

Service IQ

SMARTER PEOPLE FOR
SMARTER BUSINESSES



STRATEGIC
PLAN
2016–2019



IQ



STRATEGIC PLAN ACCEPTANCE and RELEASE NOTICE

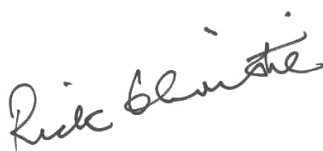
This is Version One (1) of the 2016–2019 ServiceIQ Strategic Plan.

This document is authorised for release by the Chief Executive and Chair of the Board of ServiceIQ.



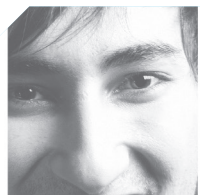
PREPARED:
(for acceptance)

DATE: 5 November 2015
Dean Minchington, Chief Executive Officer



ACCEPTED:
(for release and delivery)

DATE: 5 November 2015
Rick Christie, Chair of the Board



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1. EXECUTIVE SUMMARY

ServiceIQ has, from inception, held an aspirational goal to be connected to its industries in the best possible way and to understand service sector staff development needs through robust research and industry consultation. This focus is crucial to the development and ongoing refinement of a robust Workforce Development Plan. The Service Sector Workforce Development Plan drives the activity focus for ServiceIQ, as does the mandated functions for an Industry Training Organisation, being standards setting and arranging workplace training. By using the Workforce Development Plan as the lens through which strategy setting and operational business planning is developed, ServiceIQ believes the interests of industry and broader Government stakeholders are best considered.

In our third year of operation, 2015, ServiceIQ has in many ways formed a baseline year with the introduction of new systems and processes, qualifications and training programmes, and the refinement of business engagement models developed in 2014. It has also been the year that will see our digital infrastructure completed, providing the basis for near real-time trainee data capture and enhanced visibility to all involved in workplace learning.

Consultation has confirmed industry has a strong need and desire for qualification outcomes and that the service sector is in growth; the tourism sector alone will require 36,000 new staff over the next 10 years. The service sector will retain a broad focus from Levels 2–7 on the NZQ Framework, with significant need noted at foundation Levels 2 & 3 with nearly 55 per cent of all job roles in the service sector having appropriate qualifications at Level 3 or below. Management and leadership training at Levels 4 & 5 are seen as high priorities for productivity gain also and have been listed as one of the six Workforce Development Plan priority areas.

A need for short, non-qualification based, training packages has been established and may be of particular use to the 88 per cent of service sector businesses employing less than 10 staff. ServiceIQ will make products available using appropriate supply channels as defined by the training required. These supply channels will include ITPs, PTEs, private trainers and Industry Associations, with ServiceIQ maintaining a quality oversight for industry.

The transition from School to Work is also one of six Workforce Development Plan priority areas and one where ServiceIQ has a strong presence; ServiceIQ will continue to grow support for schools, with Gateway programmes and hybrid solutions allowing students to transition into work within the service sector as seamlessly as possible.

Māori and Pasifika trainee participation and achievement will remain a priority and will be further supported through the provision of dedicated advisory roles.

ServiceIQ will grow ancillary revenue to strengthen the organisation's sustainability while enabling additional reach into areas of the Service Sector; both domestically and internationally.

ServiceIQ's stated strategic goals are:

1. Conduct robust Workforce Development planning through comprehensive consultation to define training demand levels, labour force supply pipeline trends and advise on optimum modality for training to be delivered.
2. Engage Industry in workplace training using a method aligned to the size and nature of the business.
3. Set employer and employee-focussed standards aligned to current and evolving industry need.
4. Be innovative in the facilitation of training, keeping up with industry, educational, technological and political trends, remaining cognisant to the needs of the ethnic communities within the service sector.
5. Aspire to be an employer of choice through the provision of an engaging workplace and a culture of professional development.
6. Maintain a sustainable business model and grow ancillary revenue to ensure longevity for the organisation, its staff and the industries we serve.

2. INTRODUCTION/BACKGROUND

2.1 Background

There are many overlaps within the aviation, hospitality, museum, retail, retail supply chain, tourism, and travel industries, and the collective industries provide a wide range of services to both international and domestic visitors and customers, and enhance their experience.

It made sense that the industry training organisations for these important industries should come together. Combining the Aviation Tourism Travel Training Organisation (ATTTO), Hospitality Standards Institute (HSI) and Retail Institute at the beginning of 2013 led to the creation of ServiceIQ.

The sectors that ServiceIQ support contribute significantly to the wealth and wellbeing of all who live in New Zealand. Service businesses and organisations are about personal interactions. Continued success and growth for the service sector relies heavily on the people working in those industries having the right skills and knowledge.

By helping produce a workforce with nationally recognised qualifications who contribute to greater productivity and profitability for the service industry, ServiceIQ will help increase our sectors' contribution to the national economy.

Through the first two years post-merger, much of the activity has been in positioning the ITO to align with the needs of Industry through the development and evolution of a Workforce Development Plan.

During the same period and continuing into 2015, the digital infrastructure and business models have been redefined to enable better engagement with employers and trainees while improving organisational agility and efficiency.

From 2013 to 2015, the controls, environment, management and governance processes have matured, with tools developed to track progression against key organisational goals.

2015 will be the year ServiceIQ completes the roll out of its range of Industry Training Programmes using post TROQ qualifications.

In many ways 2015 will be seen as a “baseline” year to compare future growth and performance to. As such it has been appropriate to update the 2014–19 Strategic Plan, which now reflects the period 2016–19.

2.2 Vision, Mission & Values

Our Mission

We believe industry training is essential to improving productivity and profitability in the service industry by producing performance improvements contributing to a stronger New Zealand economy.

We will act with conviction, supporting our employer, learner and Government stakeholders by:

- ▶ setting relevant standards, and the quality assurance of those standards
- ▶ facilitating the training needs of the service industry
- ▶ advocating on behalf of the industry for workforce development and
- ▶ providing national perspective, leadership and policy setting across the service industry sector.

Our Vision

Our vision is for a world class service industry through qualified people.

Our Values

SMART MINDS: ServiceIQ Intelligence

- ▶ We understand our sectors
- ▶ Are committed to continuous improvement
- ▶ We take the lead
- ▶ We nurture innovative ideas
- ▶ We are responsive and open

SMART TEAM: ServiceIQ Culture

- ▶ We work together
- ▶ We communicate with integrity
- ▶ We take responsibility
- ▶ We show respect for skills and individuality
- ▶ We are encouraged and willing to do our best

SMART LEARNING: ServiceIQ Offer

- ▶ We focus on our customers
- ▶ We aim for high learner achievement
- ▶ We offer leading-edge training programmes
- ▶ We promote skill development
- ▶ We give the best possible learning experience

2.3 Organisational Objective Statement

ServiceIQ will enable its industries to realise productivity improvements brought about by training.

We will strive to be an organisation that aligns itself through a robust consultative process to its industries current and future needs, is nimble and quick to respond to those needs and works to ensure that Industry goals and Government stakeholder priorities are best aligned.

Our people will take forward training solutions to meet industry needs in a manner that aligns to the size and structure of the business in which training will be undertaken. We will ensure proper business tools and infrastructure exists and will invest in resources to support our people, our employers and trainees in the pursuit of further education.

We will invest in our staff development so that ServiceIQ staff stays at the forefront of vocational education.

ServiceIQ will seek innovative ways to evolve and serve emerging markets.

3. THE STRATEGIC PLAN

3.1 Purpose of the Strategic Plan

Why is the Strategic Plan being produced? To:

- ▶ describe the market and best use of resources;
- ▶ define the business need and process for annual business plan development;
- ▶ identify a strategy (or strategies) with knowledge of associated benefits;
- ▶ seek approval to proceed with the proposed plan to meet stated Organisational Goals; and
- ▶ act as an historical reference to measure progress against.

3.2 Sponsor

CEO – ServiceIQ

3.3 Intended Audience

- ▶ ServiceIQ Board
- ▶ ServiceIQ Staff
- ▶ Industry Advisory Groups
- ▶ Key stakeholders

4. MARKET ANALYSIS

4.1 Current Market

Market Demographics

The Service Industry is one of the most significant industries in the New Zealand economy. Industries covered by the service sector contributed the following to the New Zealand economy:

- ▶ There are almost 523,000 Full-Time Equivalent (FTEs) or 26.3 per cent of the total New Zealand FTE workforce employed by the service sectors. These FTEs equate to 610,048 filled jobs.
- ▶ 55,188 businesses (that employ at least one staff member) operate in this sector, or 20 per cent of the New Zealand total.
- ▶ In 2014, New Zealand total GDP was \$209 billion (in 2010 prices). Of this, the service sectors contributed \$39.7 billion towards GDP or 19 per cent of the national total.

TABLE 1: FTE STAFF EMPLOYED IN THE SERVICE SECTORS BY SECTOR, WITH GDP PER FTE IN 2010 PRICES

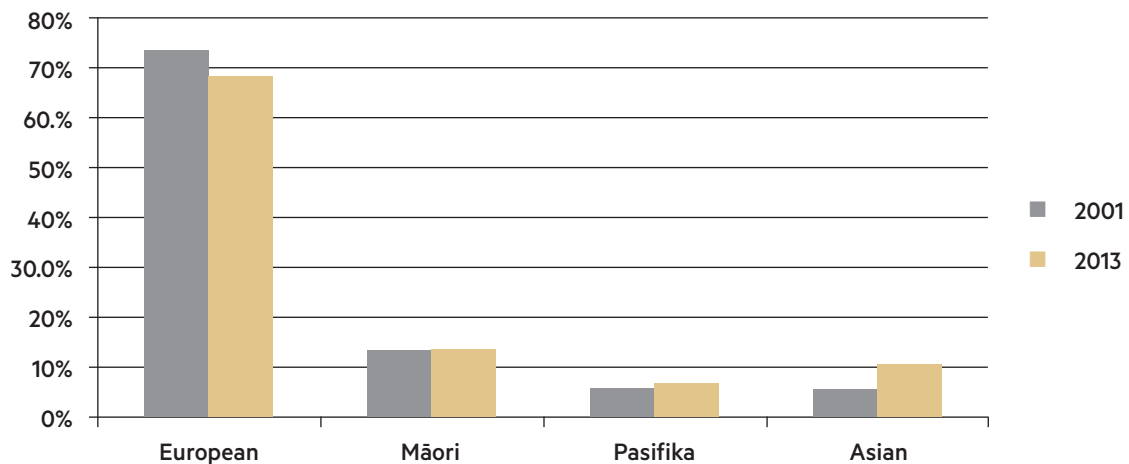
Sector	FTE #	GDP \$m (in 2010 prices)	GDP per FTE \$
Clubs	3,332	162	48,660
Accommodation	25,736	1,097	42,623
Cafés, Bars, Restaurants	62,885	2,833	45,056
Quick Service Restaurants	17,382	722	41,530
Food Services	14,974	936	62,534
Travel	7,310	373	51,075
Museums	2,287	198	86,455
Retail & Retail Supply Chain	337,065	28,479	84,490
Aviation	17,324	2,066	119,262
Tourism*	105,409	7,996	75,851

*NB: with the Tourism figures above there is some overlap between the tourism sector and the other sectors, such as accommodation and restaurants.

The changing workforce

The New Zealand population is changing at a rapid pace in its ethnic diversity and age profile. The nature of work and people's expectations of work are also changing. Some of the demographic changes have been significant. The number of New Zealanders identifying as Asian has almost doubled between 2001 and 2013 (a 98 per cent increase), and the number of people identifying as Pasifika has increased by 28 per cent.

CHART 1: ETHNIC COMPOSITION CHANGES FROM 2001 TO 2013



(Source: Statistics NZ census data)

The age profile of New Zealanders is also changing significantly. In general, the population of New Zealanders is aging, with fewer young people and more older people now than in 2001.

The service sector exhibits the following characteristics:

- ▶ 53 per cent of people in the service sector have no post school qualifications, compared to 43 per cent of all New Zealanders.
- ▶ 55 per cent of workers in the service sector are working in jobs where the optimal qualification levels are Level 3 or below on the New Zealand Qualifications Framework, compared to 39 per cent of all New Zealand workers.
- ▶ Of those employed in the service sector, 22 per cent are aged between 15-24 years old, compared to 14 per cent of all New Zealanders in that age group.
- ▶ Feedback from industry is that a significant number of workers in the service sector have issues with Literacy, Language and Numeracy.

Operating Environment

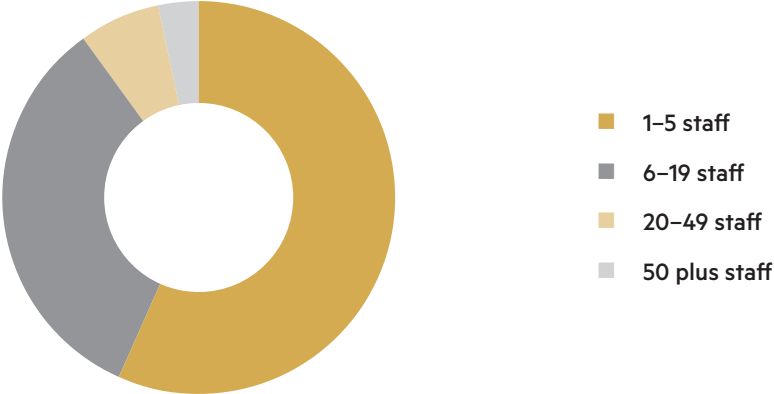
Of the 55,188 businesses stated in the Service Industry, approximately 4,646 businesses operated in the sectors represented by Aviation, Tourism, Travel and Museums in 2014; approximately 14,494 businesses operated in the sectors represented by Accommodation, Cafés, Bars and Restaurants, Quick Service Restaurants, Food Services and Clubs; and approximately 36,049 businesses operated in the sectors represented by Retail and Retail Supply Chain.

Most people employed in the service sector in 2014 worked in small businesses. This means that of the approximately 55,189 businesses in the sectors represented by ServiceIQ, the majority – 31,313 (56.7%) – consist of businesses that employ one to five people.

TABLE 2: BUSINESSES EMPLOYING ONE OR MORE STAFF IN SERVICE SECTORS

Businesses employing one or more staff in service sectors	Number	Percentage
1–5 staff	31,313	56.7%
6–19 staff	18,366	33.3%
20–49 staff	3,828	6.9%
50 or more staff	1,681	3.1%
Total	55,188	100%

CHART 2: PERCENTAGE OF BUSINESSES THAT EMPLOY STAFF IN THE SERVICE SECTOR



NB: For the purposes of this data, businesses employing zero staff have not been counted in the statistics.¹

Business size data suggests a need for ServiceIQ to cater to the differing sizes of business, not excluding the training needs of people employed in small businesses, and those who are owner-operators or self-employed, albeit a more expensive and difficult market to reach. The training needs and skill requirements of people employed in small businesses often differ markedly from those employed in large businesses. ServiceIQ provides people interested in entering the service sector with an indication of the size of the sector they may be working for, and the number of potential employers.

The majority (75.4 per cent) of businesses in the service sector were in the North Island. Auckland had the greatest proportion with 38 per cent of all businesses in the service sector. Wellington accounted for 9.8 per cent, Canterbury 13 per cent, and Otago 5.2 per cent.

¹ A significant number of enterprises are recorded as having zero employment. Enterprises in the zero employee count size category may have: working owners who don't draw a wage from their business; labour provided by other businesses or contractors; business activity that requires no labour (e.g. holding company).

Employment

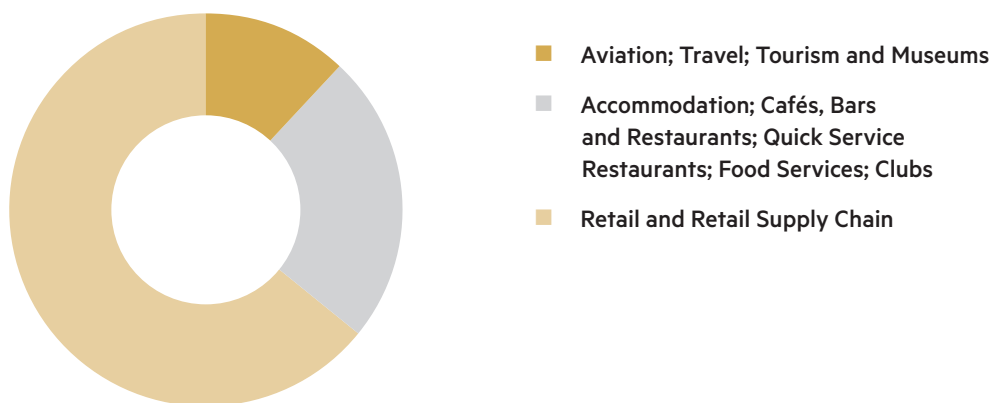
In 2014, 522,917 FTEs were employed in the sectors covered by ServiceIQ. Together, FTEs in ServiceIQ's gazetted coverage areas employ approximately 26.3 per cent of all FTEs in New Zealand.

Across ServiceIQ's key industry groupings in 2014, approximately 61,543 FTEs were employed in the sectors represented by Aviation, Tourism, Travel and Museums, approximately 124,309 FTEs were employed in the sectors represented by Accommodation, Cafés, Bars and Restaurants, Quick Service Restaurants, Food Services, and Clubs, and approximately 337,065 FTEs were employed in the sectors represented by Retail and Retail Supply Chain.

TABLE 3: NUMBER OF FTE STAFF BY SECTOR GROUPINGS

Sector	Number of FTE staff	Percentage
Aviation, Tourism, Travel and Museums	61,543	12%
Accommodation, Cafés, Bars and Restaurants, Quick Service Restaurants, Food Services and Clubs	124,309	24%
Retail and Retail Supply Chain	337,065	64%
Total	522,917	100%

CHART 3: PERCENTAGE OF FTES EMPLOYED IN THE SERVICE SECTOR BY SECTOR GROUPINGS



Political Environment

The Industry Training and Apprenticeships Amendment Bill was passed in April 2014. The Industry Training and Apprenticeships Amendment Act 2013 amended the principal Act, the Industry Training Act 1992, and repealed the Modern Apprenticeships Act 2000.

The Industry Training and Apprenticeships Amendment Bill:

- ▶ established the New Zealand Apprenticeships system, which provides the same level of support to all apprentices, regardless of age
- ▶ focused ITOs on setting skill standards for their industries and arranging training, and removed skills leadership from their functions
- ▶ strengthened the quality assurance framework for ITOs by making changes to NZQA's rule making powers under the Education Act 1989.

Changes to responsibilities of ITOs

The Bill:

- ▶ removed the ITOs' legislated skills leadership function and leaves it to ITOs to decide whether to continue with a skills leadership role
- ▶ acknowledged the two core activities of ITOs are to develop and maintain skills standards and make arrangements for the delivery of industry training for trainees to achieve the relevant skills standards
- ▶ instructed ITOs to have particular regard to the needs of Maori and other priority population groups in arranging industry training
- ▶ reiterated that ITOs will continue to be required to arrange for the collective representation of employees in their governance
- ▶ confirmed that ITOs continue to be prohibited from seeking funding to deliver training
- ▶ confirmed that ITOs are not permitted to own, or be beneficial owners of registered PTEs
- ▶ clarifies the functions and powers of the NZQA regarding ITOs.

The Bill gave the NZQA powers to:

- ▶ prescribe quality assurance requirements for ITOs, in the form of rules made under section 253 of the Education Act
- ▶ issue quality assurance improvement notices and compliance notices in response to non-compliance by ITOs to the above
- ▶ recommend that the Minister impose a new condition on an ITO's recognition, or amend an existing condition, if an ITO has not complied
- ▶ promote compliance with the above quality assurance requirements and monitor the quality and results of an ITO's moderation system and procedures
- ▶ charge fees for its new quality assurance activities (on the usual cost-recovery basis) and
- ▶ to charge ITOs an annual fee to recover costs of its quality assurance monitoring and compliance activities in relation to industry training generally.

NZQA may prescribe quality assurance requirements for ITOs which may include, “without limitation”, requirements relating to the quality of:

- ▶ the management, operation and governance of ITOs
- ▶ the skill standards developed by ITOs
- ▶ the arrangements made by ITOs for the delivery of industry training and apprenticeship training.

Changes to the ITO recognition and re-recognition process

The responsible Minister must consult the NZQA on whether the applicant organisation has the capability to meet the NZQA’s prescribed quality assurance criteria for ITOs. In addition, the Minister may impose or amend any conditions on an ITO’s recognition – “recognition may be subject to any conditions that the Minister thinks fit”. ITOs must comply with any conditions on their recognition, and with any applicable prescribed quality assurance criteria. This gives the Minister maximum flexibility to deal with ITO performance issues: “the Minister may – at any time, amend or revoke a condition of recognition or impose a new condition.”

Matters that the Minister must take into account before organisation recognised

Three additional matters to take into account in future recognition processes (reflecting the recent focus on mergers and performance):

- ▶ ability to provide services to a sufficient number of employers in the industry
- ▶ avoidance of unnecessary duplication of resources in providing industry training for the specified industry
- ▶ whether the ITO has performed satisfactorily in the past

TEC may enter into funding agreements with non-ITO persons

The inclusion of this provision indicates the Government’s intention to persist with the current direct funding pilot. The TEC may contract with non-ITO persons:

- ▶ to make arrangements, in respect of an industry or industries described in the funding agreement, for the delivery of industry training to attain NZQA standards, including arrangements accepted by the NZQA for monitoring the training and assessing trainees against those standards
- ▶ to perform apprenticeship training activities in respect of an industry or industries described and
- ▶ receive funding from the TEC for those purposes.

The funding agreement must specify agreed levels of performance for the person receiving the funding and for options for the TEC to take action if the performance levels are not achieved.

Apprenticeship training

The proposed definition of apprenticeship training in the Bill is pitched at a general level – a type of industry training – that is:

- ▶ training for a person working in an industry while undertaking training in that industry; and
- ▶ provided wholly or partly at the person’s workplace, mainly by or on behalf of the person’s employer; and
- ▶ consists of a programme of study or training or both, leading to a qualification in the skills of an industry that provides entry to an occupation in that industry; and
- ▶ is facilitated by either an ITO that receives funding via a plan or a person or organisation that receives funding under a funding agreement.

This leaves further definition, e.g. what constitutes a NZ Apprenticeship, for government policy decisions. This is desirable, as it means that over time adjustments can be made more easily to apprenticeship funding and initiatives.

An ITO must specify in its proposed plan how it intends to carry out each of those activities specified in the Bill:

- ▶ to comply with every part of the apprenticeship training code, and
- ▶ is obliged to help an apprentice find a new employer to continue the apprentice’s training if it is impractical for the current employer to continue with their training.

Tertiary Education Strategy 2014–2019

The Tertiary Education Strategy (TES) describes the Government’s strategic direction for tertiary education over the next five to ten years.

The TES is the government’s strategy document which helps to steer the tertiary education system and support tertiary education organisations – including ITOs – to achieve the outcomes that individuals, business and the wider community need to grow and prosper. Under Section 159P(a) of the Education Act 1989, a tertiary education organisation’s proposed investment plan must describe how it will give effect to the Government’s current and medium-term priorities as set out in the TES.

The TES is driven from the perspective of New Zealand’s future knowledge and skill needs, with an emphasis on making the tertiary education system more outwardly facing – with links to industry, community and the global economy. In his introduction, the Minister connects the contribution expected of tertiary education in the draft TES and the ‘Skilled and Safe Workplaces’ programme of the Government’s Business Growth Agenda, which aims to increase New Zealand’s productivity and improve economic outcomes. The TES also reflects the growing demand-side influence of the Ministry of Business, Innovation and Employment, on tertiary education policy and strategy.

As national industry organisations, ITOs are well placed to comment on the demand-side for skills and qualifications, as well as on the importance of links between tertiary education providers, business and industry. Equally, as organisations active on the supply-side, ITOs are able to speak from that base of knowledge and experience of matching skills training to employer needs.

The TES gives the highest priority to ensuring that the skills people develop through tertiary education are well matched to labour market needs. The ‘change’ message is primarily aimed at tertiary education providers, who are urged to work more closely with industry.

Overview of content of the TES 2014–2019

Looking to the future, global competition for skills and knowledge will continue to intensify. New Zealand employers will be competing globally for the best graduates and highly skilled workers. Our tertiary education system needs to provide the best qualified people at all levels, who are able to think creatively and critically, and to apply their skills and knowledge in rapidly changing work environments. This means that we have to strive to continually improve performance and increase the value we get from our tertiary education investment.

There is currently a high level of participation and attainment in tertiary education but there are some significant supply-side issues that need more attention. In the ITO sphere, these include getting proportionately more young people qualified to Level 2 by the time they are 18 years old and more people under 35 years old qualified to Level 4. These objectives focus on the importance of young people achieving a solid foundation in their initial learning and then building on that to attain a career qualification. The expansion of Youth Guarantee, fees-free Level 2 courses for under-25s, and NZ Apprenticeships and Māori and Pasifika Trade Training schemes are all current initiatives aiming to achieve these objectives.

New Zealand’s future needs from its tertiary system

The expansion of tertiary education internationally, the needs of the growing economy and new technologies will require our tertiary system to become more outward-facing and engaged. The system needs to become more flexible and strategic – through its performance in the wider economy, its adaptability to change and ability to respond to changing skill needs, learning styles and delivery modes.

Long-term focus areas

The following key strategic areas will be the areas of focus in the tertiary system over the medium to long-term:

- ▶ build international relationships that contribute to improved competitiveness
- ▶ support business and innovation through development of relevant skills, knowledge and research
- ▶ improve outcomes for all New Zealanders
- ▶ continue to improve the quality and relevance of tertiary education and research.

Consideration of these four key strategic areas leads to specific priorities for the period 2016-2019, with a stronger focus on the outcomes of tertiary education – for individuals, employers, the economy and wider society. Māori education success is particularly highlighted.

Strategic priorities

Priority 1	Priority 2	Priority 3	Priority 4	Priority 5	Priority 6
Delivering skills for industry	Getting at-risk young people into a career	Boosting achievement of Māori and Pasifika	Improving adult literacy and numeracy	Strengthening research-based institutions	Growing international linkages

The TES expands on each of these priorities and suggests indicators of success and relevant activities. The strategic priorities of the ITO sector are currently strongly aligned with TES Priorities 1-4. Priority 5 also includes increasing collaboration with industry.

System expectations

A focus on maintaining and improving system-wide performance must underpin these strategic priorities and operate across the whole tertiary sector. This will be measured by participation/access, achievement/quality of provision and outcomes.

Delivering the Strategy

This section of the TES covers the roles of different types of tertiary organisations and describes four main levels of the tertiary education system, from the Government's point of view. This combines the four main levels of tertiary education which underpin the Government's funding policy framework.

▶ **Vocational education and training**

Delivers applied research and supports individuals to gain the skills needed by industry.

▶ **Foundation education**

Assists individuals to gain core skills; and should embed literacy, language and numeracy within a vocational or topic area that is relevant to the learner.

▶ **Higher education**

Delivers research and research-led teaching at degree level and above.

▶ **Community education**

Informal education that reflects a diverse range of community interests and needs.

Roles of others, including of industry and business

The delivery of the TES also relies on others, such as industry, iwi, students and families playing their part. The priorities outlined in the TES set higher expectations for industry's engagement with tertiary education organisations. Tertiary organisations need to recognise and respond to the needs of the growing economy, and industry and business should take an active role working with them to achieve the best outcomes.

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4.2 ServicelQ industry trainees and apprentices

Demographics for industry trainees and apprentices

ServicelQ data sources on trainees provide information on industry trainees up to 30 September 2015.

As at 30 September 2015, there were 10,123 active industry trainees and apprentices with ServicelQ.

TABLE 4: INDUSTRY TRAINEES AND APPRENTICES WITH SERVICEIQ (AS AT 30 SEPTEMBER 2015)

Industry Sectors	Number of Apprentices	Number of trainees	Non-funded	Total
Aviation, Tourism, Travel and Museums	333	1,697	20	2,050
Accommodation; Cafés, Bars and Restaurants; Quick Service Restaurants, Food Services, and Clubs	379	4,058	30	4,467
Retail and Retail Supply Chain	41	3,441	4	3,486
ServicelQ (other)	2	100	18	120
Total	755	9,296	72	10,123

CHART 4: INDUSTRY SECTORS BY THE PERCENTAGES OF APPRENTICES AND TRAINEES

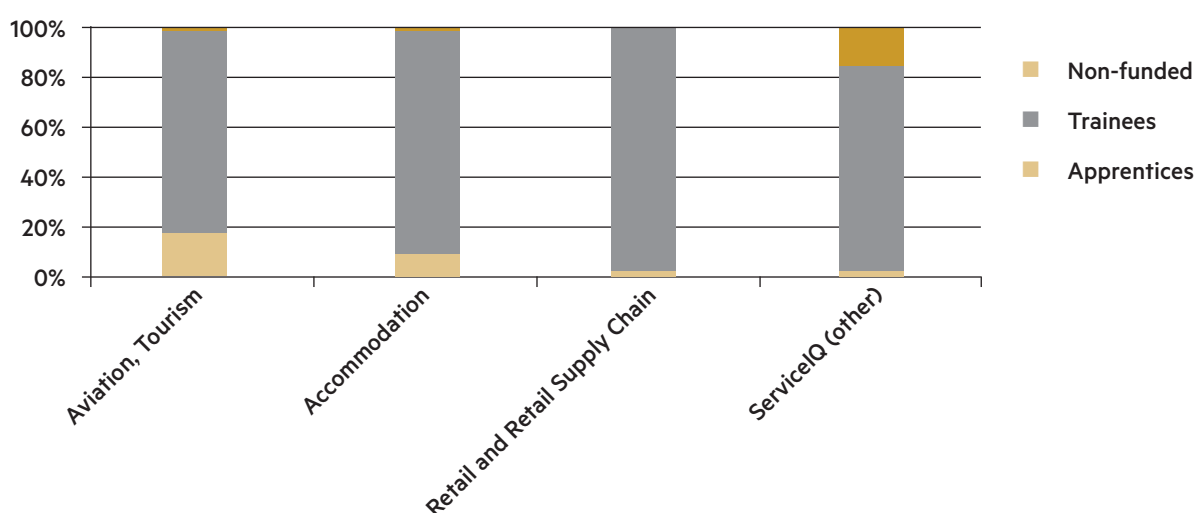


TABLE 5: ETHNIC COMPOSITION OF SERVICEIQ TRAINEES AND APPRENTICES (AS AT 30 SEPTEMBER 2015)

Trainee ethnicity	Number	Percentage
European	5,833	58%
Māori	1,252	12%
Pasifika	625	6%
Asian	1,976	20%
Other	437	4%
Total	10,123	100%

CHART 5: ETHNICITY OF TRAINEES BY PERCENTAGE (AND BY FIRST PREFERENCE).

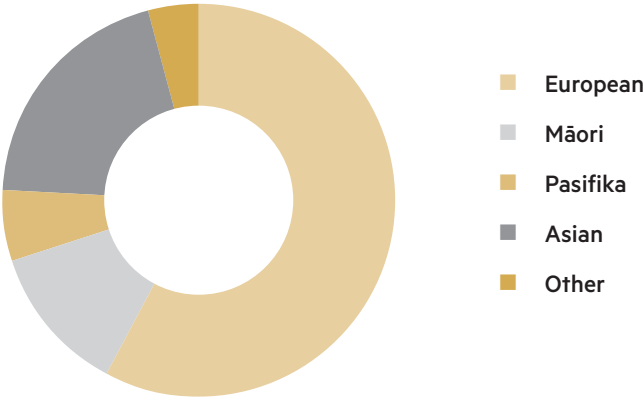


TABLE 6: AGE RANGE OF SERVICEIQ TRAINEES AND APPRENTICES

(AS AT 30 SEPTEMBER 2015)

Trainee age	Female	Male	Unknown	Total	Percentage
16-19	1,332	946	2	2,281	23%
20-29	2,143	2111	14	4,268	42%
30-39	857	715	0	1,572	15%
40+	1,206	795	0	2,002	20%
Total	5,538	4,567	16	10,123	
Percentage	55%	45%	0.2%		

CHART 6: AGE RANGE OF SERVICEIQ TRAINEES BY GENDER

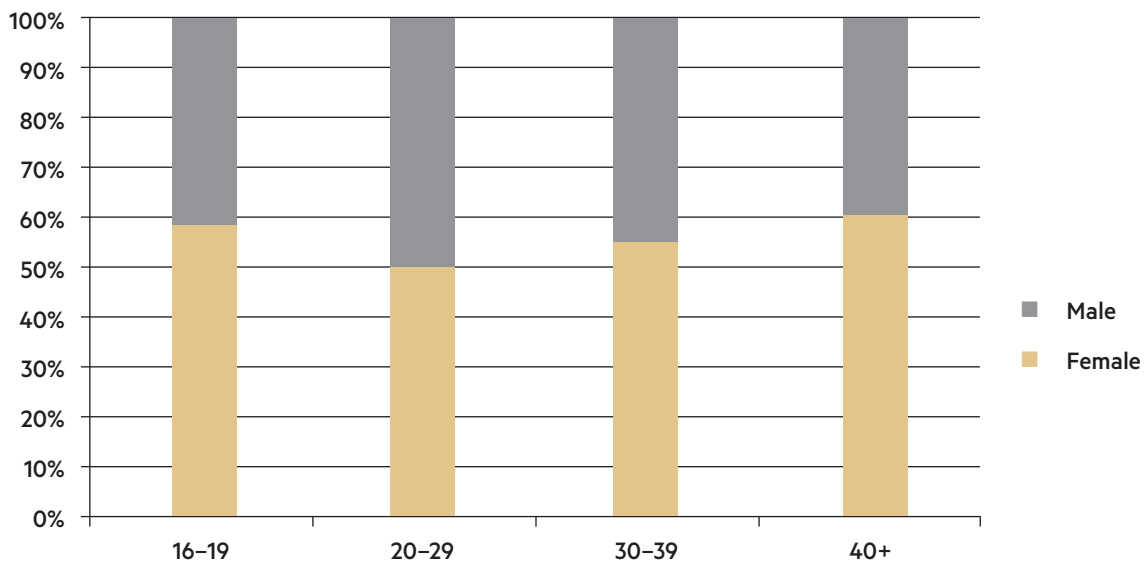
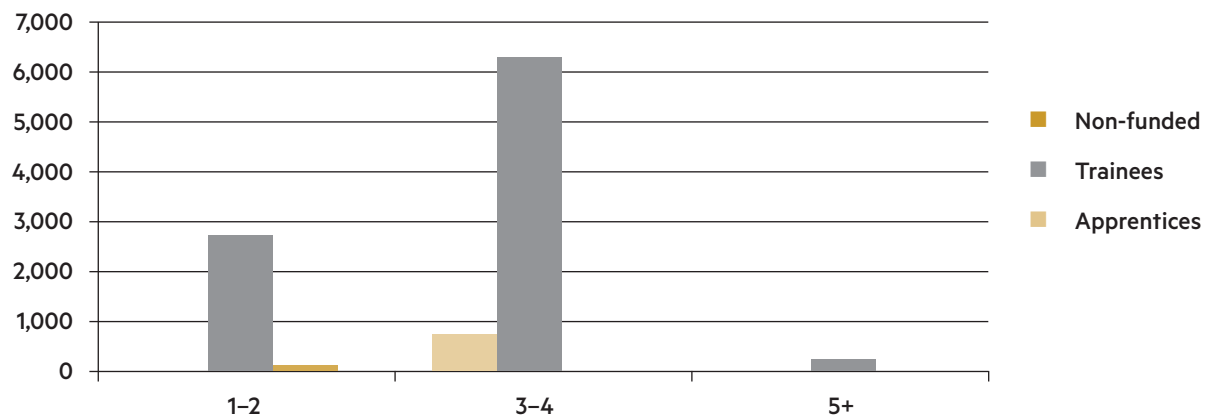


TABLE 7: LEVEL BREAKDOWN OF SERVICEIQ TRAINEES AND APPRENTICES (AS AT 30 SEPTEMBER 2015)

Levels	Apprentices	Trainees	Non-funded	Total
1-2	0	2,759	57	2,816
3-4	755	6,283	15	7,053
5+	0	254	0	254
Total	755	9,296	72	10,123

CHART 7: BREAKDOWN OF QUALIFICATION LEVELS BY APPRENTICES AND TRAINEES



5. STRATEGY OPTIONS

Various strategy options exist that may apply. From those, three have been chosen for future elaboration.

5.1 Differentiation

A differentiation strategy is probably the most widely adopted approach and focuses on establishing a point of difference that the customer will value.

Consultation with industry through 2013-15 has provided some insight into engagement models, or elements of engagement models, which may have perceived value by industry.

5.2 Customer Relationship

An effective customer relationship strategy addresses six areas:

1. **Simplifying customers' lives or work**
2. **Ongoing benefits**
3. **Personalised Service**
4. **Customised Solutions**
5. **Personal Contact**
6. **Continuous Learning**

In the context of ServiceIQ's activity some of these areas are already being addressed to some level. Examples include but are not limited to:

1. **Simplifying customers' lives or work** – taking the data entry impost off customers.
2. **Ongoing benefits** – issuance of a qualification, some additional content on the website.
3. **Personalised Service** – large employer round table meetings.
4. **Customised Solutions** – Qual Linking to simplify engagement.
5. **Personal Contact** – visits by ServiceIQ Training and Sector Advisors.
6. **Continuous Learning** – CRM captures information on clients which builds over time.

The very nature of the work carried out by ServiceIQ lends itself to a customer service strategy; however, to fully leverage this, we will need a company-wide integrated approach.

5.3 Low-Cost Leadership

Low-cost leadership is where the same product or service is offered at a lower price consistently.

The industries served by ServiceIQ are cost-sensitive and the funding model that we operate under for industry training means that, for the most part, industry training can be provided at little or no cost to the customer, giving little room for further low-cost leverage. Some tension also exists with this strategy as the Government requires industry to show a co-contribution.

Some opportunity may exist to leverage unfunded services as lead-in activity to mainstream qualifications-based training – this could employ a low-cost leadership strategy.

6. BUSINESS STRATEGY

6.1 Strategies to be employed

ServiceIQ will employ primary strategies of differentiation and customer relationship, with low-cost leadership as a secondary strategy where this can be applied appropriately.

Primary Strategy – Differentiation

ServiceIQ will employ a differentiation strategy establishing a point of difference in three main areas that the customer will value.

The first area looks to tie the organisation and its membership together by a strong and visible industry consultation model. This was rolled out in 2013 and has been enhanced through 2014/15, producing the Service Sector Workforce Development Plan.

Workforce Development Planning

In 2013 ServiceIQ established 11 sector advisory groups (SSAG) consisting of a broad base of industry stakeholders. These groups met in facilitated workshops to review and provide feedback on the needs of each industry looking forward over the next 18 months.

In the same period ServiceIQ established three industry advisory groups (IAG) consisting of purely industry membership. These groups are to meet twice a year and concentrate on workforce development issues looking forward 3-5 years to provide a framework for the SSAG workshops and consider the prioritisation of SSAG outputs to meet collectively agreed long term goals. The IAG also has a constitutional function to represent the membership at the AGM and appoint 6 representative Board members to the ServiceIQ Board.

By 2015 this model had evolved to see retention of the IAG structure, but the SSAGs have been replaced with cross-sector focus groups formed around six workforce development plan priority areas. A series of regional industry updates were held, with a learner focus group being conducted in early 2016.

Workforce development planning has also evolved to include a regional focus and will include larger employer specific plans in the future.

The model for workforce development planning is likely to be fairly stable now for the next three years.

The additional two areas of differentiation that link closely with elements of the customer service strategy are to

- ▶ establish business models driven by the size and nature of the organisation, and
- ▶ adopt a “digital first” approach to engagement, reducing paperwork, providing improved information and streamlining client activity.

Primary Strategy – Customer relationship

Key areas of continued work to implement a customer relationship strategy will be:

1. Simplifying customers' lives or work

Feedback received by customers indicates some assessment and delivery material (maybe stemming from qualification wording) leads to an overly onerous and paperwork-intensive training activity.

ServiceIQ recognises that the service sector is significantly weighted to trainees that “learn by doing”. To align with this, our assessment materials, as revised or developed, will look to assess naturally occurring evidence (observation) in preference to a written description where this can also satisfy the requirements of the unit standard.

Recording of evidence is also something that applies a resource burden on both the customer (employer and employee) and the ITO. ServiceIQ will employ a “digital first” approach to the gathering of required records and evidence through the online training agreement platform (Workspace) and credit reporting through the Assessment Management System (AMS) developed in 2014/15. This approach will streamline data entry, reduce response times and enhance targeted support driven by improved reporting/analytics while providing enhanced visibility to the trainee and employer of progression.

2. Ongoing benefits

By the issuance of a qualification the trainee achieves an ongoing benefit by attaining transportable skills and the employer should see a productivity gain producing ongoing benefit to the business.

Other areas of ongoing benefit may be more aligned to career path planning and additional learning opportunities through time. ServiceIQ will look to establish solutions that support lifelong learning and opportunities to add ongoing benefit which continues to see trainees and employers engaged with the ITO.

3. Personalised Service

How the ITO services its customers is vastly driven by the size and nature of the organisation, noting that most industries within the service sector have a preference for on-job training as opposed to seeing staff released for block courses. This on-job training drive is mainly driven by a need to produce revenue from FTEs in a low margin environment.

ServiceIQ will address this by segmenting its business model and providing solutions grouped loosely into

- ▶ **Large enterprise** – from 50-99 and 100+ employees and a well-resourced HR/L&D department and workplace assessors
- ▶ **Medium enterprise** – 20-49 staff and limited HR but with workplace assessor capability.
- ▶ **Small enterprise** – 19 or less staff, no HR and no workplace assessor capability.

It should be noted that the small enterprise will require a service more personalised to the trainees. However, medium to large employers may require a service personalised to a key person(s) within the organisation who deals with trainees.

4. Customised Solutions

ServiceIQ has a well-developed solution for linking customers' own training with appropriate unit standards and qualifications; this is called Qual Linking. ServiceIQ will continue to work with customers where this type of arrangement is appropriate and customisation works for them.

Reporting is another area where customisation may be desirable; ServiceIQ will continue to explore solutions to deliver bespoke reporting for employers and employees.

5. Personal Contact

As stated above, personal contact will be structured to suit the needs of the organisations. However, some scope may exist for an enhanced monitoring and contact by the ServiceIQ Customer Service team. While this additional contact will be remote, it is likely to assist in managing progression for trainees leading to enhanced educational performance outcomes.

6. Continuous Learning

MS CRM is the core tool we use to capture customer information. The information captured is built on over time as our contact with the customer continues.

The CRM is, and associated integrated applications are, available through a single sign on, allowing access for staff and customers to areas based on the access profile assigned to them. As this is cloud based, access is available anywhere internet access can be established. All ServiceIQ field staff will be equipped with mobile technology.

ServiceIQ employs analytics tools to allow easy interrogation of the data, making information not only quick to access but smart, and allowing quality decision-making and enhanced customer service. These tools will be web-enabled and accessible on mobile devices where possible.

Secondary Strategy – Low-Cost Leader

ServiceIQ's core activity of arranging government-funded industry training does not allow the same product or service to be offered at a lower price consistently. However, the use of a zero fees scheme has defined the employer-led assessment option as the most financially beneficial. The zero fees option has associated capability building for the workplace in the form of assessor training and support, which also aligns to a desired investment approach to arranging training.

ServiceIQ is also seeking to build ancillary revenue not linked to its government funded activity. The area that it seems most likely ServiceIQ could establish a supplementary market is in the provision of learning materials and infrastructure. It is in this area a low-cost leadership strategy could be employed if appropriate.

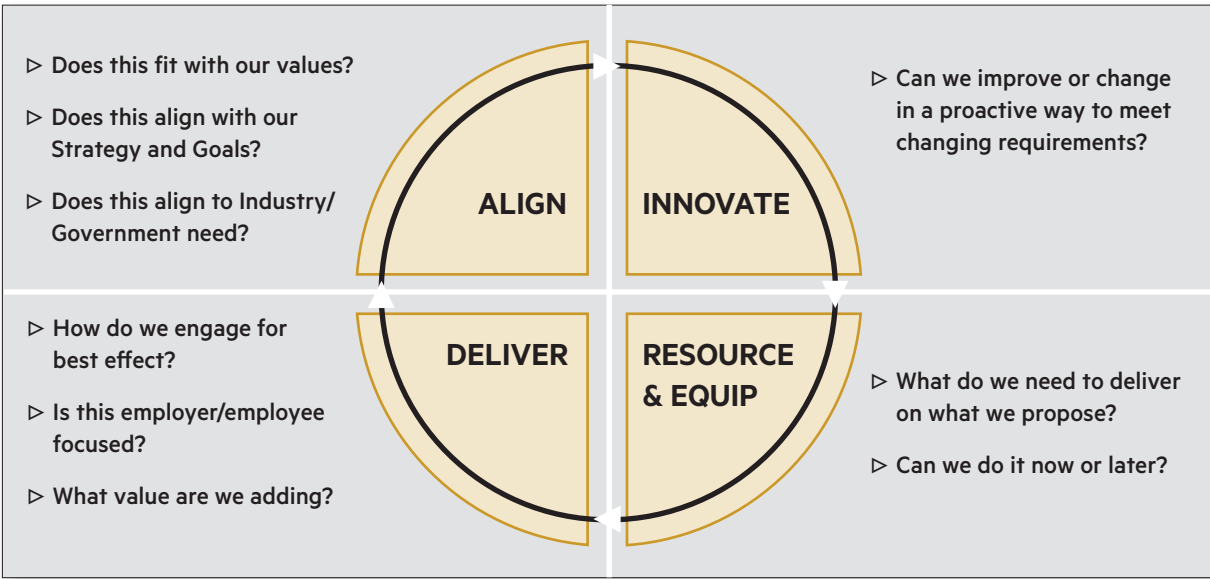
6.2 Business process improvement

ServiceIQ will adopt an ethos of business process improvement. The organisation will be asked to challenge the norm when considering business as usual through a process of:

1. considering alignment to key needs
2. innovation seeking improvement if this adds value
3. considering available resources, and
4. considering the value of the change in our delivery to the customer.

The organisation will employ a business-case methodology to ensure the value of any proposed major change is considered along with any ongoing cost benefit. Major projects may be considered outside of business as usual and the operational budget.

This process is illustrated below.



Throughout the period of the Strategic Plan, ServiceIQ will seek productivity improvement through more streamlined processes.

This productivity improvement will allow for planned growth within an existing cost base. Where additional capacity is realised over that required for growth, the organisation will then look for improved service delivery and increased organisational capability.

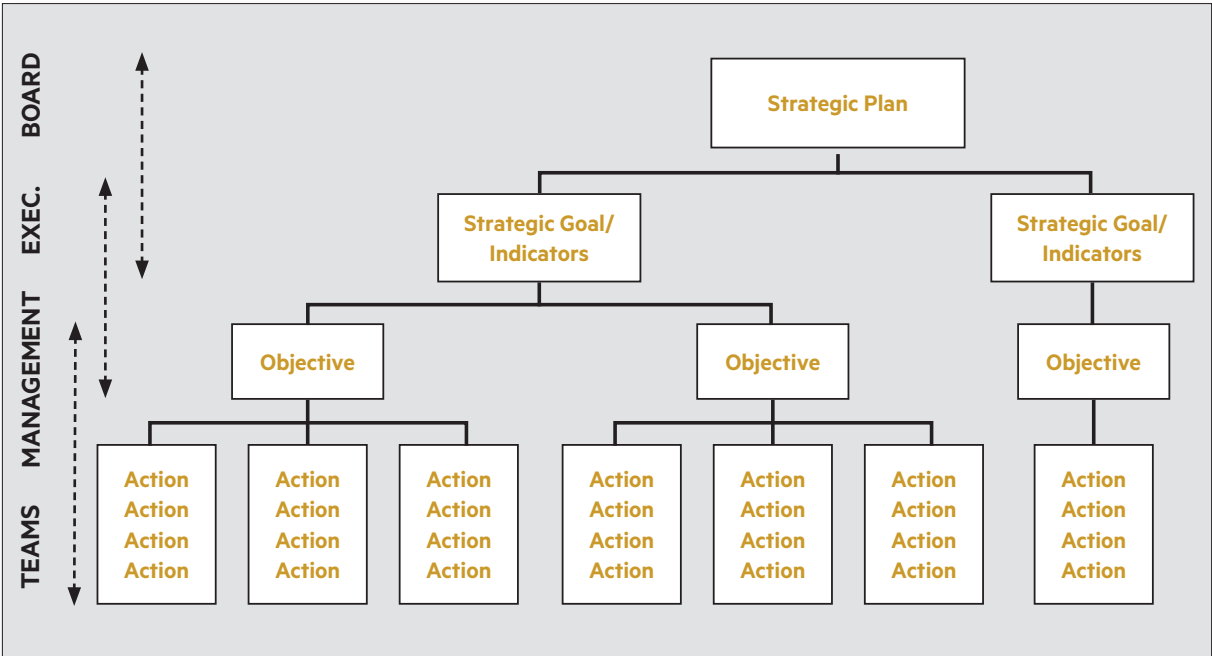
Business process improvement will require functional interaction throughout the organisation. In annual business plan formation, a strong emphasis has been placed on the interdependency in planning at each level of management as well as linking this back to the Strategic Plan. This has also been designed to ensure opportunities to strengthen engagement are taken.

As part of annual business plan formation, each of the strategic goals along with the relevant indicators, objectives and actions will result in activity led by line managers for the coming year. Under the guidance of their General Manager, groups of managers will plan how to realise the various actions and then associate these actions in the budgeting process.

Whereas the actions may be specific to the manager’s team, the objectives invariably span several teams. The managers will be asked to report on progress throughout the year at scheduled managers’ forums and will be made responsible for budget controls in a ‘procure to pay’ cycle.

This interdependency in business planning is illustrated below.

PLANNING INTERDEPENDENCY



6.3 ICT Systems

In order to manage the organisation and to optimise outcomes for trainees/employers, information is critical. This issue was identified early on post-merger, noting that data flow was delayed in some cases for up to 4-5 months, mainly due to the manual paper based way in which the ITO transacted with its customers.

To limit data entry, improve the capture of information in real time, and provide better analytics and improved reporting, ServiceIQ will adopt a digital first approach. This means where paper can be eliminated and interfaces can be established, this approach will be given priority, subject to commercial viability.

Through the first two years post-merger (2013-14) a number of solutions were designed, trialled and modified to bring data flow into real time and streamline process; the activity in the third year was primarily targeted to integrate these solutions into one enterprise system.

The key themes to the digital infrastructure design are:

- ▶ Bring enrolment and progression data into real time
- ▶ Improve the ability for trainees, employers and other stakeholders to transact with ServiceIQ digitally improving the overall experience
- ▶ Make information available to the organisation, trainees and stakeholders to improve trainee outcomes and business management
- ▶ Use analytics to target resources where needed to best effect.

ServiceIQ has adopted cloud based Microsoft CRM 2015 as its core source of customer information tracking. The core CRM has been left as a “vanilla” system to allow future vendor upgrades with external integration being managed through a “data service bus” allowing linkages to all external stakeholders. Access to the system is provided to internal and external users via a single sign-on, providing a simple easy access point for all. Finance and eCommerce functions have also been integrated with the CRM core.

When selecting ICT, ServiceIQ will look to limit the number of software applications and seek the best of breed / best overall fit in any particular area, subject to commercial constraints. Hardware will also consider changing needs and will look to accommodate projected future business trends and requirements

Any external integration of ICT functions will be conducted and supported in partnership with an external vendor, whereas configuration of the CRM within the parameters allowed for in the system and basic systems support functions are supported in-house by ServiceIQ staff.

ICT is a significant enabler for operational activity and when implementing process improvement. The concentration on ICT will be on enabling good process to be accessed and managed and will not be seen as a cure for poor process. ICT improvement or change will, in most cases, be preceded by process review and definition of an improvement, which may or may not involve the introduction of a new software application or hardware.

6.4 Product Offer development

The Targeted Review of Qualifications (TRoQ) has been completed by ServiceIQ in 2015 with all new Qualifications and Industry Training Programmes listed. This has seen a rationalisation of the number of qualifications from 376 to 57 new qualifications.

ServiceIQ is committed to the provision of assessment via its online Assessment Management System (AMS). The provision of online assessment will drive real time tracking of progress and a granular task-based level which will in turn allow targeted support and feedback. The ITO, employer and trainee will be able to see progress as it occurs with assessment feedback as near to real time as possible. Furthermore, real-time moderation of assessors and assessment is a likely future reality, increasing the quality assurance of training arranged.

ServiceIQ will also look to establish a comprehensive library of learning elements housed in a product library to support learning and assessment. The products within the library will be maintained concurrently with any review of standards to ensure elements are kept current and quality assured.

Through consultation with Industry, ServiceIQ has established a need for short courses, especially prevalent in organisations with 1-19 staff. The short courses will target specific areas of need and, in line with the digital first approach, will be provided as online self-directed or online with facilitated learning sessions; print options will also be made available. Such courses would most likely be 'wholesaled' by the ITO through credible providers, organisations or Industry Associations.

ServiceIQ will be able to package learning elements from its library to suit bespoke needs of employers and providers alike with relative ease. These packaged programmes may be aligned to a full qualification or a desired short course training outcome. Once packaged, the programme will be deployed on ServiceIQ's Learning Management System (LMS), either as part of a funded qualification or for a fee.

The production of digital learning materials is seen as an area that will not only support the growth of industry training but also have wider market potential (domestic and international).

6.5 Facilities and Staff

6.5.1 Facilities

ServiceIQ occupies offices in Auckland, Wellington and Christchurch.

Each of the offices is of a high standard and the Wellington office has capacity for up to another 20 staff if required. Further expansion in Auckland or Christchurch would come with office capacity issues which may lead to the acquisition of the neighbouring tenancy in Auckland and likely office relocation in Christchurch at the end of the lease period in early 2017.

OSH checks have been conducted in all three offices to ensure compliance with regulations.

Regional staff operate from home offices in locations from Dunedin to Auckland.

It is anticipated there will be a requirement to review facilities within the next three years.

6.5.2 Staff

Through 2013–14, ServiceIQ established role specific position descriptions and a robust performance appraisal and development process. HR policy and procedures have also been established during this time and the HR system has matured.

Staff professional development and continuous improvement of the work environment is something the organisation is committed to and will explore innovative ways to develop as an ongoing process.

In 2015 the established staff level was 129 full time staff with 29 contractors (7 Projects, 22 Schools). There may be some growth in this number through the coming three years as the business engagement base grows. However, it is not expected the total number of staff and contractors will exceed 170.

6.6 Compliance

ServiceIQ operates under a number of legislative and contractual compliance regimes.

Differing tensions can in some cases place risk on areas of the business if compliance is not considered holistically. An example of this may be a commercial activity that is compliant in its own right but may be at odds with industry training legislation or may put the organisation's charitable status at risk.

Overall control and review will be important in managing compliance and risk in a complex business. The principles of ISO 9001:2008 would seem to be closely aligned to the requirements of our organisation and may prove to be a valuable framework for managing compliance, risk and continuous improvement.

ISO 9001:2008 is based on eight management principles².

1. **Customer Focus**

Organisations depend on their customers and therefore should understand current and future customer needs, should meet requirements and strive to exceed customer expectations.

2. **Leadership**

Leaders establish unity of purpose and direction of the organisation. They should create and maintain the internal environment in which people can become fully involved in achieving the organisation's objectives.

3. **Involvement of People**

People at all levels are the essence of an organisation and their full involvement enables their abilities to be used for the organisation's benefit.

4. **Process Approach**

A desired result is achieved more efficiently when activities and related resources are managed as a process.

5. **System approach to management**

Identifying, understanding and managing inter-related processes as a system contributes to the organisation's effectiveness and efficiency in achieving its objectives.

6. **Continual Improvement**

Continual improvement of the organisation's overall performance should be a permanent objective of the organisation.

² Lloyd's Register Quality Assurance Limited

7. **Factual Approach to decision-making**

Effective decisions are based on the analysis of data and information.

8. **Mutually beneficial supplier relationships**

An organisation and its suppliers are interdependent and a mutually beneficial relationship enhances the ability of both to create value.

The CEO and executive management team are ultimately responsible for the management of risk and compliance.

ServiceIQ maintains a risk matrix and legislative compliance checklist to manage risk and compliance against. This will be reported to the Audit and Risk Committee and Board at regular intervals.

ServiceIQ will evaluate adopting an ISO structure with a view to seeking accreditation sometime in the future. If accreditation is sought, this will be on the basis of commercial or business gain as ISO principles can be applied irrespective of accreditation.

An internal Quality Framework (QF) has been developed to ensure the organisation reviews its activity against policy and procedure and identifies opportunities for improvement. Business Improvement Champions monitor the organisation using the QF as a framework for internal assurance.

7. OUR GOALS

GOAL 1

Conduct robust Workforce Development planning through comprehensive consultation to define training demand levels, labour force supply pipeline trends and advise on optimum modality for training to be delivered.

Key Indicators:

1. Identified as the leader in workforce development for the service sector.
2. High levels of participation in priority area focus and industry advisory groups.
3. Measurable buy in to results from Government and other stakeholders

ServiceIQ will lead the Service Sector in Workforce Development through robust industry consultation, provision of quality accurate data and by engaging with government. Through this process the gap between labour supply and demand current and future will be understood. By understanding this gap, ServiceIQ will be able to define the changing needs for training relative to audience and industry demand.

Our goal is that industry will have clear labour supply pipelines with relevant training. Jobseekers will choose to work for organisations that offer this training in nationally recognised qualifications. We will strengthen initiatives to raise the public awareness of the exciting careers and career pathways our industry provides, targeting entry points to that industry.

To remain relevant in the minds of our learners we need to be aware of what is happening globally, as well as nationally.

GOAL 2

Engage Industry in workplace training using a method aligned to the size and nature of the business.

Key Indicators:

1. To raise industry participation in structured training for both employers and trainees.
2. To design and continuously improve engagement models seeking to cater to all industry participants training requirements (qualification and non-qualification outcomes).
3. To achieve 100 per cent of our Investment Plan learner targets.

Structured training will be valued by its link to greater productivity for industry and its workforce; this training will ideally be associated with, or be a pathway to, recognised qualifications.

ServiceIQ will ensure it understands the changing needs of a developing Service Sector workforce and will align its programmes to focus on the demand for training defined by this need. As such, industry will demand what we have and will be prepared to pay for it.

ServiceIQ will be highly relevant to its customers and will be known for the development and facilitation of training that has a tangible impact on the businesses we work. Stakeholders will recognise that ServiceIQ are at the forefront of training content, mechanisms and technologies that ensure current and future skill requirements are met. Our organisation will work closely with partners in vocational education to support our engagement where industry has defined this requirement to do so.

By focusing on demand and relevance, we aim to see an increase in participation from employers with specific requirements for training and qualifications we advocate.

The Service Sector comprises of circa 600,000 employees of which more than 88 per cent are employed in organisations of less than 10 staff.

ServiceIQ recognises the need to provide training solutions that meet the needs of large and small enterprises and that a one-size-fits-all approach will not work. As such, ServiceIQ will design a support architecture that can be applied in various engagement models defined by the size and capability of the business we partner with.

GOAL 3

Set employer and employee-focussed standards aligned to current and evolving industry need.

Key Indicators:

1. Good uptake of programmes by industry with feedback indicating programmes are fit for purpose.

A significant value proposition of an Industry Training Organisation is the feedback loop it has by arranging training and conducting national moderation which informs the standards setting function.

ServiceIQ will measure success through employer and employee feedback on the relevance of its programmes and qualifications. One key success indicator of this relevance will be uptake of training by industry.

If feedback drives a requirement for change ServiceIQ will act on this in a proactive manner.

GOAL 4

Be innovative in the facilitation of training keeping up with industry, educational, technological and political trends remaining cognisant to the needs of the ethnic communities within the service sector

Key Indicators:

1. Be seen by industry and government stakeholders as a leader in industry training and related activity.
2. Demonstrate the ability to influence the decision making on industry training by having industry and government stakeholders seek to actively consult on education facilitation and related policy matters.

ServiceIQ will embrace innovation and ensure it stays abreast of emerging thinking, consider and contribute to this thinking both nationally and globally. We also recognise that technology allows for more personalised learning, better monitoring and for training to occur anywhere, anytime. ServiceIQ will embrace technology where it adds benefit for our industries.

ServiceIQ will monitor and adapt to changes, providing relevant programmes when, where and how our learners need it, and improve alignment with the particular needs of Māori, Pasifika, young people and those with Literacy, Language and Numeracy needs.

Having an in-depth understanding of our industry organisations, their dynamics, key drivers and future training needs will ensure more robust alignment to desired outcomes. This learning will dovetail with our current knowledge of Government strategies and policies and how they stimulate demand for service industry training and qualifications.

ServiceIQ will actively engage with relevant Government and non-government agencies to ensure that industry training is properly represented, remains relevant to and continues to be accessible to the Service Sector.

ServiceIQ will maintain an involvement with the compulsory education sector and be active in the school to work transition.

GOAL 5

Aspire to be an employer of choice through the provision of an engaging workplace and a culture of professional development.

Key Indicators:

1. Show a realistic and measured improvement in staff engagement by way of a relevant staff engagement survey.
2. Maintain staff turnover below industry average
3. Robust organisation-wide performance management is conducted in a timely manner with actions followed through
4. At least 75 per cent of staff are engaged in professional development

ServiceIQ will foster a strong, united and performance-driven culture. We will be proactive in recruiting, retaining and developing capable people who are passionate and engaged in making a difference in the industry.

ServiceIQ will adopt robust, smart practices and processes to help its employees achieve efficiency, gain job satisfaction, have clarity in their role and its purpose in the overall organisation.

ServiceIQ will aspire to show leadership in the area of professional development and workplace training, both in what we provide externally and in what we adopt internally.

GOAL 6

Maintain a sustainable business model and grow ancillary revenue to ensure longevity for the organisation, its staff and the industries we serve.

Key Indicators:

1. ServiceIQ will be a fiscally responsible charity, maintaining a budget that seeks at least a modest surplus each year and preserves a balance sheet and cash reserves that are sufficient to achieve current and future strategic goals.
2. Investment in projects will be evaluated with rigour with consideration to ROI, increased capacity and contribution to the overall organisational purpose.

ServiceIQ will adopt a robust business planning methodology, linked to and measured against strategic goals. Annual budgets will be aligned to the business plan and as a not-for-profit organisation, ServiceIQ will look to return at least a break-even result for each operational year, unless a conscious decision is made to vary this.

ServiceIQ will not shy away from project-based investment; however, as a responsible custodian of public and industry funds, each project will be evaluated within a robust framework. Ancillary revenue generated by projects or other activity will be returned to industry through increased capability, support and a reduction in barriers to engaging in training.

ServiceIQ will adopt a culture of risk management with ongoing evaluation of risk and application of risk mitigation and with continuous improvement inherent in all activity it undertakes.

ServiceIQ.org.nz

E: intel@ServiceIQ.org.nz P: 0800 863 693 F: (04) 817 5399

WELLINGTON

Level 14, Plimmer Towers, 2-6 Gilmer Terrace, Wellington 6011
PO Box 25 522, Wellington 6146

AUCKLAND

Level 4, AMP Centre, 29 Customs Street West, Auckland 1010
PO Box 105 944, Auckland 1143

CHRISTCHURCH

Ground Level, 107 Hereford Street, Christchurch 8011
PO Box 920, Christchurch 8140