

# Handout

## Background

The registered training organisation (RTO) is ultimately responsible for ensuring quality training and assessment within their organisation and scope of registration. This goes well beyond the quality of training and assessment to include all aspects of the RTO's operations. RTOs need to evaluate information about performance and using such information to inform quality assurance of services and improve training and assessment is sound business and educational practice. The information used to evaluate RTO performance must be relevant to the operating characteristics and business objectives of the RTO and will vary from one RTO to another.

This handout provides guidance to RTOs on developing and maintaining a continuous improvement ethos and process consistent with the regulatory requirements.

The key messages from the Standard are that:

- RTO's have a responsibility for all aspects of its operations, even those conducted on its behalf;
- the RTO must continuously improve all of its operations;
- this continuous improvement is shaped through gathering data such as feedback from stakeholders; and
- this data must be analysed objectively to give direction to on-going change.

Improvement may be necessary because the RTO could do things better, or because standards external to the RTO have changed, such as industry standards, VET principles, or the Standards for RTOs themselves.

## Thriving organisations

A thriving business is not only financially successful but also demonstrates sustainable growth, strong customer satisfaction, and a positive impact on its stakeholders including employees, customers, and the community.

Thriving businesses are characterised by their resilience, adaptability, and ability to innovate in response to changing market conditions. Thriving businesses create the environment that enables this to happen and promote a culture of continuous improvement.

### Customer Focus

Importance: Satisfying customer needs and building strong relationships are critical for long-term success.

Key Aspects: Providing excellent customer service, gathering and acting on customer feedback, and continually improving the customer experience.

### Operational Efficiency

Importance: Streamlining processes and eliminating waste increases productivity and reduces costs. Includes leveraging technology can enhance efficiency, improve customer experiences, and open new business opportunities

**Key Aspects:** Implementing Lean practices, using technology to automate tasks, regularly reviewing and improving operations and integrating digital tools into business operations.

### **Innovation**

**Importance:** Continuous innovation helps businesses stay competitive by offering new products, services, or processes that meet evolving market demands.

**Key Aspects:** Encouraging creativity, investing in research and development, and staying ahead of industry trends.

### **Skilled and Motivated Workforce**

**Importance:** A capable and engaged team drives productivity, creativity, and high-quality output.

**Key Aspects:** Investing in employee development, creating a supportive culture, and recognising and rewarding contributions.

### **Adaptability and Resilience**

**Importance:** Being able to adapt to market changes, economic fluctuations, and unforeseen challenges is crucial for long-term success.

**Key Aspects:** Developing contingency plans, being open to change, and fostering a culture of continuous improvement.

### **Clear Vision and Strategy**

**Importance:** A well-defined vision provides direction, while a strong strategy outlines the steps needed to achieve business goals.

**Key Aspects:** Understanding market needs, setting realistic goals, and being adaptable to changes.

### **Strong Leadership**

**Importance:** Effective leadership provides direction, motivation, and fosters a positive work environment.

**Key Aspects:** Setting a good example, being decisive, and inspiring and empowering employees.

### **Financial Management**

**Importance:** Strong financial health is essential for sustaining growth, managing risks, and making informed decisions.

**Key Aspects:** Budgeting, forecasting, managing cash flow, and minimising debt.

### **Sustainability and Corporate Social Responsibility (CSR)**

**Importance:** Sustainable practices and social responsibility contribute to long-term success by meeting consumer expectations and reducing environmental impact.

**Key Aspects:** Implementing eco-friendly practices, supporting community initiatives, and being transparent about CSR efforts.

## Strong Brand and Reputation

Importance: A strong brand and good reputation attract customers, build loyalty, and differentiate the business from competitors.

Key Aspects: Consistent branding, delivering on promises, and managing public relations effectively.

## Networking and Partnerships

Importance: Building strong relationships with other businesses, industry leaders, and stakeholders can open new opportunities and enhance business growth.

Key Aspects: Attending industry events, collaborating on projects, clear and open communication, transparent decision-making, fostering a culture of feedback, and forming strategic alliances.

## A culture of continuous improvement

Culture refers to the shared beliefs, values, customs, and behaviours, that characterise a group or in our case an RTO. It shapes how people within the group think, act, and interact with each other and their environment and importantly it is learned and passed on.

A culture of continuous improvement in an organisational environment is where all members are committed to constantly enhancing processes, products, services, and their own skills.

This culture encourages everyone, from leadership to frontline workers, to actively seek out and implement ways to make improvements, no matter how small. The idea is to continually refine and optimise the way things are done rather than waiting for problems to arise or big projects to prompt change.

Change can take different forms. An organisation can undertake giant leaps forward (or backward), or can move thoughtfully forward, building on experience as it expands. We could describe the former as **quantum change**, a revolution, or an abrupt improvement. Such a change leads to totally new processes and products, discards past experience and is stressful and challenging to all engaged in it.

The latter is **incremental change**, evolution, continuous improvement involving small steps, revised processes and products, building upon past experience and is less stressful and more respectful of those engaged in it. Incremental change is advocated by the majority of continuous improvement models.

## Continuous improvement models

There are many models available that are focused on continuous improvement and no one model is better than another. An RTO needs to adopt an approach that is suitable for their organisation and environment.

All continuous improvement models share several key principles and characteristics that drive the process of ongoing enhancement.

These common elements include:

**A focus on incremental and ongoing Improvement**

The majority of models emphasise the importance of continuously seeking and implementing improvements, whether they are small and incremental (as in Kaizen and Plan, Do Check Act - PDCA) or more substantial (as in Business Process Reengineering - BPR).

**Employee involvement and empowerment**

Engaging employees at all levels is crucial. Most models encourage active participation, idea generation, and problem-solving from everyone in the organisation.

**Customer focus**

Continuous improvement models prioritise customer satisfaction. Whether directly or indirectly, improvements are aimed at enhancing the value delivered to customers, improving quality, or meeting customer needs more effectively.

**Data-driven decision making**

The use of data and metrics to identify issues, measure performance, and guide improvements is a common thread. Models like Six Sigma and Lean are particularly data-intensive, but all models value evidence-based decisions.

**Systematic approach**

All models provide a structured, systematic approach to identifying problems, analysing them, and implementing solutions. This might be through specific frameworks (like DMAIC - Define, Measure, Analyse, Improve and Control in Six Sigma or the PDCA cycle) or more general structured methodologies.

**Focus on reducing waste and inefficiencies**

Whether it's reducing physical waste, time, or resource inefficiencies, all models aim to optimise processes by eliminating non-value-added activities.

**Standardisation**

After successful implementation, improvements are often standardised to ensure consistency and sustainability over time. This helps maintain quality and efficiency across the organisation.

**Adaptability and flexibility**

Continuous improvement models recognise the need for organisations to be adaptable and responsive to changes in the market, customer needs, or internal challenges.

**Leadership and support**

Strong leadership commitment is essential for fostering a culture of continuous improvement. Leaders are expected to support, model, and drive improvement efforts throughout the organisation.

**Cycle of reflection and learning**

Continuous improvement is cyclical, involving ongoing reflection on what has been learned and using those insights to inform future improvements. This iterative process ensures that organisations keep evolving and improving.

## Triggers for continuous improvement

The need for improvement is informed by a discrepancy between the outcomes of the RTOs processes and products and the outcomes sought by the Standards, the community, industry, employers, learners and the RTO team itself.

It may be that the RTO is falling short of those expectations, or it may be that these expectations have changed.

These expectations may be enshrined in regulations, such as:

- the Standards for RTOs;
- industry standards as expressed in training packages and accredited courses;
- professional standards relating to quality training delivery; or
- political and community expectations.

An RTO committed to improvement needs to attend to those expectations through auditing compliance, facilitating industry engagement, gathering employer feedback and learner feedback, and monitoring its community impact.

## Inputs to continuous improvement

Improvement is best when it is evidence-based, and like all evidence the data gathered needs to be relevant to expectations (valid), a reflection of the RTO's current practices, directly related to the RTO (authentic) and sufficient to justify the need for change. The data can come from a range of sources reflecting the range of interested parties, such as:

- Students: through day-to-day questionnaires and end of course surveys;
- Trainers and assessors: through in-house reviews of resources, RTO policies and procedures, and observation of student response;
- Complaints and appeals: indicating incorrect student expectations, errors of judgement, or ineffective codes of conduct;
- Employers: feedback from work placements (including traineeships and apprenticeships) and from graduates;
- Assessment validation: reflecting upon both the design and delivery of assessment tools and judgment processes;
- Industry engagement: seeking reassurance about the relevance of RTO resources through the observation of industry practices and through industry feedback;
- Community feedback: from community engagement, press, and social media;
- Internal audits: providing evidence of compliance and advice for improvement;
- External audits; providing evidence of compliance and response to improvement; and
- VET Data Provision Requirements, such as completion data and surveys.

Some of these are mandated by the Standards, others are good practice, all will contribute to an RTO's awareness of the need to improve or provide reassurance that the RTO is functioning effectively to meet stakeholder needs and expectations.

TAC has a detailed fact sheet for Continuous Improvement. Please access the fact sheet using the following link.

<https://www.wa.gov.au/government/publications/fact-sheet-continuous-improvement>

## **Internal Audits**

Internal audits are versatile tools that serve a wide range of purposes within an organisation. They help ensure that the organisation's operations, processes, and systems are functioning effectively, efficiently, and in compliance with applicable regulations and standards. In RTOs we often focus our internal audits on compliance with regulations but there are a range of common uses for internal audits that could be considered.

### **Compliance Verification**

**Regulatory Compliance:** Ensure that the organisation is adhering to laws, regulations, and industry standards. Examples could include contracts, intellectual property rights, and employment laws

**Internal audit focus - policy adherence:** Verify that internal policies and procedures are being followed by all departments and employees.

### **Risk Management**

**Identifying Risks:** Assess the organisation's exposure to various risks, including financial, operational, reputational, and cybersecurity risks.

**Internal audit focus - evaluating controls:** Review and evaluate the effectiveness of internal controls designed to mitigate risks.

### **Operational Efficiency**

**Process Improvement:** Identify inefficiencies in business processes and recommend improvements to enhance productivity and reduce costs.

**Internal audit focus - resource utilisation:** Evaluate how resources, such as labour, materials, and capital are being used and suggest ways to optimise them.

### **Financial Integrity**

**Financial Reporting:** Ensure the accuracy, completeness, and reliability of financial records and reports.

**Internal audit focus - fraud prevention and detection:** Identify any discrepancies, unusual transactions or potential fraud within the financial systems.

### **Governance and Accountability**

**Corporate Governance:** Assess the effectiveness of governance structures, including the roles and responsibilities of the board and senior management.

**Internal audit focus - ethical standards:** Evaluate adherence to ethical standards and codes of conduct within the organisation.

### **Quality Assurance**

Quality Management Systems: Review and assess the effectiveness of quality management systems to ensure that products and services meet quality standards.

Internal audit focus - continuous improvement: Identify areas for improvement and monitor the implementation of quality improvement initiatives.

### **Environmental and Health & Safety Compliance**

Environmental Audits: Ensure that the organisation is complying with environmental regulations and minimising its environmental impact.

Health and Safety Audits: Verify that the organisation is following health and safety regulations to protect employees and minimise workplace hazards.

### **IT and Cybersecurity**

Information Security: Assess the effectiveness of information security measures, including data protection, access controls, and cybersecurity protocols.

Internal audit focus - IT systems and infrastructure: Evaluate the efficiency, security, and reliability of IT systems and infrastructure.

### **Supply Chain and Vendor Management**

Vendor Compliance: Ensure that vendors and suppliers comply with contractual obligations and quality standards.

Internal audit focus - supply chain efficiency: Assess the efficiency and risk management practices within the supply chain.

### **Strategic Alignment**

Goal Achievement: Assess whether the organisation's operations are aligned with its strategic goals and objectives.

Internal audit focus - performance metrics: Evaluate the effectiveness of performance metrics and their alignment with organisational strategy.

### **Stakeholder Assurance**

Stakeholder Confidence: Provide assurance to stakeholders (e.g., shareholders, board members, customers) that the organisation is being managed effectively and ethically.

Internal audit focus - transparency: Enhance transparency in operations and decision-making processes through regular and thorough internal audits.

### **The internal audit process**

TAC has a detailed fact sheet for internal audits/. Please access the fact sheet using the following link.

<https://www.wa.gov.au/government/publications/fact-sheet-internal-audit>

## Outputs from continuous improvement

Improvement means change. This change is driven by an understanding of desired outcomes and evidence of actual outcomes. These changes can be minor or far-reaching and may require the RTO to revise, rewrite or replace:

- RTO policies and procedures: Is the problem rooted in the way the RTO has set up its operations?
- Training strategies and content: Have the requirements of the training product been fully understood? Have they been expressed validly in the learning resources? Are they a faithful reflection of current industry practice?
- Assessment strategies and content: Have the requirements of the training product been fully understood? Have they been expressed validly in the assessment tools? Are they a faithful reflection of current industry practice?
- Marketing and RTO information: Has the RTO accurately described its services? Does the student have accessible information about the RTO's expectations and their rights and responsibilities?

They may also require the RTO to rethink how it manages and records:

- Industry engagement: Are the strategies used to engage with industry building effective working relationships that inform the RTO's strategies and resources?
- Certification: Has the RTO adequately explained the AQF levels to students and employers?
- RTO resources: Are in-house and community resources accessed and managed effectively?
- Trainers and assessors: How effective are the RTO's strategies for recruitment, performance management and professional development?
- Quality assurance: How effective are the RTO's strategies to monitor and improve its own outcomes?

Finally, the RTO might need to consider changes to how it delivers:

- Learner support: Can the RTO improve the strategies used to identify learner needs and to deliver appropriate support services?
- Training and assessment: Can the RTO improve the experience of being a learner and the opportunity to achieve?

These inputs and outputs are parts of a cycle of continuous improvement.

## The continuous improvement cycle

The cycle begins and ends by identifying and monitoring the Standards expected of and by the RTO. A cycle like this may appear to be remorseless, never-ending and ultimately discouraging but as a learning organisation, an RTO should be comfortable with this evidence-based examination of its own effectiveness.

It is part of a healthy RTO mind-set that is unafraid to test itself, learn better ways and reward itself for its achievements. There are two aspects to this mind-set; a willingness to engage in the processes of change, and a willingness to accept the culture of change.



Each of these require continuous improvement to be an integral part of the day-to-day activities of RTO staff rather than an isolated, unwelcome and disruptive event.

### **Integration with the day-to-day work of the RTO team member**

As VET is evidence-based, gathering data about how well the RTO is achieving its objectives and responsibilities is a normal part of RTO work. There needs to be a process for collating feedback so that trends and shared issues can be identified, or for identifying special cases where issues are localised. Faced with a number of problems, an RTO needs to have strategies for prioritising issues to address the most urgent quickly. All RTO staff need to participate in brainstorming solutions, not just those with direct engagement with the problem. Once a strategy has been agreed upon, an individuals must agree to taking responsibility for the rectification, for monitoring progress, and for evaluating outcomes.

It is ultimately a team effort, part of the job description of each RTO staff member and part of the ethos of the organisation.

### **Continuously improving continuous improvement**

Accepting continuous improvement as a normal part of the RTO's activities is not without its challenges. Many would rather just muddle along without the 'threat' of ever-present observation. But the work of an RTO is profoundly important to the learner, employers, industry and the community, near enough is not good enough.

The parallels with learning are obvious. Like the learner, the RTO:

- has goals and standards to achieve;
- must accept that there is always room to improve;
- needs to accept that it must be assessed;
- needs to be able to accept adverse feedback;
- must be able to respond constructively to that feedback; and
- must be willing to resubmit to the assessment process.

The RTO must be a **learning organisation** that has a commitment to change, a commitment to evidence-based action, a commitment to supporting the team in times of change, a commitment to professional development, and a commitment to continuous improvement.

## A Continuous Improvement Case Study

1

### **Gather evidence and identify issues from inputs**

Student feedback, employer feedback, trainer/assessor feedback, complaints, appeals, progression data, assessment validation, internal or external audit

Current and graduate students report that they do not have enough time to learn and are under too much pressure to meet assessment deadlines.

2

### **Identify standards expected of and by the RTO**

*Standards for RTOs*, Training Package/unit requirements, workplace standards

- training and assessment strategies (SRTO 1.1)
- amount of training (SRTO 1.2)
- learner support (SRTO 1.7)
- assessment fairness (SRTO 1.8b)
- course information (SRTO 5.1)
- learner obligations (SRTO 5.2 e ii)

3

### **Identify potential causes of the issue**

Policy, procedures, marketing

- Students may have unreasonable expectations about the time demands of the course
- Duplication of knowledge and skills across related units
- Multiple assessments with the same due dates
- Stresses within and outside the course

4

### **Identify potential remedies to address the causes**

Revise policies and procedures, rewrite training materials, revise assessment tools

- reducing course intensity by clustering units of competency to avoid duplication
- up-front advice to potential students about the intensity of the course
- co-ordination of assessment deadlines across units
- support services for students experiencing elevated stress levels



**Implement selected remedy**  
Responsibility, timeline, resources

- Trainers and assessors: to implement clustering and assessment co-ordination. (Next delivery)
- Marketing to revise course brochure. (Next delivery)
- Student services to set up stress support program. (Immediate)



**Review impact of remedy – seek new evidence**  
Student feedback, employer feedback, trainer/assessor feedback, complaints, appeals, progression data, assessment validation, internal or external audit

- Review the effectiveness of stress support program through student surveys
- Review student feedback during and after next delivery of the course