

DEVELOPING THE COMPETENCIES OF THE CLIENT ORGANISATION

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ABSTRACT

The final step in separating the road sector client and contractor operations in Finland in 2001 challenged the Finnish Road Administration (Finnra) to re-evaluate its mission and reorganize its operations accordingly. Today, Finnra's mission is defined as follows: to provide road and traffic services that meet the needs of road users and businesses. In order to carry out its mission, Finnra needs personnel that are adequate in terms of both competency and number. Consequently, Finnra has launched an extensive development initiative to create a revised personnel strategy and development programme to meet the challenges of the new operating environment.

1. BACKGROUND

The universal need to develop the road sector markets as part of the transport system has accelerated the reform process by the road authorities and corresponding client organisations. The client organisations are concentrating on improving their role as active developers of the transport system and as experts in identifying transport demands, managing traffic and developing the markets. In many countries, road authorities have played an important role in planning, constructing and maintaining traffic routes. Now most of these activities have been taken over by the contracting and consulting businesses in the sector.

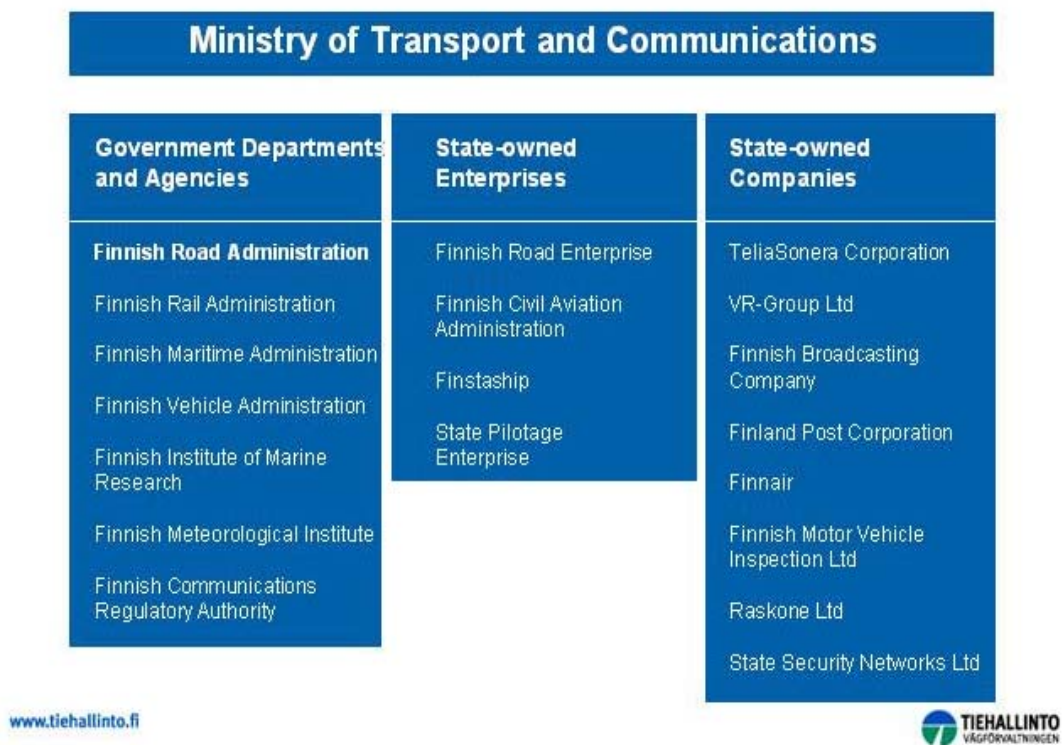
The activities that the private sector has taken over from the authorities have been replaced by important administrative activities, which require new competencies and know-how. However, for an employee coming from service production, changing his/her work orientation to correspond with the role of a client may present a challenge even greater than renewing his/her professional competence. The fact that the mean age of the personnel is relatively high in many client organizations makes the challenge even greater.

The need for specific technical competency in service production is being replaced by the ability to understand the needs of different groups of road users and to integrate different modes of transport. It is important to see that the task or solution may not be to build new traffic arteries. There is seldom enough money, and it is not otherwise feasible either. Consequently, it is equally important to understand the need for mobility and to be able to influence it, and to attend to traffic requirements through management and by better use of the existing network. The first course of action should be to take care of the necessary maintenance and rehabilitation works and only as a last resort to carry out massive investment projects.

2. DEVELOPMENT IN FINLAND

The Finnish Road Administration has undergone the above-described reform process. At the beginning of the 1990s Finnra still did most of the road maintenance as its own work; it had a strong planning branch and it even carried out some construction projects. However, it was understood that production - in other words, implementation of physical work - should be the responsibility of the private sector. It was also believed that the market would find its own price level when allowed to do so.

In the late 1980s and early 1990s several government departments and agencies were transformed into State-owned enterprises or State-owned companies. The organization chart of the Ministry of Transport and Communications (picture 1) shows the current situation with departments and agencies, and State-owned enterprises - e.g. the Finnish Road Enterprise - and companies - e.g. VR-Group Ltd (rail operations).



Picture 1. The administrative sector under the Ministry of Transport and Communications

At the beginning of 1998 Finnra separated the roles of the client and producer by internally division into administrative and producer organizations. The stakeholder community, however, continued to regard Finnra as a government agency operating as a client and producer of road sector services. It was not until 2001 that the separation became real, when the two organizations moved apart and were officially renamed the Finnish Road Administration and the Finnish Road Enterprise.

2.1. Finnish Road Administration

The Finnish Road Administration started to operate in its current set-up in 2001. The selected organisation structure combines profit centres and process performance. The nine road regions act as regional profit centres, expert services and traffic management

centres, and are responsible for financial and operational results and provide a home base for the personnel. The processes are responsible for operational uniformity and development. The core processes are planning, procurement, client services and management, and the support processes include stakeholder relationships, finance, human resources and information management



Organization



Picture 2: Finnra organisation chart

Finnra employs a staff of 954, of whom 44% are women and 54% men. The educational level of the staff is good: university graduates constitute 29% of the staff and 54% have a secondary technical education. As mentioned earlier, aging, in general, is an issue in the Finnish Civil Service with a mean age of 44.5 years. It is especially true at Finnra, where the mean age of the staff is 50.2 years and 73% of the staff are over 45 years of age. One of the factors contributing to the aging of the staff was the ban on recruiting during the restructuring period, when a number of employees were made redundant.

2.2. New operations model, new vision, new strategies

It was necessary for Finnra to clarify the direction and focus of the organisation through a renewed vision, which was finalised in the autumn of 2001.

The Vision 2007: An expert authority leading the way



- **The needs of society are the starting point for our activities.**
- **We engage in cooperation to benefit the transport system.**
- **As an expert agency, we are responsible for road management.**
- **We provide a challenging work environment.**

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Picture 3. The renewed vision of Finnra

The vision has a strong client-centred approach. Instead of concentrating merely on road management, the vision focuses on the entire traffic system. It especially emphasises the importance of Finnra's competence in the tasks designated to it and that Finnra should be a reliable and sought-after employer. It is vitally important for Finnra to be considered an attractive employer because of the labour shortage already visible at the turn of the millennium, especially in the transport and infrastructure construction sectors.

The strategies for core and support processes were redesigned to carry out the renewed vision. The personnel strategies play an important part in this work and it became very clear that it would be worthwhile, and even necessary, to revise them and devote resources to their implementation.

The new personnel strategy was accepted in 2003. Its main goal was to ensure that Finnra has adequate human resources, both in terms of competency and number, in the future. It was also agreed that Finnra would continue to share the responsibility for developing road sector expertise, especially as it had given up a great number of operational activities to the private sector in a relatively short period of time. Another reason for continuing to share the responsibility for development was that Finnra had also previously played a central role in supervising and funding research and development in the road sector. An extra challenge for the reform process was the high mean age of the personnel, as mentioned earlier.

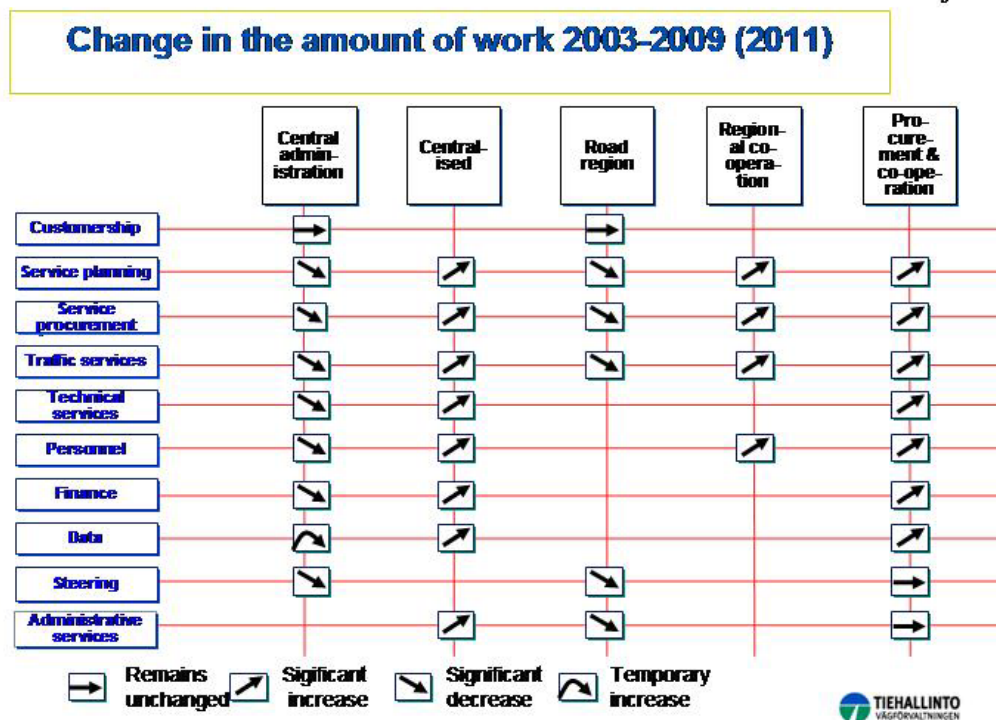
The personnel strategy was updated in 2006. The updated version concentrates on core competence, management and co-operation. The objective is that Finnra has the optimal number and structure of personnel necessary for securing in-house core competence. Therefore, the operations need to be centred on core competencies and the development of the personnel structure, and expertise is based on these core competencies. Close co-operation with the most important partners is sought in the development of the human

assets and in increasing the appeal of the entire infrastructure sector as an attractive field of employment.

In order to make management and co-operation supportive and based on trust, it is important to share a common understanding of the direction and focus of the operations. It is equally important to ensure that profitability and well-being are in harmonious balance, and that the experts have the necessary competence and do their work responsibly. The special features of the age structure need to be taken into consideration, and retention and motivation of personnel require investments. Operational models, and work in general, are developed in a participatory and work-oriented manner, and employees are rewarded for results, learning and support of others.

2.3. Personnel Plan 2007

The first phase in rewriting the personnel strategy was to extend the Finnra Personnel Plan up to 2007. It was based on the assumed changes in operations and the importance of different functions in carrying out these changes. The next task was to estimate the necessary numbers of personnel per function for the next five years. The Personnel Plan has been in use for five years now and it has been updated annually. The greatest benefit from the process of making the personnel plan was that it clearly defined the most important processes, whose operations must be preserved in-house and strengthened.

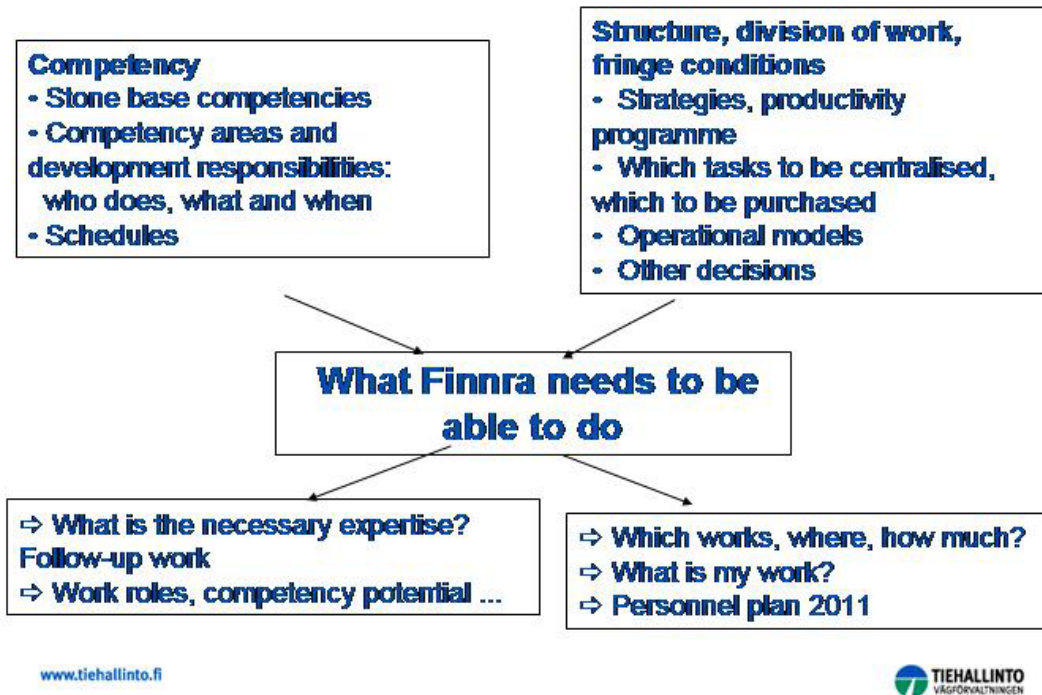


Picture 4. The anticipated changes in the amount of work of the various processes

3. WHAT CONSTITUTES CORE COMPETENCE AT FINNRA?

The revision work on the vision and strategies prompted a need for profound deliberation on what Finnra should concentrate on in its activities. The core competence project's goal was to determine Finnra's strategic competencies.

Elements of Competency Work



Picture 5. The elements of competency work

The work started from the premiss that the competence of an organisation is based on its people, their motivation, knowledge and expertise, as well as operational conditions - in other words, how the operations are organised and how well different systems, co-operation and leadership support profitability. All elements have to be well balanced, otherwise the performance of an organisation is not at its best.

Competency Elements of an Organisation

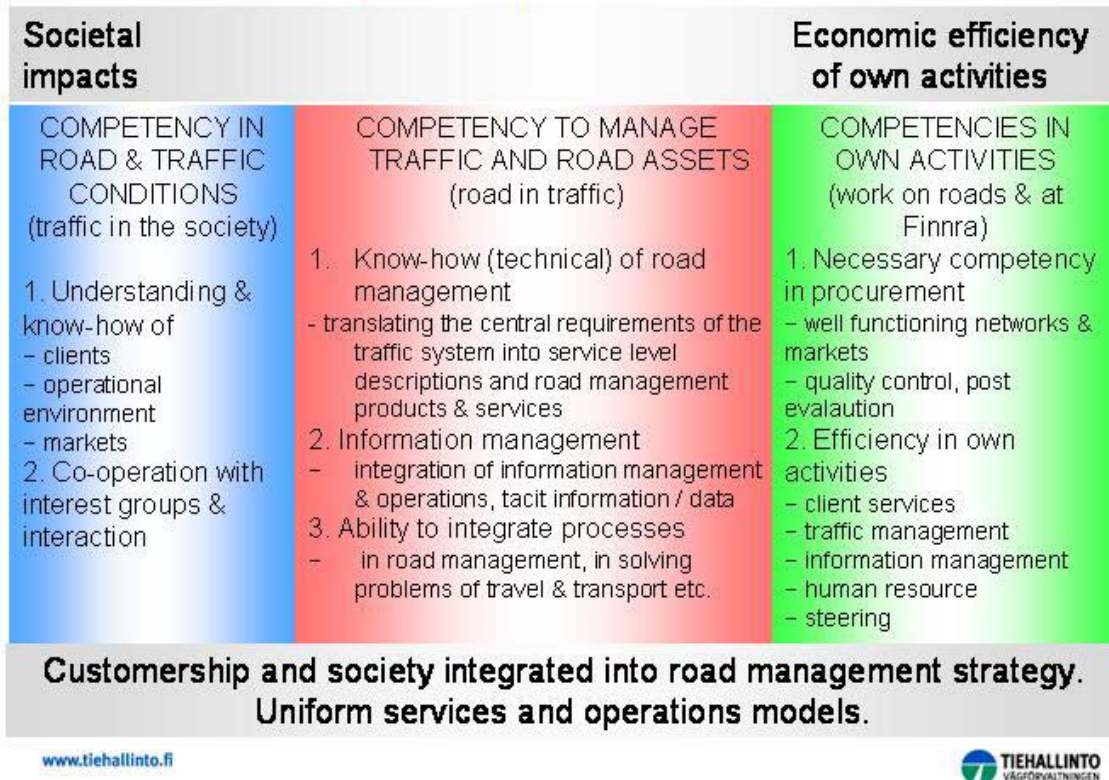


Picture 6. The competency elements of an organisation

3.1. Strategic competencies of Finnra

Finnra's strategic competencies are management of road and traffic conditions, management of traffic and road assets, and management of its own activities. Traffic and road asset management is Finnra's current core area of expertise, its so-called stone base, and equally good expertise is not easily found elsewhere. A client-oriented perspective must be integrated into all activities and it has to be the basis of management.

Strategic Competencies of Finnra



Picture 7. Finnra's strategic competencies

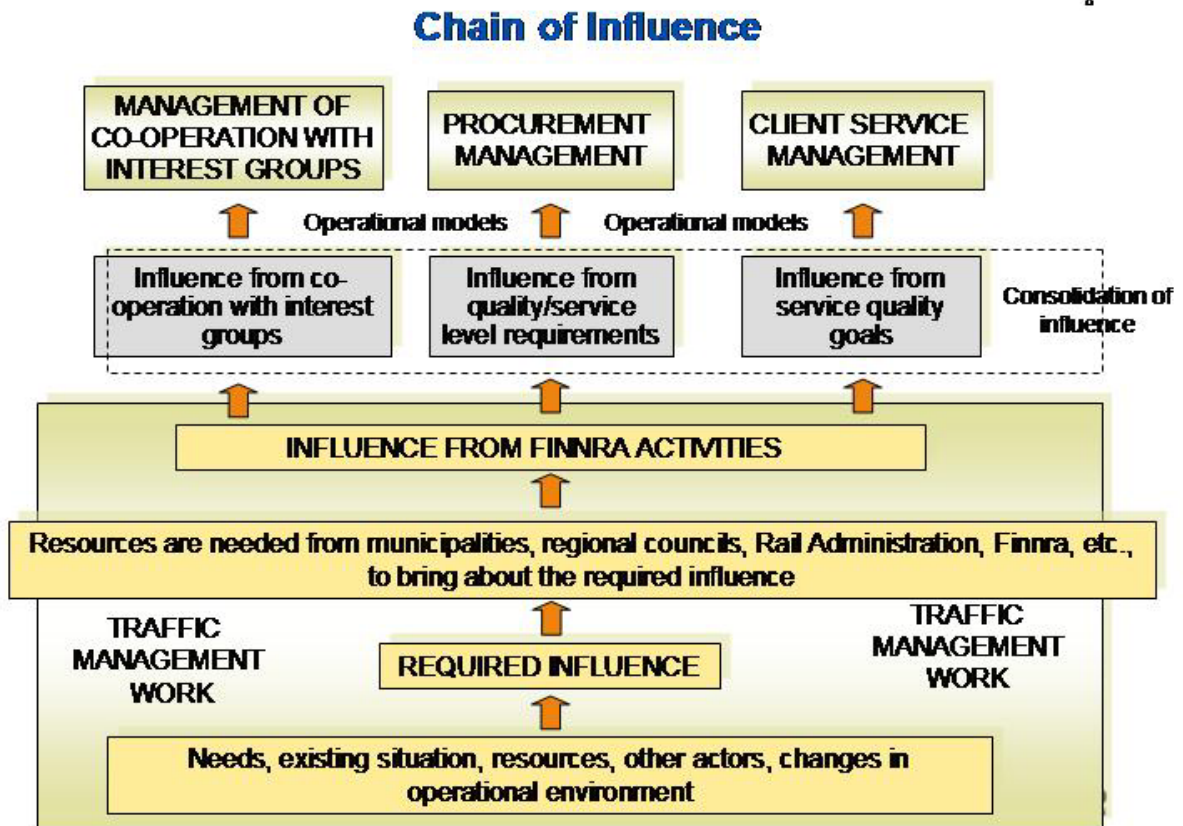
The competencies connected to the management of road and traffic conditions need to be strengthened to improve its effectiveness. The competencies to manage traffic and road assets need to be revived and strengthened. The strong development input in Finnra's own activities must be further redirected to areas that support the development of traffic and road asset management competencies. Consequently, the criteria for developing Finnra's own activities are, on the one hand, to support the two other competency areas and, on the other, to improve the efficiency and profitability of its own activities.

3.2. Impact of Finnra's own activities

When defining the core competencies, the most important impacts of Finnra's activities on its clients, interest groups and service producers were analysed. Finnra needs to be a strong partner in the co-operation with its clients and interest groups, it needs to provide administrative and information services effectively and in a client-oriented manner, and it

needs to have a good command of the procurement processes and be able to influence and, when necessary, direct the development of the markets.

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Picture 8. The chain of influence in Finnra’s activities

3.3. Finnra’s core competency areas

Management of the transport system and road assets is within Finnra’s core competency areas. Finnra is responsible for the functionality of the road traffic as part of the transport system and contributes to making the system as good as possible.

The pillars of the core competency areas in which Finnra has to excel are:

- to understand the needs of various client groups, and to be able to proportion these needs to the service providers’ conditions (economic, ecological, social, etc.),
- to manage the work on regional transport systems,
- comprehensive and fruitful co-operation,
- to define the service level of road traffic, balancing the views of various interest groups,
- to transform the service level and impact goals into project-specific impact goals,
- to create and use procurement methods that are optimal in terms of societal economy,
- to provide high-quality client services.

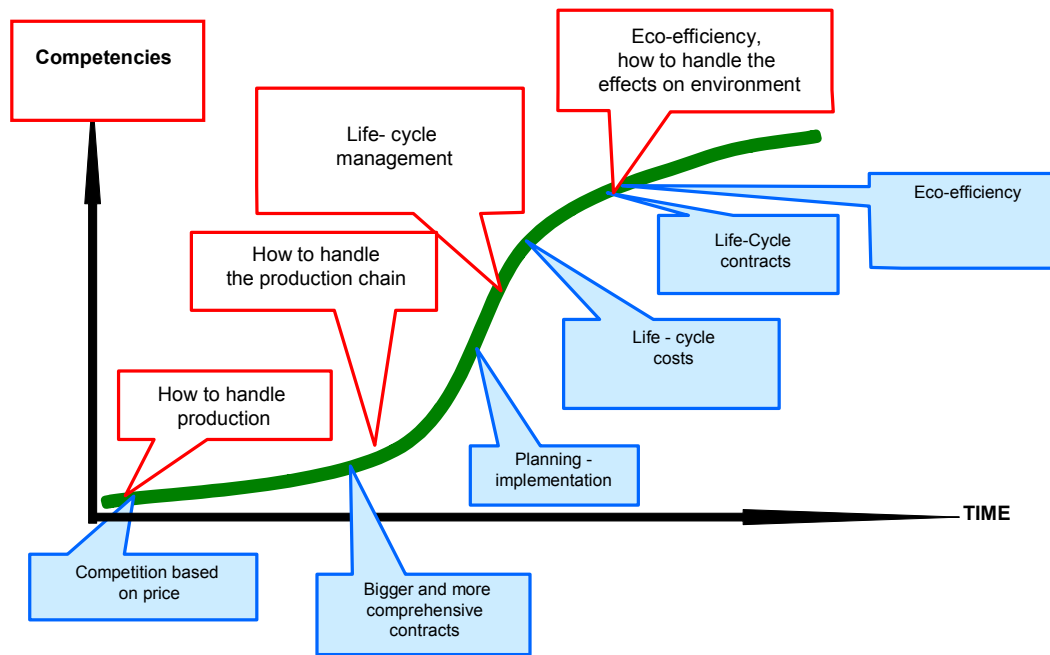
3.4. Areas of competency development and development responsibilities

When defining the competencies to be developed, it is important to consider who will take the responsibility for the development work. The following table (table 1) depicts the three areas of competency, their contents and where the development work is actually carried out. Picture 9 gives an example of an analysis of the new procurement competencies.

Area	Competency contents	Development responsibility
Substantive know-how	<p>Traffic planning Road management procurement Customer service</p> <p>Furthermore, comprehensive overall understanding needs to be strengthened in all processes, such as land use, traffic safety, environmental protection, life-cycle management and eco-efficiency. Consideration of cost efficiency must be integrated into all processes</p>	Processes and units in co-operation with each other
Customership competency	<p>How to integrate customer needs and societal responsibility into all operations</p> <p>Procedural policies in meeting the clients and interest groups Systematic development of the relationship with clients and interest groups Road management services and operational concepts based on customership strategies</p>	Steering, customership, core processes
Competency connected with operational culture	<p>Client-centredness and understanding the markets Innovations Operational methods based on networking Knowledge management</p>	Put into practice through leadership and supervision activities

Table 1. Areas of competency development and development responsibilities

New Competencies on Procurement



Picture 9. Example of the competencies necessary in procurement

The activities must focus on supporting the core competencies; Finnra's stone base needs to be strengthened. The common development themes must be carried out and the division of work between Finnra's profit centres and organizational structures must be developed. Most importantly, each of Finnra's employees must understand what the changes mean for his or her work in practice.

3.5. Competency development programme

An integral part of the competency development of an organisation is to ensure that its personnel has the necessary know-how and skills. Finnra revised its competency development programme in 2003. Its main areas are:

- transport system know-how – the common transport sector programme has been developed under the supervision of the Ministry of Transport and Communications and in co-operation with other transport sector administrations and the infrastructure sector
- procurement
- customership
- project management
- education in technical expertise
- manager training
 - expert programme with other transport sector administrations
 - 360-degree assessment, special qualification programmes for managers
 - supervisor coaching programme in co-operation with the Maritime Administration
- profit centres' and processes' own coaching activities
- active support for voluntary continuing education.

3.6. Expert and supervisor work, well-being

In an expert organisation the task of management and supervision is to create conditions for good performance, no longer to monitor the actual work. Responsibility for the work and its results needs to be delegated to the expert him/herself. The employer's responsibility is to provide clear career alternatives and promotion possibilities. Finnra initiated the definition of career paths in 2006.

Increased importance has been paid to the well-being of the personnel. External and in-house changes, as well as increasing work requirements, have resulted in straining employees' motivation and energy. In 2004 a programme called TyöMaistuu (Work Inspires) was launched. Its goal is to support work's meaningfulness, renewal of competencies, Finnra's attractiveness as an employer, and prevent work-related fatigue among the staff. A novel participatory development system called Change Laboratory was piloted as a component of the programme.

4. DEVELOPMENT OF DIVISION OF WORK AND ORGANISATIONAL STRUCTURE

The third component of the organisational competency is the framework it offers for human work. Organisational development needs to be assessed from the perspective of operational effectiveness and profitability as well as resource allocation.

Based on the goals of operational profitability, the number of Finnra's personnel will be further reduced and by 2011 it will be well under 800 people. Consequently, it will be essential to centralise the core competence skills into specific profit centres. At the time of writing this paper, a decision has been made to centralise parts of the following activities:

- Routine maintenance tendering
- Periodic maintenance tendering
- Large investment project tendering
- Development and support of the traffic system operations
- Finnra's customer services (already on-going)
- Support activities in the road regions concerning personnel, economy, information technology and overall administration

The location of the profit centres to be selected and the schedule for this work will be decided in 2007.

4.1. Co-operation and learning with the other actors in the sector

Finnra, like many other organisations, realises that its own resources are not sufficient to carry out all the necessary work. In today's world, to do so would not even be practical.

In accordance with its strategy, Finnra has been active in initiating and launching two extensive technology research programmes. The first, "Infra Technology Programme 2005" has already been completed <http://www.tekes.fi/infra/> (available also in English), and the second, "Infra 2010 Technology Programme" <http://www.infra2010.fi/>, is on-going.

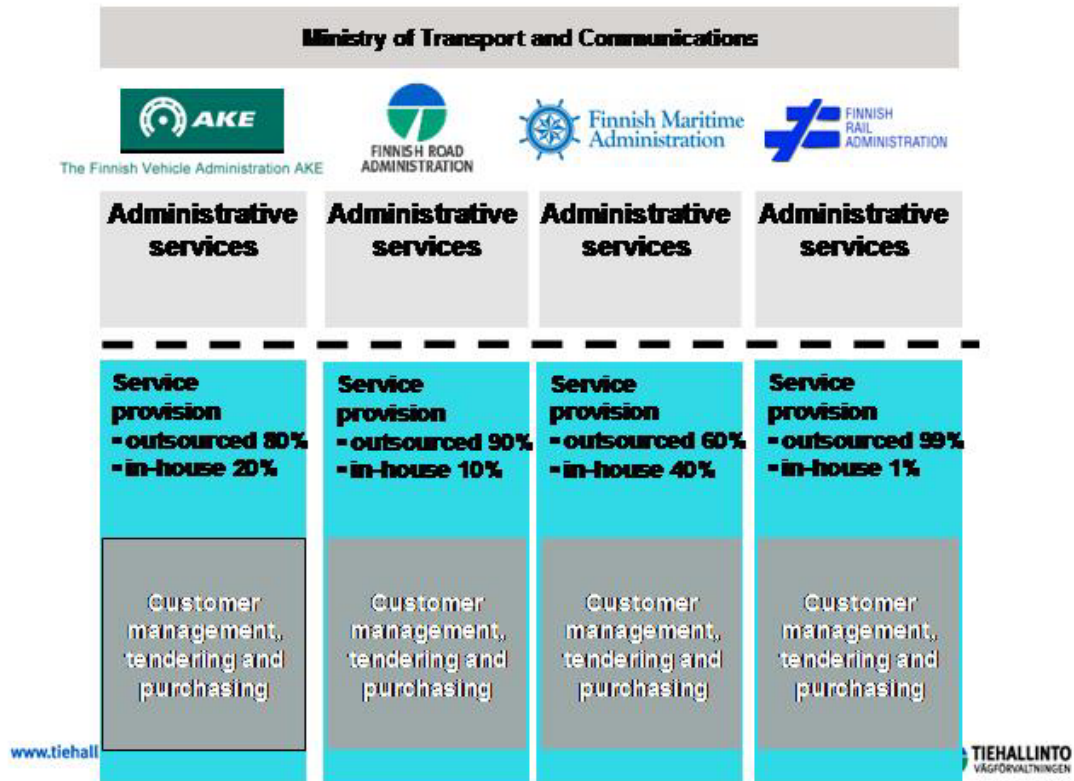
The Infra 2010 Technology Programme has three components:

- Product model, data transmission and machine automation
 - to improve efficiency in planning and implementation of construction projects
 - to improve management of infra projects during their life cycle
- Operational models and project processes
 - to develop contracting methods that motivate innovation and improve profitability
 - to create new service packages
- Competency and innovation initiatives
 - to secure the availability of a competent workforce for the infrastructure construction sector
 - to provide the actors and educational institutions in the sector with new know-how.

The actors in the sector have formed a common Competence Club, which has defined its "business idea" as follows:

"We are a forum for networking and co-operation on Human Resources Development - also in the Nordic and Baltic countries. We promote the utilization of new knowledge and innovations. We explore and make initiatives for HRD actions and programs. Our members come from the industry (consultants, contractors, R&D-institutes) and the public sector, from professional organisations, from basic and further educational institutes and from educational authorities."

The road administration comes under the jurisdiction of the Ministry of Transport and Communications. In recent years, systematic co-operation with the agencies from other administrative branches under the same ministry has been increased. In 2006 the Ministry of Transport and Communications conducted a study to find out whether the Road, Rail and Maritime Administrations could be integrated into one Transport Administration. The initial conclusions were positive and the idea will be further researched. Picture 10 shows the similarities in the duties and competencies of these agencies. It is easy to see the advantages of synergy and improved efficiency.



Picture 10. The Administrations have very similar operations

4.2. Performance indicators

In practice, Finnra’s performance can be assessed on the basis of how its service, co-operation and performance ability are seen from the outside. Finnra has participated in the so-called innovation analysis several times (for further information see <http://www.innovaatiomittaus.fi/EN/>), which provides an assessment of the organisation’s performance in its contracting competence. The results show that Finnra gets slightly better results than other public client organisations in its control group, although the difference is not very big.

Information describing Finnra’s competence in its entire field of operations is indirectly received from measuring road user satisfaction and interest group studies. Based on the results, Finnra is deemed competent in its activities. In the EFQM Quality Award Scheme, Finnra has reached the level of 350 – 400 points.

Since 2002 the competence of supervisors has been assessed by the so-called “360-Degree Feedback”. Based on the results, the supervisors make a personal development plan, which is amended by a joint development plan made in co-operation with the heads of the unit. Nearly all supervisors have been assessed by this system and there has been a follow-up on the development plans after one year. The results have been encouraging and most development plans have been put into effect. In the first assessment round the result level of the Finnra supervisors matched or slightly exceeded that of the extensive control group; in the subsequent assessment rounds the results have mostly improved.

Job satisfaction and teamwork are assessed annually. Job satisfaction has slightly improved from year to year and is currently rated as Good. The staff are satisfied with the challenging and developing jobs offered by Finnra, together with good co-operation, good tools and offices.