

"Productivity through Skills"

Jack Matthews

Employer led Board of independent directors (big hitters!) Backing (commitment, support and funding) of Trade Associations Local employer led fora - ownership

UK-wide representation and dimension

Commercially oriented organisation

All sectors

represented

General

Food

Fresh

Produce

Meat &

Poultry

Seafish

Dairy

Soft

Drinks

Baking and

Milling

Brewing and

Distilling

- *productivity lags*

competitors

USA

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- *Food & Drink sector
leads competitors
USA 21*

EU 27%

Why?

*Lean
Manufacturing Squeeze
on margin*

- *room for
complacency China
& India
New EU
countries*

LABOUR MARKET INTELLIGENCE

27% of UK workforce is not qualified to Level III

20% of companies report recruitment shortages

*25% of companies have staff not
proficient in their role £21 bn spent
on training by industry*

- *FOOD & DRINK*

21% have no formal qualification

Greatest demand is for Level III and IV skills

*200,000 vacancies by year
2010/2012 Shortage of food
scientists and technologists
Growing shortage and gap in
technician grades 47% of
companies invest regularly in
skills*

Lack of investment in Management & Leadership by SMEs

"An increase of 5% investment in the skills of your workforce brings a 4% increase in productivity." 1

"The greatest increase in productivity comes when you invest in the people who lead and manage your people."

"Your people are your most productive assets and investing in them is your most effective source of strategic competitive advantage."2

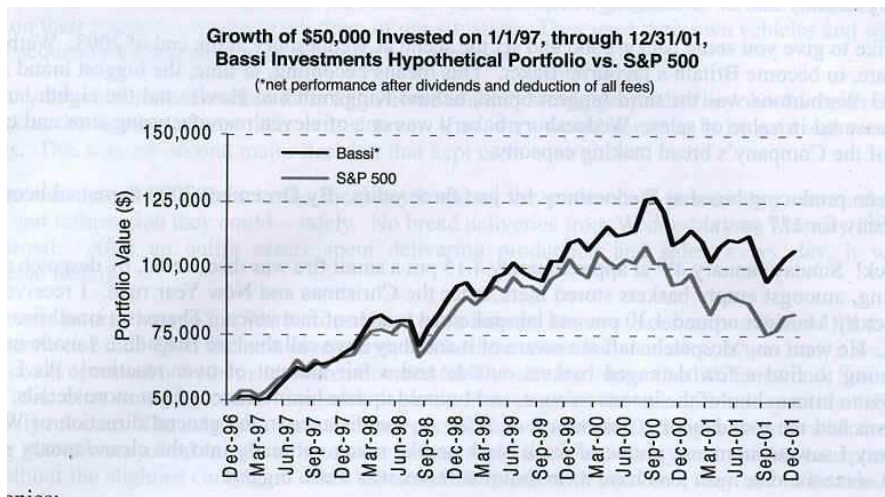
"A company's ability to attract and retain its key employees is, in turn, a fundamental determinant of a number of important outcomes, such as customer satisfaction, sales per employee and market capitalisation."3

1 Labour Market Intelligence - Sector Skills Development Agency 2004
2 Laurie Bassi - McBassi Company Inc, 2005

3 James Heskett, Thomas Jones, Gary Loveman, W Earl Sasser and Leonard Schelesinger. 1994. "Putting the Service-Profit Chain to Work." Harvard Business Review (March-April)

Investment in Skills - Effects on Shareholder Return*

US firms that made the largest investments in employee skills made the largest return (16.3% pa) compared to the average return (10.7%) for the Standard & Poor 500 index.



For Companies:

Creating the virtuous "human capital value chain"

- 1 More productive, effective, innovative employees
- 2 Greater ability to retain high performers
- 3 Higher rates of customer retention
- 4 Greater productivity - increased performance - higher profits

Refocusing Government
 spending on skills Shifting
 supply driven provision to
 demand led Influencing the
 educational agenda

An Open Door:

The Skills White Paper - 22 March 2005

National Employer Training Programme - Level II (and Level III)

14 - 19 White Paper on Education & Skills -
 Vocational Diplomas Framework for
 Achievement (50% employer on job training
 recognised) Controlling our Borders White

Paper: Making Migration Work for Britain
Scottish Credit & Qualifications Curriculum

Fresh Start initiative

Smart & Successful Wales

The Food & Drink Sector - "Skills Academy"

The "Green Card" - the Skills
Passport for the Industry
Employment of Overseas
Nationals
Future-Food Science
(Improve.IFST/Science Council)
Food Chain Skills Group
(HACCP Principles 2006)
Food & Drink Manufacturing
Suite of Apprenticeships
Accessing Management &
Leadership Skills

Labour Market Intelligence

Basic Skills - Employability Framework

Career Information, Planning and Development - attracting people
into the industry

Employer Engagement - National
and Local Strategies Specific
to your needs

Led by employers

Profit by skills

"Competitive advantage is based above all on the skill of our people"
(Gordon Brown, Chancellor of the Exchequer, 2004)