of jobseekers into outcomes, and quality of service delivery.

Since 2002, compliance has been measured against the 12 Disability Services Standards. Non-compliance is detected through normal program assurance, contract monitoring and management mechanisms.

From 2013, samples of Employment Pathway Plans will be assessed to help inform the measurement of KPI 3.
Fees are paid directly to provider for any eligible student, and are paid upfront after census dates. Therefore, payments are made predicated on number of enrolments.

More census dates are added, which has the effect of staggering payments to RTOs.

Proposal to base payments off student progress.

Only applied to courses that could be transferred to university credit. There were no incentives to improve completion or attendance rates.

Expanded to all Diploma and Advanced Diploma VET courses. No incentives to improve completion or attendance rates.

Proposal to apply payments only to courses on a specific list.

All RTOs are required to provide an annual summary report of their performance.

Increased regulatory powers of Dept of Education.

Increased capacity for sanctions against inappropriate providers, and more restrictive eligibility requirements for providers.

No ongoing quality measures outside the compliance requirements as long as RTOs were accredited.

Concerns around quality and performance have generated a new proposed VET Student Loans program.

Students will be required to log in and show activity and tracking.

Payments will be paused when there are concerns regarding a provider’s performance.

1989
HECS (for university study)

2005
FEE-HELP (full-fee paying university)

2009
VET-FEE HELP (ICL for fee paying VET)

2012

2016

2017
VET Student Loans
Using the Organisational Architecture Framework

The Framework

- Purpose
- Vision
- Strategy

Value delivery
- (Customers, service offering, value proposition & brand)

Financial model
- (Profitability, investments, finances)

Capability and capacity
- (Skills, knowledge, attributes & staffing levels)

Culture
- (Mindsets & behaviour)

External alliances
- (Delivery partners & champions)

Governance and structure
- (Roles & accountabilities)

Business processes
- (Customer facing & internal)

Business intelligence

Technology

Physical assets

- Why we exist and the choices made to enable this
- How value is delivered
- How financial performance is determined
- The people elements that drive results
- The core enablers to achieve success
Using the Organisational Architecture Framework

Why the framework matters for you

The transition to outcomes-based contracting will require you to modify your organisational architecture to align with the new way of doing business.

Then

The service-based payment model is aligned with the broader organisational architecture.

Now

Outcomes-based payment is introduced but is a poor fit with the old OA.

Future

OA is modified to fit with new payment system.
Using the Organisational Architecture Framework
Why the framework matters for you

Any hidden problems in your organisational architecture will start showing themselves in the transition to outcomes-based contracting.

Organisational architecture is not well harmonised → Significant change with transition to OBCs makes disharmony worse → Things start unravelling.
Understanding the key success factors, risks and benefits

Benefits

Outcomes-based contracting can result in¹:

- Cost savings
- Service provider innovation
- Harmony between service provider interests and customer interests
- Greater efficiency in service delivery
- Better social outcomes

McKinsey predicts outcomes-based contracting could save the U.S. Healthcare system $1 trillion over the next 10 years²

1. North, J. 2014. “Outcome-based contracting is on the up”.
Understanding the key success factors, risks and benefits

Factors for success

<table>
<thead>
<tr>
<th><strong>Contract design</strong></th>
<th><strong>Service delivery</strong></th>
<th><strong>Contract redesign</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The outcomes can be properly measured.</td>
<td>Organisational architecture is well designed.</td>
<td>Service provider has strong relationship with customer</td>
</tr>
<tr>
<td>There is sufficient data to inform KPI design.</td>
<td>The service delivery model has been tailored to reflect volumes and inputs.</td>
<td>Service provider has sufficient data to be able to persuasively argue for modifications to contract</td>
</tr>
<tr>
<td>There are processes specified for pricing model renegotiation.</td>
<td>Local leaders champion change and feel accountable for results</td>
<td></td>
</tr>
<tr>
<td>The terms of the contract provide flexibility and encourage innovation.</td>
<td>Employees are driven to perform</td>
<td></td>
</tr>
</tbody>
</table>
Understanding the key success factors, risks and benefits

<table>
<thead>
<tr>
<th>Challenge/risk</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant cultural change is needed in the transition to outcomes-based contracting</td>
<td>An organisation’s leaders need to plan change and carry it out strategically; people at the coalface should be brought into conversations so their perspectives are heard; change should be implemented incrementally so that leaders don’t bite off more than they can chew</td>
</tr>
<tr>
<td>The contract may create perverse incentives (e.g. an incentive to “park” difficult cases)</td>
<td>Service providers need to have strong relationships with commissioners so that they can pass on information about issues in the payment model</td>
</tr>
<tr>
<td>Uncertainty around new business arrangements and may undermine rather than promote innovation</td>
<td>Service providers need to identify people responsible for driving innovation and finding more effective ways of doing business</td>
</tr>
<tr>
<td>Service providers may over-focus on monitoring and create cumbersome administrative costs for themselves</td>
<td>Service providers need to think critically about how much monitoring they need to engage in (and how they can do it efficiently)</td>
</tr>
</tbody>
</table>
The Service Delivery Model

Fit for purpose based on volume + partnering

The model below is strictly an example. It intends to outline the features that are valuable to consider when developing a service delivery model and illustrates one way to represent this diagrammatically. The ‘right to left’ format, service levels, service interfaces and delivery channels do not intend to be exhaustive and will vary in relevance for each client. Additionally, titles and descriptions may vary based on preferences.
Volumes and inputs
How and why they matter

How many clients you have and how much work is required for each of them will inform how you design your service delivery model.
The Financial Model

The reality of what the SDM can provide

The financial model is about ensuring that the business is sustainable in the short, medium and long-term.

**Profitability:**
Indicator of business performance which is determined by Revenue (e.g. from sales of service or products) minus Costs (including fixed - e.g. salaries, rent, utilities - and variable - e.g. supply costs based on volume)

**Investments:**
Investment into organisation enablers (e.g. capital, business systems) to ensure continued productivity and financial viability over the long term.

**Finances:**
An organisation’s cash flows, balance sheet and financial returns.
Performance measurement, monitoring + reporting  
Mechanisms and processes

<table>
<thead>
<tr>
<th>Why?</th>
<th>How?</th>
</tr>
</thead>
<tbody>
<tr>
<td>How much money your business is paid depends on the outcomes you achieve. So:</td>
<td>• Clear use of KPIs informed by sufficient data</td>
</tr>
<tr>
<td>• You need to be able to accurately measure how your business is tracking</td>
<td>• Systems for employees to monitor and formally report on their time usage (e.g. this case took four and a half hours)</td>
</tr>
<tr>
<td>• You need to be able to identify “pain points” within your service delivery</td>
<td>• A process to aggregate and store that information</td>
</tr>
<tr>
<td>• You need to be able to target resources to address those pain points</td>
<td>• The ability to analyse that information and identify “pain points”</td>
</tr>
<tr>
<td>• You need to have the information that will empower you during pricing model renegotiations</td>
<td>• Knowledge of any contractually specified reporting obligations</td>
</tr>
</tbody>
</table>
**Activity 2: What is available for the customer?**

<table>
<thead>
<tr>
<th>What is currently available for the customer (an unemployed person) from the following segments?</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Self help and purchase – What services could you access to help yourself? What could you purchase?</td>
</tr>
<tr>
<td>b) Government (Feds, state + Local) – what assistance would they provide</td>
</tr>
<tr>
<td>c) Education/Training – what assistance would they provide</td>
</tr>
<tr>
<td>d) Employers – what assistance would they provide?</td>
</tr>
</tbody>
</table>

**Instructions**
- Discuss your ideas as a table from the perspective of your assigned segments
- From this discussion, write down ideas on flipcharts
- Report outputs back to the whole group
Creating a performance-based team culture

Optimising productivity, cost efficiency and innovation

- Express expectations clearly
- Use KPIs
- Reward people based on their performance

Managing performance effectively

- Teach leaders to explain strategy to employees, build trust, explain the organisation’s goals and listen to their concerns

Developing your leadership capability

- Make employees feel cared about so they apply discretionary effort
- Equip them with the skills that enable them to deliver

Investing in your employees

- Express expectations clearly
- Use KPIs
- Reward people based on their performance

Creating a performance-based culture

- Express expectations clearly
- Use KPIs
- Reward people based on their performance

Empowering all stakeholders

- Express expectations clearly
- Use KPIs
- Reward people based on their performance

Tackling change wisely

- Express expectations clearly
- Use KPIs
- Reward people based on their performance

Creating a “passion for renewal”

- Express expectations clearly
- Use KPIs
- Reward people based on their performance

Don’t change everything at once!
- Build the foundations of strong culture first

http://www.forbes.com/sites/chriscancialosi/2015/06/15/how-exceptional-companies-create-high-performance-cultures/2
Outcomes-based payment models
Making them work for you

- Organisational architecture
- Service delivery model
- Localised leadership
- Employees on the ground
## Moving towards outcome-based contracts in jobactive

### Purpose
- Consider your purpose as achieving meaningful social impact, with a focus on the achievement of more, sustainable jobs
- Develop a clear set of values which can be used in the recruitment process of staff

### Culture
- Developing a performance based culture with clear expectations and incentives
- Encouraging employees to create better ways of doing business, with a focus on outcomes
- Ensure employees care about outcomes and apply discretionary effort to achieve them

### Human resources
- Align recruitment process with mission and values
- Recruit and develop exceptional outcome-focused case managers, and empower these case managers with clear, simple targets
- Caseload management undertaken strategic

### Leadership
- Understand the contract to determine the ratio of outcome versus service payments
- A financial model that comprises or includes rewards and risks
- Not focused on minimising employee costs – focus on outcomes and value

### Financial model
- Service delivery needs to be consumer-directed, with open two-way information
- There cannot be one homogenous service delivery method for jobseekers. Individualised and tailored service delivery is needed
- Optimise the service delivery based on target segments of job seekers
- Ensure there are a clear set of data points to monitor outcomes and pain points

### Service delivery
- Build strong foundations before tacking change wisely
- Access operational knowledge to empower staff and incorporate ideas from the ‘coalface’ on moving towards an outcome-based focus

<table>
<thead>
<tr>
<th>Culture</th>
<th>Human resources</th>
<th>Leadership</th>
<th>Financial model</th>
<th>Service delivery</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Align recruitment process with mission and values</td>
<td>• Build strong foundations before tacking change wisely</td>
<td>• Understand the contract to determine the ratio of outcome versus service payments</td>
<td>• Service delivery needs to be consumer-directed, with open two-way information</td>
<td>• Consider your purpose as achieving meaningful social impact, with a focus on the achievement of more, sustainable jobs</td>
<td>• Developing a clear set of values which can be used in the recruitment process of staff</td>
</tr>
</tbody>
</table>
### Moving towards outcome-based contracts in the Disability Employment System

<table>
<thead>
<tr>
<th>Culture</th>
<th>Human resources</th>
<th>Leadership</th>
<th>Financial model</th>
<th>Service delivery</th>
<th>Purpose</th>
</tr>
</thead>
</table>
| • Developing a performance based culture with clear expectations and incentives  
• Encouraging employees to create better ways of doing business, with a focus on outcomes  
• Ensure employees care about outcomes and apply discretionary effort to achieve them | • Align recruitment process with mission and values  
• Recruit and develop exceptional outcome-focused case managers, and empower these case managers with clear, simple targets | • Understand the contract to determine the ratio of outcome versus service payments  
• A financial model that comprises or includes rewards and risks  
• Not focused on minimising employee costs – focus on outcomes and value | • There cannot be one homogenous service delivery method for jobseekers. Individualised and tailored service delivery is needed  
• Consideration of specialisation in particular disability services  
• Ensure there are a clear set of data points to monitor outcomes and pain points | • Consider your purpose as achieving meaningful social impact, with a focus on the achievement of more, sustainable jobs  
• Develop a clear set of values which can be used in the recruitment process of staff |
Moving towards outcome-based contracts in VET Fee Help

**Culture**
- The future culture will need to be one of student-focused delivery, meeting industry requirements in a financially sustainable way

**Human resources**
- Attention to high quality human resources will assist in fostering an environment and maximising student outcomes
- Creation of a more supportive education environment to increase student attainment and completion

**Leadership**
- Management will be required to navigate a more heavily regulated environment with stricter conditions on accessing government funding

**Financial model**
- New criteria for providers to access VET student loans will require astute management of financial resources and a sustainable financial model

**Service delivery**
- New criteria for accessing funding will require a strong service delivery model that is outcome and customer-focused
- Student attainment and completion will need to be a core function of the providers service

**Purpose**
- Shift towards developing a high quality and outcome-focused training capability
- Greater compliance and regulatory measures will require services to be consistently high-performing
Activity 3: What will be available in 5 years’ time?

<table>
<thead>
<tr>
<th>Time capsule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imagine you are transported 5 years into the future. Consider what would now be available for the customer</td>
</tr>
</tbody>
</table>

**Instructions**
- Discuss your ideas as a table using the alternative segments from Activity 2
- Write down your table’s top ideas on flipcharts
- Report outputs back to the whole group (the top 5 opportunities will be captured for a later activity)
New business strategies and models are required
‘New’ organisations challenge incumbents and regulators

Source: David Bartlett
‘Customers’ expect innovation as a basic need

Over time delightful innovation becomes another basic need

Source: Professor Noriaki Kano (1984)
What then is the new business strategy and model required?

1. Organisations require digital enablement to embrace their ‘active’ customer

2. We must reimagine how we design organisations

3. New methods are required to match how organisations must now approach their ‘market’.
Organisations require digital enablement to embrace their ‘active’ customer

The new organisation has an ‘active customer’ view
The ‘new’ organisations is emerging rapidly.....
....and what is required differs for every organisation.

<table>
<thead>
<tr>
<th>Complexity of Service</th>
<th>Level of Personalisation Required</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Simple</strong></td>
<td><strong>Low</strong></td>
<td>e.g. Buy a train ticket</td>
</tr>
<tr>
<td></td>
<td></td>
<td>e.g. Assess a personal tax return</td>
</tr>
<tr>
<td></td>
<td></td>
<td>e.g. Find and fix broken street lights</td>
</tr>
<tr>
<td><strong>Complex</strong></td>
<td><strong>High</strong></td>
<td>e.g. Process a passport renewal application</td>
</tr>
<tr>
<td></td>
<td></td>
<td>e.g. Occupational therapy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>e.g. Assess a travel document at the border</td>
</tr>
<tr>
<td></td>
<td></td>
<td>e.g. Take a child into care</td>
</tr>
</tbody>
</table>

A standard, repeatable process without variation

Service varies on a case-by-case basis and requires skilled human decision making

Key elements of the service (incl. data and interactions) are specific to the individual

The service is tailored to a segment

The service is generic
We must reimagine how we design organisations
This is how the historical incumbent thought about design

Source: David Bartlett (2015)
This is how the innovator thinks about design

- Products are services.
- Services are marketplaces.
- Marketplaces build the product.

Source: David Bartlett (2015)
Today’s organisations develop by coalescing collaborative enablers

The modern KANO effect

Digital
- Mobile
- Cloud
- Wearables
- Analytics

Business model
- Platforms
- Freemiums
- Sourcing

Change agent
- you, me...
- ...and everyone in between

Value exchange
- Two-sided markets
- Incentives
- Crowd funding
- Pay for success

Innovate or fade...

Source: Inspired by Bill Eggers (Building the Solution Economy 2014)
Source: DSA03 Accelerating digital government in NSW
Source: MCM06 Business Case for a new youth refuge in the Melbourne CBD
Applications of digital technologies for learning & development

**Engage and involve**

**Inform and learn**

**Develop**

**Increasing investment and participant immersion**

**What?**

- **Digital engagement**
  - Web-based forums, discussion boards and communities
- **Digital libraries**
  - eBooks, articles and documents
  - Multimedia artefacts
- **On-demand eCourses**
  - Interactive media content
  - Can incorporate tests or exams
- **Digital learning programmes**
  - Learning programmes / curricula incorporating multiple artefacts

**When?**

- **Cohort building around development programmes**
- **SME communities of practice**
- **Involvement in “hot” topics**
- **Organic (self-managed communities) or moderated**

**How?**

- **Senior sponsorship is often required to create “critical mass”**
- **Policy adherence and alignment**
- **Valuable contributions vs “spam”**
- **Organic or managed around capabilities or priority topics**
- **Self-directed, mandatory or suggested content consumption**
- **Search capabilities, taxonomies and information structure are crucial**
- **“Off the shelf” or bespoke content development**
- **On-demand content consumption**
- **Self-directed take-up can be low**
- **Bespoke content can be costly to develop and requires specialist skills – scale is important**
- **Self-paced or facilitated learning packages**
- **Can supplement, support or incorporate traditional training**
- **High quality products can be powerful but are costly – scale is important**

**Considerations**

- **Policy adherence and alignment**
- **Valuable contributions vs “spam”**
- **Search capabilities, taxonomies and information structure are crucial**
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**Report on attendance and take-up**

**Track capability development**

**Map to organisational priorities**

**Digital integration with capability development**

**Blended learning solutions**

- **On-demand content consumption**

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**On-demand eCourses**

**Inform and learn**

**Increasing investment and participant immersion**

**Digital engagement**

**Engage and involve**

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How do I find the right person for the role?

Employer

Plan

Attract

Select

Onboard

Pre-assessment and virtual walk through of role suitability

Suitable candidates receive notification based on analysis of online profiles and pre-assessments/referrals

Virtual reality tool immerses prospective applicants in work environment (e.g., down a mine)

Employer receives notification of need for additional employee based on staff utilisation analytics

Big data tool develops a candidate profile based on equivalent roles and organisation needs

Prospective applicants view employer’s request

Job ad placed online in various communities (LinkedIn, Facebook, job search sites etc.)

Employer receives prediction of job ad effectiveness based on proposed content and placement

What is the job really like? Training to meet any specific role requirements

Employer receives analysis of job ad views/demographics and options for improvement

Application completed online (incl. mobile capability)

Automatic background/reference checks completed

Candidate interviewed via video interview

Candidate completes online skills and psychometric testing

Employer receives shortlisted candidates based on specified criteria

Pre-employment induction, OHS training and other training

Job commencement

Employee completes online surveys during onboarding to ensure success

HR tracks performance via online feedback and output tracking

Pre-employment induction, OHS training and other training

Job commencement

Employee completes online surveys during onboarding to ensure success

HR tracks performance via online feedback and output tracking
New methods are required to match how business must now approach their market.
Activity 4: What changes should we start making now?

What changes should we start making now?

**Instructions**

- 5 stations have been created using the top 5 ideas identified in Activity 3
- Choose your preferred station and discuss:
  - What is the opportunity?
  - What would need to be done?
  - By whom? Providers, Government, Edu/Training/Employers
- After 15 minutes, debrief your stations’ discussion back to the wider group