

BSBMGT516

Facilitate continuous improvement

Release 1

Learner guide

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Aspire Version 1.1

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BSBMGT516 Facilitate continuous improvement Release 1

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Before you begin

This learner guide is based on the unit of competency *BSBMGT516 Facilitate continuous improvement*, Release 1. Your trainer or training organisation must give you information about this unit of competency as part of your training program. You can access the unit of competency and assessment requirements at: www.training.gov.au.

How to work through this learner guide

This learner guide contains a number of features that will assist you in your learning. Your trainer will advise which parts of the learner guide you need to read, and which practice tasks and learning checkpoints you need to complete. The features of this learner guide are detailed in the following table.

Feature of the learner guide	How you can use each feature
Learning content	Read each topic in this learner guide. If you come across content that is confusing, make a note and discuss it with your trainer. Your trainer is in the best position to offer assistance. It is very important that you take on some of the responsibility for the learning you will undertake.
Examples and case studies	Examples of completed documents that may be used in a workplace are included in this learner guide. You can use these examples as models to help you complete practice tasks and learning checkpoints. Case studies highlight learning points and provide realistic examples of workplace situations.
Practice tasks	Practice tasks give you the opportunity to put your skills and knowledge into action. Your trainer will tell you which practice tasks to complete.
Video clips	Where QR codes appear, learners can use smartphones and other devices to access video clips relating to the content. For information about how to download a QR reader app or accessing video on your device, please visit our website: www.aspirelr.com.au/help
Summary	Key learning points are provided at the end of each topic.
Learning checkpoints	There is a learning checkpoint at the end of each topic. Your trainer will tell you which learning checkpoints to complete. These checkpoints give you an opportunity to check your progress and apply the skills and knowledge you have learnt.



Foundation skills

As you complete learning using this guide, you will be developing the foundation skills relevant for this unit. Foundation skills are the language, literacy and numeracy (LLN) skills and the employability skills required for participation in modern workplaces and contemporary life.

The following table outlines specific foundation skills noted for your learning in this learner guide.

Foundation skill area	Foundation skill description
Reading	<ul style="list-style-type: none"> Identifies and extracts relevant information from a range of complex texts Locates, interprets and analyses workplace documentation to gather information relating to continuous improvement
Writing	<ul style="list-style-type: none"> Develops complex texts related to continuous improvement processes according to organisational requirements Ensures the vocabulary, grammatical structures and conventions are appropriate for the context and target audience
Oral communication	<ul style="list-style-type: none"> Presents information to a range of audiences using appropriate structure and language Listens and comprehends information from a variety of spoken exchanges with clients, co-workers and other stakeholders Confirms understanding through questioning and active listening
Navigate the world of work	<ul style="list-style-type: none"> Develops strategies to enable compliance with legislative requirements and achievement of the organisation's goals Monitors adherence to organisational policies, procedures and protocols and considers own role in terms of its contribution to broader goals of the work environment
Interact with others	<ul style="list-style-type: none"> Identifies and uses appropriate conventions and protocols when communicating with colleagues and external stakeholders Collaborates with others to achieve joint outcomes, playing an active role in facilitating effective group interaction and influencing direction
Get the work done	<ul style="list-style-type: none"> Takes responsibility for developing, implementing and monitoring systems and processes to achieve organisational outcomes Uses analytical and lateral thinking to review current practices and develop ideas for improvement Reflects on the ways in which digital systems and tools are used, or could be used, to achieve work goals

What do you already know?

Use the following table to identify what you may already know. This may assist you to work out what to focus on in your learning.

Topic	Key outcome	Rate your confidence in each section
Topic 1 Lead continuous improvement systems and processes	1A Encourage and support team members to participate in decision-making processes	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1B Ensure continuous improvement processes are communicated to stakeholders	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1C Meet sustainability requirements	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1D Develop effective mentoring and coaching processes	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1E Ensure knowledge management systems address insights and experiences from business activities	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 2 Monitor and adjust performance	2A Develop strategies to monitor progress and identify improvements	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2B Adjust and communicate strategies to all stakeholders	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 3 Manage opportunities for further improvement	3A Inform the team of the outcomes of continuous improvement efforts	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3B Record work team performance to identify improvement opportunities	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3C Incorporate areas for improvement in future planning	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

Topic 1

Lead continuous improvement systems and processes

Continuous improvement has become one of the most important processes of management in conjunction with the traditionally recognised processes of planning, organising, operating and controlling. Continuous improvement is a business philosophy used to continually create opportunities for ongoing positive change. It incorporates innovation, sustainability and change management processes to enable organisations to respond to today's rapidly changing business environment.

Today's successful organisations use continuous improvement approaches to enhance their operations and plot a course towards excellence and sustainability. However, the introduction of continuous improvement systems and processes alone will not necessarily guarantee organisational success. Central to an organisation's ability to continuously improve is a culture which encourages innovation and action. But how is such a culture achieved and what role does the manager play in establishing and maintaining this culture?

This topic will explore these questions in detail and will provide the manager with the skills and knowledge to lead continuous improvement processes in their organisations.

In this topic you will learn how to:

- 1A Encourage and support team members to participate in decision-making processes
- 1B Ensure continuous improvement processes are communicated to stakeholders
- 1C Meet sustainability requirements
- 1D Develop effective mentoring and coaching processes
- 1E Ensure knowledge management systems address insights and experiences from business activities

1A

Encourage and support team members to participate in decision-making processes

Effective teamwork and leadership skills are frequently cited as a major requirement for success with any continuous improvement initiative. Leadership must be proactive, not passive. Managers must be seen as doing more than just endorsing continuous improvement. They must personally apply the continuous improvement tools and techniques and set an example for their teams by using innovation and lateral thinking skills to design better ways of achieving work outcomes.

People support what they help to create. Any team, department or organisation seeking to adopt continuous improvement initiatives must do so by encouraging all employees to make suggestions for improvement and providing avenues for them to contribute to decisions and solutions to problems.

Continuous improvement benefits can include:

- work practices becoming more efficient as staff identify and improve on inefficient procedures
- sales of products and services increasing as their quality improves and they exceed customer expectations
- staff morale improving as they feel their ideas and contributions to improved work practices are valued by management and customers
- staff motivation enabling work colleagues to continue to identify improvements as they can see the results of their efforts.

Teamwork and leadership

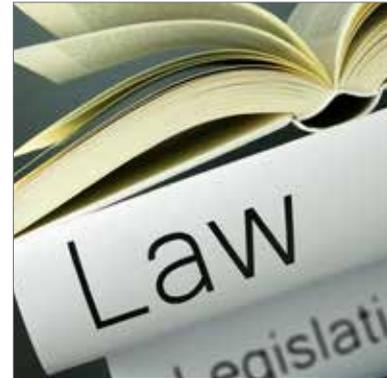
A manager's role is to develop strategies that will support team members to participate in decision-making processes, help them assume responsibility and encourage them to exercise initiative. As part of this you need to develop your own innovation and lateral thinking skills so you can make suggestions and help team members find better ways of achieving their goals. Leadership skills are also crucial, as you need to be able to instil confidence in the group and develop trust so they feel comfortable making suggestions and know their ideas will be listened to. An important responsibility for managers is to actively support their teams to participate in the continuous improvement process. Managers can support team members through structured performance appraisals, providing mentoring programs, communicating regularly and openly, encouraging everyone to contribute and using team members' skills effectively.

Managers can actively support their teams by:

- encouraging them to see where things can be improved
- providing them with confidence to make suggestions
- supporting innovation
- gaining their trust
- helping them implement new work practices.

Understand legal and ethical requirements

Among your responsibilities as a manager is the requirement to follow any legislation or guidelines in place. Your organisation should have embedded relevant legislation and other practices into their policies and procedures. You need to understand the legislative and regulatory context of your organisation as it relates to continuous improvement, so if you follow these, you both meet your workplace obligations and comply with the law. You don't need to know every detail of the legislation, but you need to know the types of things you must comply with, as your organisation can be held liable for any difficulties that arise if you have not followed procedures correctly.



For more information about legislation, regulations and standards that relate to the business environment, visit www.austrade.gov.au and search for 'Understanding-Australian-business-regulation'.

Legislation and codes of practice

You must comply with legislation and codes of practice that could affect your job role and the continuous improvement processes, implementation and outcomes. The following is a description of the legislation and codes of practice that apply.

Equal employment opportunity and anti-discrimination legislation

Equal employment opportunity and anti-discrimination legislation are contained in a series of Commonwealth, state and territory Acts that require workers and employers to treat everyone the same regardless of age, gender or background; Commonwealth Acts include the:

- *Equal Employment Opportunity Act 1987*
- *Age Discrimination Act 2004*
- *Australian Human Rights Commission Act 1986*
- *Disability Discrimination Act 1992*
- *Racial Discrimination Act 1975*
- *Sex Discrimination Act 1984.*

Competition and consumer protection

The *Competition and Consumer Act 2010* (Cth) deals with most aspects of commercial dealings, including those with (and between) suppliers, wholesalers, retailers, competitors and consumers. It also provides for industry codes of practice and the regulation of industries such as telecommunications, gas, electricity and airports.

The *Competition and Consumer Act 2010* is enforced by the Australian Competition and Consumer Commission (ACCC).

Privacy laws

In March 2014, new legislation affecting privacy laws came into effect. It amends the *Privacy Act 1988* (Cth) and introduces 13 new Australian Privacy Principles (APPs), which replace existing privacy principles. These APPs apply to government agencies and many private sector organisations, including health service providers. The Australian Privacy Principles regulate how personal information is handled; for example, how you should store confidential information appropriately. The Privacy Regulation 2013 also came into effect in March 2014.

Workplace relations

Australia has historically had a complex workplace relations system that is governed by either Commonwealth or state legislation and is applied through one of many industrial awards or agreements that are based at either an industry level or with an individual employer.

The complexity of the workplace relations system was simplified when the provisions of the *Fair Work Act 2009* (Cth) were introduced from 1 January 2010. Since then, all states except Western Australia have referred their workplace relations powers relating to private industry to the Commonwealth, with the aim of creating a national workplace relations system. Complexities still exist on a state-by-state basis depending on whether a state handed all workplace relations powers to the Commonwealth or retained powers for crown employees.

In most situations, a workplace will be governed through the Fair Work Act 2009, but there are still complexities as workplace may be covered by multiple awards and agreements, and in some situations by different legislation.

Workplace health and safety (WHS) laws

WHS laws impose requirements on all employers and workers to keep workplaces safe; for example, make sure you follow safety directions when using equipment.

WHS legislation was updated nationally in January 2012 with the *Work Health and Safety Act 2011* (Cth) coming into effect. At this time, all states and territories have implemented harmonised WHS laws based on this new Act, except Western Australia and Victoria, which continue to enforce existing state-based safety laws.

Environmental legislation

Environmental legislation may apply depending on the nature of the organisation. Examples of environmental legislation include the *Environment Protections and Biodiversity Conservation Act 1999* (Cth) or the *Environment Protection Act 1997* (ACT).

Codes of practice and ethical principles

Codes of practice are guidelines to achieve standards set out by experts in an industry to help members comply with its ethical standards. Codes of practice can be workplace-based or applied by a professional association; for example, the Australian Institute of Project Management's RegPM Assessor Code of Practice. The National Code of Practice for manual handling is one example of a code of practice.

Clarify roles and expectations

Make sure each team member is aware of their job description, which details their duties and tasks, their goals and objectives and who they are accountable to. Be clear about how you expect them to perform in their role. As a manager, it is your duty to encourage all team members to participate as fully as possible in all aspects of the organisation; for example, as well as completing the tasks allocated to them, they must maintain their work area, contribute to team meetings, participate in occupational health and safety issues, follow environmental sustainability guidelines and work within the culture of the organisation.



It is your role to provide a non-threatening atmosphere where people are comfortable to discuss issues and problems and make suggestions to improve work practices or team morale. Encourage them to work interdependently by taking responsibility, making appropriate decisions and exercising initiative.

Establish performance plans

One way to clarify roles and keep team members accountable is by establishing performance plans which factor in opportunities for team input. Performance plans can be for the team as a whole, with individual plans prepared for each team member. The plans might include both long-term and short-term objectives. Performance planning must occur at every level of the organisation in order for the full improvement potential to be realised.

A performance plan will usually list the following:

- The activities and tasks to be performed that will contribute to achieving the team and organisational goals
- Timelines and targets
- Key performance indicators as a means of measuring whether the goals have been achieved
- The team member's contribution to achieving the organisation's plans and goals, including participation in all team and organisational activities
- Training and development requirements in order for the team member to meet expectations and the required level of performance

Apply communication devices and processes

Make it easy for staff to contribute, offer suggestions and display their innovative ideas. Think laterally. You might encourage them to email ideas they have which you can then collate and present at a team meeting. Articles on innovation might be published on the organisation's intranet. The intranet is also a good medium in which to present articles about innovation or feature a staff member who contributed a suggestion that helped the organisation make a decision. Suggestion boxes have a varied success rate but may be worth a try.

There is a range of well-proven techniques you can use to encourage team members to participate in the continuous improvement process. Here are examples of five commonly used techniques.

Brainstorming

This useful technique encourages the generation of ideas amongst team members, allows each participant to state their opinions in a non-threatening environment. Managers can use brainstorming to unite a group with diverse ideas and needs and identify systems and processes that would support continuous improvement. The process is as follows:

- Define and agree on the objective.
- Brainstorm ideas and suggestions having agreed a time limit.
- Categorise, condense and refine ideas.
- Assess and analyse the pros and cons of each idea.
- Prioritise options and rank list as appropriate.
- Agree on action and timescale for implementation.
- Control and monitor follow-up.

Mind mapping

Mind maps are a useful tool for documenting a team's approach to a problem or process.

A key word, idea or specific problem is placed in the centre. Three or four key ideas (written in different colours to help you categorise the ideas) are then written to radiate outwards from the key word. Ideas are built up by writing brief words or notes that spread out from these words like the branches of a tree.

A manager can use a mind map to show the structure of the problem and to identify linkages between points. It is important to create mind maps in a format that makes it easy to remember and recall information.

Fishbone – cause and effect diagram

This technique builds a cause and effect diagram to help display the potential causes for a specific problem and capture its root causes. It is particularly useful in a group setting and for situations where little quantitative data is available. To construct a fishbone, use the following steps as a guide:

- Start with the head of the fish by stating the problem as a question, such as 'Why have customer complaints raised consistently in the last six months?'
- The rest of the fishbone then consists of a line drawn across the page, attached to the problem statement, and several lines coming out vertically from the main line. These branches are labelled with different categories.
- Once you have the branches labelled, begin brainstorming possible causes and attach them to the appropriate branches. For each cause identified, continue to ask 'Why does that happen?' and attach that information as another bone of the category branch.

Consensus

This decision-making technique requires team members to identify options that all team members will support. It is often used for complex or important decisions that require the coordination and understanding of all team members. Consensus does not mean that everyone is totally happy with the decision. To facilitate this process, managers need to consider the ideas, feelings, and situations of all team members, not just of a few or the majority. Reaching consensus usually takes a lot of discussion time and requires skills in resolving differences of opinion. The investment in time however, is usually worth it because decisions made using this approach are often implemented without resistance given they are supported by the entire team.

Stepladder technique

This method encourages individual participation in group decision-making by allowing contribution on an individual level before being influenced by anyone else. The stepladder technique process is outlined below:

- Before getting together as a group, present the task or problem to all members. Give everyone sufficient time to think about what needs to be done and to form their own opinions on how to best accomplish the task or solve the problem.
- Form a core group of two members. Have them discuss the problem.
- Add a third group member to the core group. The third member presents ideas to the first two members before hearing the ideas that have already been discussed. After all three members have laid out their solutions and ideas, they discuss their options together.
- Repeat the same process by adding a fourth member. Allow time for discussion after each additional member has presented their ideas.
- Reach a final decision only after all members have presented their ideas.

Facilitate training and development

When an organisation is committed to continuous improvement, it must ensure that employees understand their role in the process and how they can contribute. Training and development is two-fold. It is essential that you are able to give staff the skills in teamwork, decision-making and assertiveness so they can fully participate in the continuous improvement cycle. Here are some further considerations about facilitating training and development.

Decision-making training

To give staff skills in decision making you can:

- provide training in being assertive so team members have the ability to speak at meetings, make suggestions and discuss issues, and are confident to assume responsibility for activities
- practise decision-making techniques
- provide information about innovation and the use of creativity to effect improvement
- provide training in communication skills so people are confident when speaking
- provide training in public speaking so people are comfortable speaking in a group.

Mentoring and buddy systems

Mentoring and buddy systems are two strategies that an organisation can employ to support team members to participate in decision-making. A manager may appoint an experienced colleague to provide encouragement and support for a new team member. This mentoring relationship is an informal arrangement and one in which the mentor does not tell the team member what to do but rather offers advice and suggestions based on their experience and particular expertise.

An even less formal arrangement is the buddy system in which the manager may select a colleague to be available if the team member needs help or has difficulty understanding something.

Both strategies work well if people have trust and confidence in one another and want to learn, are willing to ask questions and have the initiative to clarify anything they don't understand.

Provide skills to implement an improvement

Provide the skills and knowledge needed for staff to take on the improvement; for example using a new software program; operating a new piece of machinery. It might involve training in change management so the change to the new system or procedure is problem-free and carried out efficiently. Training might be conducted in-house, off-the-job; you might use colleagues with expertise or external consultants. In-house coaching is a cost-effective way to improve skills.

Implement reward and recognition programs

Recognition programs have been shown to increase employee participation in improvement initiatives. Most of the research in this area has shown that employees are happiest when they are recognised by their managers for doing a good job. While this may not be surprising, what is of significance is that managers are often so busy they forget to fulfil this need for recognition.

Recognition and incentives will depend on the size and nature of the organisation. It can range from articles in a newsletter, announcements at staff meetings, gifts such as wine and food, leave and movie tickets, to incentive programs offering holidays. Use your innovation skills to think of new ways to reward your team members. You might even ask staff to suggest ideas.

In making employee recognition programs more effective, managers need to make sure:

- they offer appropriate rewards
- they reward employees in a timely manner
- they ensure the reward ties in with the person's results.

Example: encourage staff participation

Jenny manages six staff at a local fast food outlet. The store is locally owned and she is encouraged to include the staff in the operational decisions of the business.

To encourage the staff, Jenny implements two strategies – the first is a simple suggestion box to flesh out new and innovative ideas. People who suggest ideas that are used are rewarded.

The second strategy is the weekly operational meeting where budgets, sales and stock are discussed and decisions made through a democratic process. Jenny asks all staff to consider decisions and come up with for and against arguments for the next weekly meeting. In doing so, she is teaching the staff to research and consider basic business cause/effect decision-making.



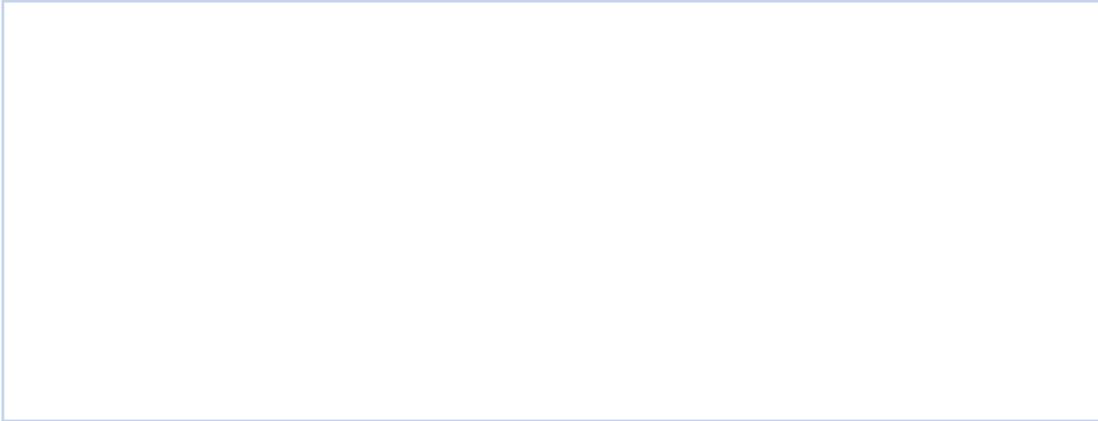
Practice task 1

1. Research an organisation and list the strategies they use to encourage staff to make decisions, assume responsibility and exercise initiative.

continued ...

... continued

2. Research information about problem-solving and decision-making processes, and develop a plan for how you might implement one or two of these strategies in your continuous improvement initiatives.



1B

Ensure continuous improvement processes are communicated to stakeholders

It is crucial that the processes an organisation uses to identify the need for improvements are communicated clearly to staff and other stakeholders, so everyone knows what they are doing and what is expected of them. Continuous improvement practices vary among organisations depending on the goals and culture of the business. Continuous improvement can be applied to any activity and should follow the following four steps.

Step 1 Encourage the team to consider ways to improve

Questions to ask:

- Is there a better way this activity could be done?
- How can we do it more efficiently?
- Are there any wasteful or redundant elements to this activity?
- Is the activity achieving what we want it to?
- What would we have to do to improve the process?
- How can we ensure the change will be successful and improve performance?

Step 2 Plan to implement the change

Questions to ask:

- What do we need to do to introduce the change?
- What resources do we need?
- How can we ensure everyone views the change positively?
- How will we measure the effect of the change?

Step 3 Review and monitor changes

Question to ask:

- Is the change improving performance?

Step 4 Implement changes to improve performance

Question to ask:

- How can we support the team when introducing change?

Understand continuous improvement processes

Make sure you are familiar with the processes the organisation uses to identify areas for improvement, which may include approaches such as benchmarking, process mapping, quality planning, problem-solving, auditing and evaluations, seeking feedback and reviews. Then, when any of these strategies are implemented you will be able to help staff understand them by explaining the process concisely, accurately and promptly. When choosing a continuous improvement model or approach, senior management must consider the needs and capabilities of their organisation or their decision may prove to be counterproductive.

Along with the evolution of continuous improvement, a range of improvement-oriented models and techniques have emerged. Some of these techniques aim for incremental improvement with long-term strategic benefit, while others focus on dramatic changes with short-term results.

Among the most widely used models for continuous improvement is the four-step plan-do-check-act (PDCA) cycle, also known as the Deming Cycle, which is described here.

The PDCA cycle
Plan: Identify an opportunity and plan for change.
Do: Implement the change on a small scale.
Check: Use data to analyse the results of the change and determine whether it made a difference.
Act: If the change was successful, implement it on a wider scale and continuously assess your results. If the change did not work, begin the cycle again.

Quality systems

Many organisations have designated teams responsible for establishing quality processes and measuring the output of the organisation in terms of quality. Other organisations include responsibility for quality management within management roles, so the implementation and accountability for quality processes is spread across the whole organisation.

There are a range of quality systems. Some, such as the ISO standards, are administered externally by an accrediting body, while other such as a Hazard Analysis Critical Control Point (HACCP) are implemented and monitored internally. Still others are specific continuous improvement strategies that can be applied within a quality management system.

Organisations develop their own quality management system based on specific frameworks, standards and guidelines appropriate to their organisation.

Frameworks might include:

- ISO 9001:2008 Quality Management Systems
- Hazard Analysis Critical Control Points (HACCP)
- Australian Business Excellence Framework.

ISO 9001:2008 Quality Management Systems

Quality management involves the idea that improving the quality of a product or service will not only reduce an organisation's expenses but also increase its productivity and market share, and enhance customer satisfaction.

The actual process of quality management varies according to the organisation's needs. Different industries and organisations will have varying definitions of what a quality result might mean.

Quality management systems use a variety of methods to get a quality result. Some quality management processes focus on measuring defects or errors and taking corrective action; other processes are based on the notion that quality must be built into the design of the product or service and in the way it comes to life; for example, as it is manufactured.

The ISO 9001:2008 standard defines:

- the system and documentation needed
- management responsibilities
- how resources should be managed
- how to produce quality products and services to ensure the process of production meets certain standards
- how to review and improve.

Standards Australia

Standards Australia is Australia's representative to the International Organisation for Standardisation. Through a committee structure, Standards Australia is responsible for developing and maintaining over 7000 Australian Standards. The Standards are designed to promote and assist trade between individuals, organisations and nations.

There are also many other recognised standards and quality assurance processes that are not necessarily covered by an Australian Standard and are widely recognised throughout the world. Some of these are described here.

Quality assurance (QA)

Quality assurance describes the process of designing, implementing, monitoring and measuring quality processes. The use of the word 'assurance' is designed to show that by using systems and processes; quality is guaranteed or more likely to occur. Some organisations call these groups or processes 'product integrity', 'quality management' or 'quality testing'.

Total quality management (TQM)

This system focuses on continuous improvement of an organisation's internal processes. It increases the quality of the organisation's products and services and therefore improves customer satisfaction. TQM aims to embed awareness and focus on quality in all organisational activities, to do things right the first time rather than responding to problems after they emerge. Analysing data using statistical methods is a key element of TQM, as is the use of crossfunctional teams known as quality circles, where people who have different duties in a process or activity work together to identify where improvements can be made.

Australian Business Excellence Framework

The Australian Business Excellence Framework (ABEF) describes an approach to leadership and management based on proven practices capable of achieving high levels of success with long-term sustainability. It has been designed to enable any organisation to use the broad base of knowledge to choose how it can best address business quality improvement while still appreciating the unique nature of each organisation.

Six Sigma

The Six Sigma seeks to improve the quality of process outputs by identifying and removing the causes of defects and variability in manufacturing and reduce waste and improve efficiency. It uses a structured methodology known as the Define, Measure, Analyse, Improve, Control (DMAIC) methodology to improve current processes.

Balanced scorecard

The balanced scorecard (BSC) is a well-known strategy performance management tool. It is usually presented in a semi-standard structured report, supported by design methods and automation tools that can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions. This concept provides a framework for a strategic management system that measures whether the operational activities of a company are aligned with its larger-scale objectives in terms of vision and strategy.

Just-in-time (JIT)

This approach is suitable for manufacturing organisations and aims to reduce in-process inventory and associated carrying costs. The just-in-time approach ensures that the organisation carries the par level or bench mark level of supplies, usually running out as a delivery arrives. There is an art in operating a business with the just-in-time approach and managers need to be very aware of stock levels at any given time. Running an organisation on minimal stock can pose a risk to productivity and availability, but if managed correctly, ensures that there is no risk of dead money (money tied up in stock that isn't providing an immediate return).

Lean processes

Lean processes are production practices that work from the perspective of the customer. They consider the expenditure of resources for any goal other than the creation of value for the end customer to be wasteful, and thus a target for elimination.

Benchmarking

The key principle of benchmarking is the continuous pursuit of excellence at all levels and in all parts of an organisation. Benchmarking measures a company's attempts to meet stakeholder needs such as on time delivery of quality goods (customers), creating a supportive workplace (employees), providing a good return on investment (owners and investors) and keeping up to date with technology (suppliers).

Data is collected and measured against present objectives devised within the organisation, as well as against external organisations that are recognised as leaders in their field. The benchmarking system is a proactive approach that offers organisations a way to implement continuous improvement practices by identifying who is the very best at achieving the objectives of stakeholders, how they have managed to achieve objectives so successfully and how the organisation or more people within the organisation could do the same.



Quality systems in action

The DMAIC (Define, Measure, Analyse, Improve and Control) methodology provides a structured framework to improve current processes. It is commonly used in manufacturing environments that use Six Sigma techniques, but can be adapted and used effectively in other areas. Here is such a chart that will let staff see the structured process they have to follow and how their responsibilities fit into the framework.

Stages	Objectives	Tools and techniques	Key outputs
Define improvement opportunities	<ul style="list-style-type: none"> Identify the improvement opportunity Develop the business processes Define critical customer requirements Prepare a project team 	<ul style="list-style-type: none"> Gap analysis Customer feedback Process mapping Action plan 	<ul style="list-style-type: none"> Action plan Process maps Quick-win opportunities Critical customer requirements Project team
Measure process performance	<ul style="list-style-type: none"> Identify measures to evaluate the success of meeting customer needs Begin developing a data collection method to measure process performance Understand the elements of the Six Sigma calculation that provides a base performance measurement for a process Establish baseline sigma of the process to show the standard deviation for a process 	<ul style="list-style-type: none"> Charts Graphs Data analysis 	<ul style="list-style-type: none"> Input, process, and output indicators Operational definitions Data collection formats and plans Baseline performance
Analyse opportunity	<ul style="list-style-type: none"> Analyse the opportunity to identify a specific problem Define an easily understood problem statement Identify and validate the root causes 	<ul style="list-style-type: none"> Process mapping Hypothesis testing Fishbone diagram Root cause analysis Statistics 	<ul style="list-style-type: none"> Data analysis Process maps Validated root causes Problem statement
Improve process	<ul style="list-style-type: none"> Identify, evaluate and select the right improvement solutions Develop a change management strategy to assist the organisation through solution implementation 	<ul style="list-style-type: none"> Cost-benefit analysis Project planning Change management 	<ul style="list-style-type: none"> Solutions Process maps and documentation Implementation milestones Improvement impacts and benefits Change maps

Stages	Objectives	Tools and techniques	Key outputs
Control process	<ul style="list-style-type: none"> Understand the importance of planning and executing against the plan Determine the strategy to ensure achievement of the targeted results Understand how to disseminate lessons learnt Identify opportunities for standardisation 	<ul style="list-style-type: none"> Project planning Plan-Do-Check-Act cycle 	<ul style="list-style-type: none"> Process control systems Standards and procedures Training Team evaluation Change execution plans Potential problem analysis Success stories

Modifications and improvements

Improvements may range from small changes, such as requiring staff to sign in when they arrive at work, to large-scale improvements, such as an organisational restructure to improve production and reduce costs.

When an improvement has been identified, whether it is to systems and processes, products or services, it must be clearly defined and articulated to all stakeholders regardless of the size of the improvement. For example, a simple change of moving a photocopier to improve the health and safety of operators can be discussed at a staff meeting and followed up with an email and a notice on an information board. A more substantial improvement such as the introduction of a new customer management software program will require discussions, opportunities for staff to ask questions and training prior to its implementation.



The most important part when implementing modifications or improved processes is making sure that everyone understands the change, why it is being introduced and the role they play in implementation. This must be supported by accompanying documentation; for example, new standard operating procedures will have to be written; a new policy may have to be developed; implementation procedures will have to be prepared and disseminated.

Audits to evaluate and monitor effectiveness of improvements

Audits are an integral component of an organisation’s continuous improvement systems. They are recognised as a valuable tool for monitoring how effectively an organisation’s policies and procedures are being implemented and can assist the organisation in identifying weaknesses in their systems. In addition, audits can be used to confirm compliance with regulatory obligations. If an audit is being conducted, inform the staff and let them know why it is being done and what their role in it, if any, will be.

Where possible, a suitable quality systems framework should be subjected to the audit process. In some situations, an organisation's systems are audited by an external body registered by the ISO. The auditor determines whether the systems meet the standards set by the ISO and, if they do, awards the organisation with ISO accreditation. The organisation must show evidence that its procedures are reviewed and improved at regular intervals, during which the quality management system is re-audited. Organisations that have been awarded ISO accreditation can use ISO logos and markings in their marketing and promotional efforts, demonstrating to customers and stakeholders the organisation's commitment to continuous improvement.

Audit review process

Other than ISO, other quality standards are often audited by external agencies on a regular basis. For example, vocational education training (VET) providers in Australia are audited externally by the Australian Skills Quality Authority (ASQA).

Common elements in the audit review process are shown here.

Checking the activity, process or system used. Is it up to date? Is it relevant and helping to meet stakeholder demands?

Ensuring that external groups such as customers or suppliers understand their role in the process and how it will benefit them.

Making sure the system is being used properly. If not, why not?

Determining any opportunity to improve or refine the system so it can deliver even greater benefits to the organisation.

Performance reviews

Assessment of the performance of employees against their job description or performance indicators should be undertaken regularly, at least twice a year, with regular informal monitoring so that difficulties can be picked up before they escalate. Most organisations have developed a formal policy and procedure with forms and other documents that must be completed by the employee and their manager. Opportunities are given at performance reviews for staff to suggest ideas for improvement.

Continuous improvement policy and procedures

There should be a policy and procedures in place that enable the organisation to systematically review and improve the quality of its products, services and operations. This should form part of the formal audit or review process based on the organisation's quality management system.

A continuous improvement policy should be considered essential to all improvement initiatives. A good policy will take the vision of management and communicate that vision to all staff in a succinct and powerful manner. Staff should be informed about the policy during their induction and understand that it is also available in hard copy or on the intranet.

Continuous improvement procedures should explain how to review and monitor products and services; for example, measure defects and errors; analyse customer feedback; measure sales; benchmark quality etc. A continuous improvement policy should describe the organisation's belief in seeking better ways of doing things, producing better quality products and services and having confident and skilled employees.

A continuous improvement policy:

- ensures procedures are implemented to regularly monitor and review organisational policies and procedures
- ensures products and services are continually modified and improved to meet quality standards and customer expectations
- ensures legislative requirements are complied with
- provides guidelines for decision-making
- creates confidence and uniformity in decision-making
- enables staff to initiate actions and take responsibility without constant reference to management
- increases the accountability of staff.

Feedback from stakeholders

Seeking feedback from each of key stakeholder groups will help you identify how to improve the business, products and services, work practices, morale and organisational culture.

One of the risks of a continuous improvement process is that, by its nature, the process is one of change. Like all things, people manage and respond to change in different ways. For some individuals and teams, a never ending process of change can be unsettling and difficult to adapt to. Building feedback loops into everything a team does help managers and teams cope with the challenges of a changing workplace and proactively seek out further change.

Stakeholders consist of people and groups affected by the operations of the organisation. As a manager, you will need to consider who your key stakeholders are and what information they may need from you in relation to your continuous improvement activities.

The following is a list of some common stakeholders.

Owners of the organisation

These stakeholders are interested primarily in the fiscal viability and long-term gains produced by quality improvement systems.

Senior management and board members

In addition to the information desired by owners, senior management and board members require information for the purpose of business decision-making. They are therefore concerned with efficiencies and effectiveness of systems on an ongoing basis.

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Employees

Systems that affect the day-to-day work of staff should be open for input and information for all members. Two-way feedback allows for frontline monitoring of the system's effectiveness.

Clients and customers

From a marketing perspective, quality improvement is highly regarded by customers and information should therefore be made available when it highlights the commitment and improvements made under a quality management system.

Suppliers

Suppliers respect the organisation's commitment to quality as it reflects upon their company as well as introduces a feeling of confidence. Information regarding effectiveness achieved by introducing quality management systems can be highly regarded.

Professional associations

Associations depend on the value their members contribute to the association's reputation. Providing and seeking feedback regarding quality improvements helps disseminate industry-wide best practices and can have a macro-economic benefit to the industry.

Contacts

Specific contacts in business and government can provide broader perspectives on quality systems used in their own and other industries. Providing information to these people can benefit the organisation by sharing knowledge and experience.

Funding bodies

Providing information on quality assurance systems to funding bodies establishes trust, confidence and a sense of viability to the funder. For your organisation, it improves the relationship with the funding body and can lead to ongoing, trusting relationships.

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Union/employee groups

Continuous improvement should include improvements to processes and conditions. Unions and employee groups should be consulted to ensure agreement is reached prior to implementing new processes. Many processes aim to reduce the cost of human resources as a bottom line improvement and these are particularly sensitive to employee groups.

The wider community

As a marketing tool, spreading the word about continuous improvement communicates a level of commitment to the business and its customers as well as the community that may be affected by its operations. Community input is an important part of establishing open communication with influential groups to improve the business's ongoing relationships.

Communicate improvement initiatives

When any of these continuous improvements processes are implemented, you need to let staff know about them and what you expect their role to be in identifying areas for improvement. It is essential that you communicate with everyone involved to ensure that the process is understood by everyone who needs to follow it. Make sure it has been communicated properly (at the outset and as it evolves) and people are told that they will be given the appropriate support when needed.

The communication strategy you use will need to be relevant to the stakeholders; for example, government contacts or funding bodies may require a report; employees can attend meetings or access the intranet for information; customers can read the organisation's newsletter.



Forums

Forums are perhaps the most interactive form of communication that can be provided. In a forum, team members have the opportunity to discuss ideas among themselves and with management. A forum allows everybody's ideas to be heard and listened to. Forums are useful either prior to the implementation of an improvement initiative or after the initiative has been in place for some time. They offer a good opportunity for discussion of initiatives that may be unpopular and for resolving concerns and obtaining employee buy-in. It is important that improvement initiatives remain the focus of the forum discussions and that the chairperson facilitates the forum and maintains control.

Managers need to perform the following roles to maximise forum outcomes.

Roles of managers running a forum

Inform attendees of the reason for the forum and what you hope to achieve by holding it. Provide a program or list of issues prior to the forum.

Ensure forum attendees understand that participation and initiative (in the form of developing new ideas or problem-solving) are not only expected, but necessary if the forum is to be a success.

Let attendees know your expectations of them and what contributions they need to make. To ensure that time is used well, managers should ask individuals to attend the forum with ideas and thoughts on particular problems or issues at the ready.

Keep a record of issues raised and questions or ideas presented.

Follow up issues raised by providing answers or feedback to participants afterwards on how their input has made a difference.

Meetings

Meetings provide an excellent opportunity to share information about an improvement process to all staff. Meetings enable managers to explain the process and the team's responsibilities as well as provide the opportunity for team members to ask questions and contribute ideas.

When undertaking meetings managers should do the following:

- Use formal or informal meetings depending on what you want to achieve.
- Make sure the meeting focuses on how team members can achieve one or more goals through the improvement process.
- Make sure people receive an agenda beforehand and are prepared for any important issues or areas that will be discussed.
- Keep minutes or notes and follow up decisions.

Newsletters and reports

Newsletters and reports are powerful communication methods. Both of these forms of communication are used to keep stakeholders informed and up to date. Newsletters usually serve the purpose of providing statistical summaries of the overall progress of the organisation's continuous improvement process. They are often used to promote the success stories of improvement initiatives and to motivate and uplift staff. Newsletters can assist in building staff satisfaction as they keep all staff informed. Make sure everyone gets a copy. One of the drawbacks associated with newsletters is that they often become familiar and may be dismissed as unimportant. To reduce this occurrence, newsletters should be used in conjunction with other communication methods.

Reports are used to provide specific targeted information to internal and external stakeholders. Financial reports, operational reports and team reports are just a few examples. External stakeholders, such as government departments, may also require information from an organisation regarding its operating status. This is often requested in the form of a statistical report.

Policies and procedures

Improved work practices and processes should be immediately incorporated into existing policies and procedures. Staff should be made aware of any new procedures linked to an improvement. Depending on the breadth or complexity of the policy or procedure, this might be done through an email, an intranet article, notices in the office or factory or in an information session.

Electronic communication devices

Many organisations are embracing electronic communication as a vehicle for regular and immediate communication with employees, customers and suppliers. Electronic devices need to be accessible, easy to use, understood and supported with appropriate training if they are to be relevant and useful. Some of the common ways in which electronic communication supports continuous improvement processes are outlined here.

Intranets

An intranet is an organisation's private communication system. It is an extension of the internet available only to employees of that organisation. Intranets provide an ideal place to facilitate internal communication and publish results from improvement initiatives. Intranets can also be used to provide easy access to key continuous improvement information such as employee manuals, benefits documents, company policies, business standards, and newsfeeds and training materials.

Extranets

Extranets extend a private network onto the internet with special provisions for access, authorisation, and authentication. While intranets are generally restricted to employees of the organisation extranets may also be accessed by customers, suppliers or other approved parties.

Web conferencing

Web conferencing is a useful tool for conducting live sessions with an organisation's stakeholders. Web conferencing also provides great cost savings. Some of the features of web conferencing include: screen sharing, live video streaming, real time audio, meeting recording, and polls and surveys.

Social software

Interactive software tools are increasingly being used to facilitate instant communication between individuals and groups. Tools include instant messaging, text chats, wikis, blogs and social bookmarking. They provide opportunities to discuss ideas in a wider context so you can gain immediate comments and feedback on suggested improvements.

Example: communicate with stakeholders

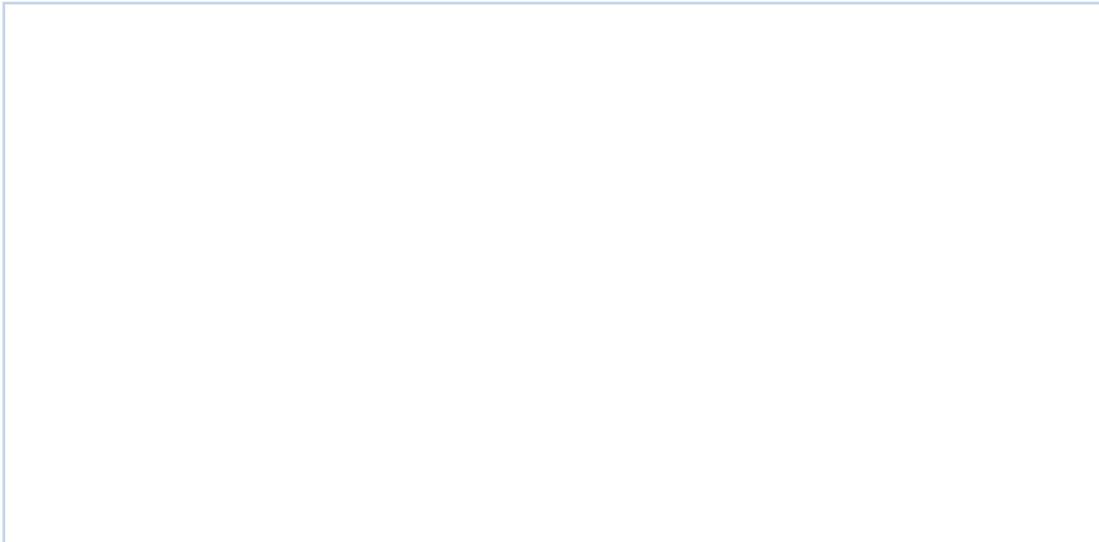
When top executives at an Adelaide engineering firm were undergoing certification for their quality improvement processes, they were mindful of the implications the new processes might have on their team, their clients and their reputation among industry bodies (including government agencies that regularly awarded contracts for their type of work).

The senior management team decided to brief the staff at each milestone along the way to certification to instil confidence in the management and respect for the reasons behind the decision. They held weekly or fortnightly team meetings, using the meetings to involve the staff in further decision-making about the communication to industry and client groups. Technical sales and administrative staff were assigned to visit clients and government contacts to discuss their new compliance with quality and continuous improvement.

The end result was a gradual improvement in the quantity of contract work due to the sharing of information with clients and industry groups.

Practice task 2

1. Why is it important to establish communication processes for continuous improvement initiatives?



continued ...

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2. Give examples of how you communicated an improvement process effectively to your team.

3. What steps would you take to ensure that your communication processes are working?

1C

Meet sustainability requirements

It is widely accepted that climate change and environmental degradation due to human practices are altering the ecosystem of the planet. Sustainability – the ability to maintain our planet’s resources economically and environmentally as well as manage our own wellbeing – has emerged as a key factor.

Sustainability is a worldwide movement that involves a conscious and committed approach by businesses and their employees to reduce what they consume and increase what they put back into the environment to offset their consumption. It involves a fundamental shift in human attitudes and behaviours towards environmental issues. In the workplace, this requires a move from traditional economic values that rate profit and efficiency above all else, to triple bottom line reporting that includes accounting for environmental and social activities as well as financial reporting.



Sustainability requirements

A first step for many organisations to reduce the impact of their operations on the environment is to develop sustainability policies and procedures that help them to comply with national and international environmental legislation; reduce waste; encourage efficiency of water, electricity and paper usage; purchase green products that are less damaging to the environment; motivate staff; and encourage commitment from the whole organisation.

Sustainability must now be considered a crucial part of any continuous improvement process. When considering any changes, organisations should refer to their sustainability policy to ensure that all improvement processes meet sustainability requirements.

Sustainability initiatives will depend on the size and type of the organisation, the industry and the change being implemented. The following is a comprehensive list of requirements that should be addressed where applicable. Many of these should be considered holistically as they all interrelate to reduce the organisation’s ecological footprint; for example, a green office program should incorporate all aspects of sustainability such as green purchasing, strategies to reduce gas emissions, waste management processes and the use of non-renewable resources to improve organisational resource and energy efficiency.

Sustainability requirements include:

- regulations and social responsibility
- environmental and resource sustainability initiatives
- waste management
- waste treatment
- ecological footprint
- environmental management systems.

Regulations and social responsibility

Ensure changes comply with relevant regulations. By complying with appropriate legislation and codes of practice, an organisation demonstrates that it recognises the level of social responsibility it has towards the environment. This can enhance its standing in the community and business environment. You might suggest that the organisation implement an environmental risk assessment and develop a corporate sustainability/environmental policy to promote awareness and encourage commitment.

Each state and territory has departments that deal with environmental legislation across Australia and have developed their own environmental protection policies including legislation on noise control, pollution and construction planning. They issue relevant licences, act as regulatory authorities and can prosecute non-compliant offenders through the courts with fines and jail terms.

Environmental and resource sustainability initiatives

Make sure proposed changes take into account any environmental initiatives the organisation has implemented such as environmental management systems; environmental performance standards; action plans; green office programs; surveys; audits; or specific initiatives such as using natural light and airflows to regulate the office environment.

For example, to reduce the costs of paper, an organisation may have selected a cheap, nonrecyclable paper that is in conflict with its policy to purchase recyclable paper. To meet their sustainability initiative requirements, the organisation may have to reconsider the cost restriction or investigate paper manufactured from plantation timber. Another example of initiatives could be that any audits and surveys always include questions or observations about environmental performance.

Waste management

Waste management includes procedures for waste minimisation, recycling, and pollution prevention through proper disposal. Ensure that any improvements to work practices consider the hierarchy of waste management, an internationally accepted guide that prioritises waste management practices from most to least preferred as shown here.

Priority of waste management practises

1**Avoid**

Aim for zero waste; for example, choose products with no packaging.

2**Reduce**

Buy and use less; for example, circulate one copy only for review; carpool; turn off lights when not required.

3**Reuse**

Use the item or parts of it again (convert paper used on only one side to notepads).

4

Recycle

Recycle paper, plastics, steel and aluminium cans and office products such as phones, computers, ink cartridges and any other material accepted by your local council or waste contractor; on-sell used desks, chairs.

5

Recover

Use materials from one project for another; for example, use bricks from a demolished building for a new building.

6

Treat

Treat resources such as grey water from production for use elsewhere.

7

Dispose

Send to landfill if there is no alternative method.

Waste treatment

Where appropriate, proposed changes should involve determining the organisation's most appropriate waste treatment, including waste to landfill, recycling, re-use, recoverable resources and wastewater treatment.

Ecological footprint

An ecological or environmental footprint is the level of impact an organisation's activities has on the environment. Improvements or changes should be developed by identifying where a reduction can be incorporated, such as reducing paper usage, recycling the ink used in printing, installing energy efficient equipment, reducing travel, controlling water usage with the installation of water-efficient toilets and reducing the amount of packaging handled. It may be useful to prepare an environmental risk register to list the various risks associated with resource use, waste, purchasing, equipment, energy, transport and the work environment. Continue to evaluate new developments and trends to sustain future resources.



Environmental management systems

Many organisations have developed environmental management systems to control the environmental impact of their activities. Such a system incorporates an environmental policy, an audit of significant impacts, environmental targets and a cycle of review and evaluation. This process is outlined in the international standard ISO 14001:2004.

Any changes suggested as part of a continuous improvement program should take into account the environmental management system in place. For example, if an organisation is considering a change to its purchasing strategy, it needs to identify any environmental impacts that may occur as a result of the new strategy, identify environmental/sustainability objectives and targets, and ensure the strategy is reviewed on a regular basis.

Change initiatives

There may be a range of government and other initiatives in place that might assist or impact on the introduction of a change in your organisation and workplace. Some of these possible initiatives are described here.

Resource and energy consumption/efficiency

All changes should be reviewed to see how they can assist in improving resource and energy consumption and efficiency. For example, a change from an overseas supplier to a local supplier who does not use packaging may reduce transport costs, petrol usage and the amount of waste generated. The introduction of a green office program needs to highlight where the organisation can reduce energy consumption (for example, purchasing equipment that is energy star-rated) and where staff can assist (such as switching computers to stand-by when not in use).

Green office programs

A green office program focuses on attempts to make the workplace environmentally friendly and efficient by changing the culture of a workplace and people's behaviour. Check to see how any changes being considered can be incorporated into a green office program; for example, encouraging minimum use of paper; reusing paper; using non-disposable items such as cups and cutlery; switching off lights when not in the room; reducing energy consumption by not turning the heating or air conditioning up higher than is needed; using dishwashers only when they are at full capacity; reducing all types of wastage; or following waste disposal methods.

Green purchasing

What purchasing components are there in your proposed change? To meet sustainability requirements, you need to ensure the organisation follows a green purchasing policy; that is, where the organisation purchases preferred products that are less damaging to the environment and health than other products. Green products have features that include recycled content, energy efficiency, water saving, low contamination or toxicity, minimum waste/packaging and/or little impact on habitat and land degradation. An organisation committed to reducing their environmental footprint will buy recycled paper; use recyclable toner cartridges; refuse excess packaging; and purchase equipment with the international 'Energy Star' feature.

Reporting initiatives

Check that any changes comply with national and international reporting recommendations. For example, the Global Reporting Initiative is a network-based organisation that has developed the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental and social performance. The *National Greenhouse and Energy Reporting Act 2007* (Cth) requires organisations to report on their greenhouse emissions, energy consumption and production of gas emissions.

Product stewardship

Product stewardship refers to the responsible purchase and use of products. Always research potential suppliers and business partners to ensure you are working with others who share your commitment to the environment; for example, use producers or importers of products who take all reasonable steps to minimise environmental impact from production, use and disposal of products.

Being responsible

In today's business environment it is essential that an organisation be perceived as environmentally conscious by the general public. Here are some tips for examining how an organisation is ensuring that it meets its environmental consumer commitments.

Greenhouse gas emissions

Check that any change your organisation is intending to make contributes to the reduction of greenhouse gas emissions. Even a simple change such as changing the type of vehicle purchased can have a major impact on reducing emissions. By monitoring the organisation's reports on their greenhouse emissions, energy consumption and production of gas emissions you will be able to see where changes can be made.

Supply chain

Check that improvement processes, where appropriate, support a sustainable supply chain whereby you purchase sustainable products from suppliers who have adopted environmental sustainability approaches. Supply chain management means that all suppliers at all stages of production from the basic raw materials to the consumable product have sustainability policies in place and sustainability requirements included in their contracts.

Non-renewable resources

Check that any changes suggested provide opportunities to reduce the use of non-renewable resources such as coal, oil and natural gas that cannot be sustained given the current consumption rate. For example, consider installing solar panels if a new office building is being planned.

Referencing standards, guidelines and approaches

All changes should make references to relevant standards, legislation and guidelines, as already discussed, as well as approach such as triple bottom line reporting and sustainability covenants and compacts.

Triple bottom line accounting is an approach to accounting that, in addition to reporting financial measures, reports on the total performance of a company including social activities, the strategies the organisation has in place to reduce its impact on the environment and its performance against targets.

A sustainability covenant is a voluntary agreement between local environmental groups and an organisation to explore ways of reducing environmental impact and achieve sustainability goals. Covenants and compacts document a signed agreement between two parties, form part of each party's policy on sustainability and are a forum for publicly announcing the organisation's commitment to broad-based sustainability initiatives and goals. Covenants are time-specific. This means they aim to document realistic, achievable objectives with a specific time frame in mind; for example, a 12-month 'pact'.



Example: meeting organisational sustainability requirements

Blake is the production manager in a small company that produces doors and window frames.

He has recently developed a number of changes to work practices, designed to improve efficiency and reduce costs. Blake knows that any proposed changes must meet the organisation's newly developed sustainability policy that focuses on reducing energy consumption, reducing waste and improving the staff's perception of environmental responsibility.

Blake checks relevant legislation and organisational policy and consults with other organisations who have successfully managed changes in line with environmental concerns. The following changes to work practices were introduced as a result of Blake's findings.

Introduce green purchasing

- Sustainability policy states that the organisation is to use the list of preferred suppliers of products.
- Use local suppliers to reduce transport costs.
- Use local suppliers who have a good environmental record.
- Purchases should include recycled paper; recyclable toner cartridges and equipment with the international 'Energy Star' feature.
- Refuse excess packaging.
- Ensure the entire supply chain supports sustainability.

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Introduce a green office program

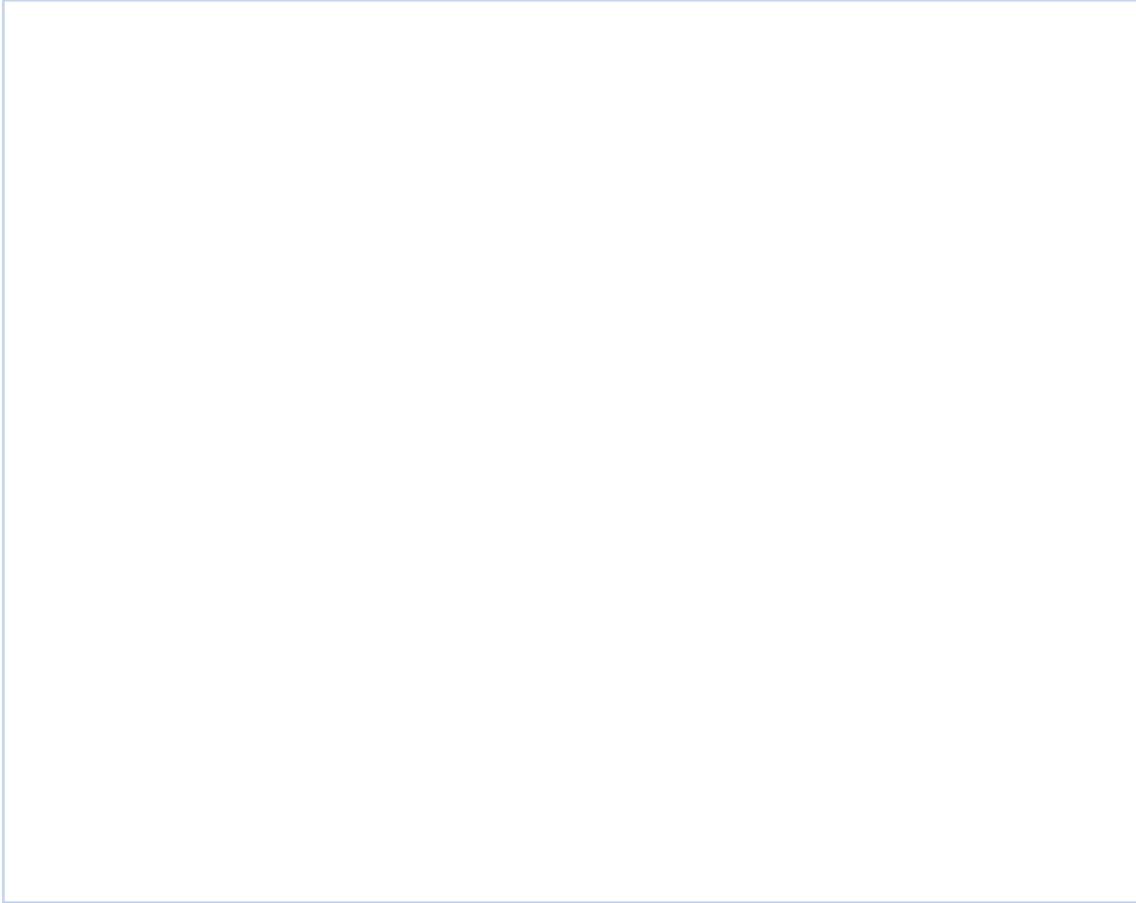
- Research successful green office programs.
- Gain staff support by explaining the benefits of a green program.
- Encourage activities such as the minimum use of paper; reusing paper; using recycling bins; using non-disposable items such as cups and cutlery; switching off lights when not in the room; reducing energy consumption by not turning the heating or air conditioning up higher than is needed; using dishwashers only when they are at full capacity.
- Provide rewards for meeting targets.

Use triple bottom line reporting

- Read how others report on social and environmental activities.
- Plan to report sustainability successes that have helped reduce the organisation's ecological footprint.
- Plan to publicise achievement of targets in in-house newsletters and newspaper articles for the local community.

Practice task 3

Find an example of an improvement process that your organisation is planning to make.
How will you ensure that the change meets sustainability requirements? Give examples of appropriate legislation, initiatives, programs, policies and work practices you will need to consider.



1D

Develop effective mentoring and coaching processes

It is essential that individuals and teams are able to implement and support the organisation's continuous improvement processes.

The implementation stage may involve tracking existing staff skills, helping team members acquire new skills or updating those they have in order to deliver a high-quality service or product. In such situations, you might choose to conduct a special training session where all members are briefed on the new procedure and taught how to use new equipment or systems. Alternatively, individual sessions with team members may be conducted, or regular and on-going training sessions can be built into the team's schedule.

As a manager, you need to be able to use different management styles that can help your team actively implement, participate in and review continuous improvement processes. Some individuals may need more time and encouragement to speak openly about their concerns, or may feel unable to participate in process implementation or review for a variety of reasons.

Consider the techniques of mentoring and coaching. Both rely on the principle that managers can help their team members work to their full potential by helping them develop their skills and knowledge rather than by giving orders.



The concept of coaching

The basis of the concept of coaching is that teams and individuals are capable of success and that, as a manager, your job is to help them be successful. Within the framework of continuous improvement, coaching can provide highly skilled and motivated employees who contribute to organisational growth and development.

Coaching generally comes in the form of one-on-one sessions between a manager and their team member. Typically, coaching assignments are finite and designed to help an employee build a skill or improve performance in a few specified areas.

A manager in coaching mode would spend some time with the person or team establishing the obstacles to performing effectively. The aim is then to remedy the situation by addressing any knowledge or skill gaps through discussions or training, or helping them practise within the area concerned.

A coach in practice

Coaches follow up and look for improvements, encourage and motivate their teams to do better and praise them when performance is improved. To be effective and worthwhile, a coach needs to understand the people they are working with and select methods and strategies that suit the person. Learner characteristics and needs can shape how the training is structured and delivered, the length of the training session/s, resources required and even the environment in which the training takes place. For example, some people prefer visual

aids when learning while others learn best through examples, verbal explanations, written text, demonstrations or a hands-on approach. Some learners may have language or literacy issues that could be addressed through graphics, the person's first language, audio-visual support, DVDs or translators.

Effective coaching

Coaching is fundamental within a continuous improvement context as it mirrors and reinforces all of the major principles of the process. A manager who acts as a coach is trying to achieve more and perform better. Problem-solving and feedback are central to the success of the coaching relationship and experiences – even bad ones – are used as a basis for future improvements.

Coaching is most effective when:

- the coach understands that their role is to help people learn and develop
- individuals and teams have the motivation to learn and improve the way they do things
- the coach gives guidance on what needs to be learnt and feedback on efforts and performance as learning progresses
- the learner's preferred learning style is taken into consideration
- the approach to learning is proactive, not simply a response to a problem
- the coach listens to individuals and teams and understands the complexity of the issues
- the coach uses past experiences and new experiences as a tool and opportunity for learning
- there are specific and definable goals to achieve, areas an individual or team can improve in, tasks to complete or challenges to meet.

Mentoring

Mentoring is an essential part of a continuous improvement process. Mentoring uses the knowledge of experienced practitioners to improve the performance and motivation of staff. This knowledge is invariably 'in the person's head', so having a system in which it can be disseminated to others is a valuable element of continuous improvement.

A mentoring policy should be included in an organisation's manual so people understand its aims, scope and objectives. Although mentoring is a more informal approach than coaching, it is important that all mentoring programs are documented and the information stored so it is easily recognised and accessed by current and future managers. In this way, you can identify who was mentored, the aim of the program, skills and knowledge passed on and outcomes.



The concept of mentoring

Mentoring is a relationship between two people in which a more experienced person agrees to support the development of a less experienced person. The relationship enables junior or less experienced people to benefit from the wisdom and experience more senior people can offer, providing the opportunity for the less experienced person to openly raise questions, issues and concerns with no fear of being frowned upon or reprimanded.

Mentors can provide advice, listen to ideas and frustrations, help junior staff see possible solutions to challenges, describe strategies for solving problems and provide networking opportunities. Workplace mentors help people learn about work through their own career experiences.

Effective mentoring

Managers who assume a mentoring role take a genuine interest in the goals, capabilities and improvement areas of other staff. They work with employees to help achieve work and career goals. Mentors are guides, trainers, counsellors and advisers all rolled into one.

Some organisations have formal mentoring programs, but mentoring can also work well on an ad hoc basis within your team. As a manager you can act as a mentor to staff, or a mentoring relationship can be established between your team members and other people in the organisation, or between team members themselves. As with coaching, it is important to consider the characteristics of each person and provide information in a way that best suits their background and abilities. Check whether they prefer to listen, read and research, watch, carry out activities themselves or use and build on past experiences. Are there language, literacy and numeracy issues to consider that might require specialist support or additional resources?

Mentoring versus coaching

Here is a summary that illustrates the differences between coaching and mentoring.

	Coaching	Mentoring
Focus	Improving performance to achieve a goal. Task-related.	Developing the individual's personal growth and maturity.
Purpose	Enabling employees to gain better self-awareness, build skills, adjust behaviour or management style and ultimately achieve business objectives.	Offering general advice about work techniques, suggesting options to deal with difficulties, giving ideas and inspiration about career paths
Timeframe	Defined period such as six or nine months with regularly scheduled meetings.	Typically six months to a year with monthly meetings. Informal mentoring relationships might continue for years.
Types of situations	Suitable for new managers, who need to increase leadership skills and individuals who must learn new technology or skills.	Suitable with staff who can perform even better and achieve more professionally with additional support.
Advantages	Professional training and/or certifications might increase credibility. Coaching provides quality control and consistency in how coaching is carried out.	A mentor might be someone the individual respects so it's likely to benefit. Using an in-house mentor uses the company's own intellectual capital. A mentor can provide visibility and opportunities for career advancement.
Disadvantages	A coach is generally assigned and may not have a good relationship with the person. Costs can be high if external consultants are utilised.	Time commitment required of mentors. Requires structure and oversight to achieve best outcomes.

Example: mentoring tips

Graham works as a team leader in a call centre specialising in investment products. He currently supervises 15 staff members. Noticing a gradual decline in motivation amongst team members due to the constant improvement changes they were asked to implement, Graham decides to use the services of an external consultant to initiate an internal mentoring program. The objective of the program is to develop highly motivated, self-starting individuals who are both goal and client focused, are flexible and can adapt to changes.

The program has the following features:

- The program relies on natural and authentic relationships between those involved. This natural approach to mentoring allows for trust to develop more easily and promotes immediate feedback. Once the feedback has been received, it is more likely to be accepted and acted on because of the already healthy relationship between mentor and mentee.
- Although the mentoring relationship is not highly structured, some goals are set so they can easily see progress is being made. The mentor regularly checks progress against the goals they set out to achieve.
- The mentor listens carefully and keeps notes to remind them of the issues and ideas discussed.
- The mentor makes sure their advice isn't instructional, nor do they make decisions for the person. Instead, they act as a sounding-board, providing ideas, motivation, guidance and support.



Practice task 4

1. Explain how you see coaching and mentoring working as a management style that will assist the implementation of continuous improvement processes.

2. You have been asked by senior management to act as coach for a team member who needs to learn time management skills because of changes to their work plan as part of an improved work practices initiative. Prepare a brief coaching plan.

1E

Ensure knowledge management systems address insights and experiences from business activities

It can be easy for observations, suggestions and innovations for improvement to be forgotten unless they are documented in a systematic way in an organisation's knowledge management system (KMS). The aim of a KMS is to collect, analyse, organise and store accurate information promptly and make it easy for it to be retrieved and distributed. An effective KMS ensures the organisation's business activities can be managed efficiently, leading to improved performance and competitive advantage.



Knowledge management systems

Knowledge management systems (KMS) can mirror paper-based knowledge formats or involve layered, intuitive menu systems that allow information to be easily accessed, retrieved and stored. The format used in your organisation will depend on its approach to knowledge and information and the way knowledge is traditionally classified and stored.

Ideally, a KMS should align with existing organisational policies and processes. The system should allow for input from all levels of the organisation, be accessible by a diverse range of employees (including people with a disability), and maintain styles and formats that are similar (where appropriate) to existing methods.

You need to be aware of the ways the information can be systematically documented to ensure its form enables the material to be available for the relevant people to action it. You also need to have sound planning and organisational skills so you can analyse and monitor the information received in a timely manner, and establish and monitor the various KMSs you use to organise the information. Depending on the size and type of the organisation, KMSs can take many, and often multiple, forms.

Types of knowledge management systems might include:

- IT systems (databases, intranets, workplace forums and websites)
- procedure manuals
- corporate policies
- workshops and professional networks.

Best practice transfer

Documenting and sharing examples of best practice transfers knowledge from person to person so they, in turn, can apply the knowledge to their own performance, thus improving productivity and performance across the organisation. Best practice examples can be placed on an organisation's intranet; shared at staff meetings; documented in newsletter articles; or presented on DVDs.

Communities of practice

Sharing information and experiences within teams, the wider organisation or community groups provides opportunities for people to learn from one another and develop professionally.

Within an organisation, each department, section or team will have its own dedicated file management system that may, in some cases, only be accessed and used by that specific group. It must be regularly maintained.

Organisations can set up networking groups that can communicate online or face to face with like-minded groups, or they can join established industry groups with access to newsletters, forums, conferences/seminars and sector information. Sometimes, a staff member may be elected as a representative to attend meetings and share their organisation's ideas with the wider group.



Cross-project learning

Learning from successes and failures in other projects is an underpinning principle of continuous improvement. Knowledge accumulated throughout the project from all stakeholders via reports, meeting minutes, surveys, feedback and observations must be captured in a document that highlights best practice as well as identifying poor performance, inaccurate decision-making, time delays, consequences and impacts. All project reports must be stored where they are accessible to the appropriate people; in some instances, reports may be password-protected so only senior management has access to them.

Expert directories

Having access to databases of specialists, experts and technical advisors is essential. Databases might be part of a central network or may be confined to a specific department's KMS. They may range from sophisticated management tools (such as Maximizer) that include customer feedback and suggestions, to simple databases of contact details. Such tools are only efficient if they are regularly updated and maintained.

Knowledge brokers

In large organisations, particularly those with interstate or intrastate branches, knowledge may be fragmented and not easily accessible. A knowledge broker may be an individual or team that organises, integrates and transfers existing knowledge through networks, partnerships and collaborations. The aim is to improve the way research, databases, information from projects, personnel management, customer knowledge and other details are generated, disseminated and accessed. Their work may involve defining the various areas that need to be part of the KMS by identifying current and previous programs and initiatives, existing activities, research, stakeholders and their expertise, and networks.

A knowledge map can be developed to provide a comprehensive overview of the organisation and feed into improving the way knowledge is stored, used and shared. Often, a manager or other staff member may be responsible for being the 'expert' in a particular area.

Knowledge repositories

A knowledge repository is part of a KMS. It is a computerised system that organises specific knowledge and allows people to browse, retrieve data and even interact with it. Because information retrieval is crucial, a repository should have a clear and easy system for its structure and management. In the context of continuous improvement, repositories need to be managed so the information is not lost but channelled to where they can be most effective.

Examples of structured repositories

- A customer database that stores contact details, customer purchases, buying patterns and feedback.
- A team's folder on the organisation's computer network.
- Product information in organisational catalogues.
- An organisation's intranet.

Examples of unstructured data repositories

- Wikis (collaborative software that enables groups to write and edit documents together).
- Manuals.
- Websites.

Intellectual capital

Intellectual capital is the combination of an organisation's physical and financial assets, plus elements that are more difficult to categorise (often referred to as intangible assets) such as the quality of the staff, customer relationships or the organisation's reputation. Assets are recorded in financial documents such as budgets, invoices, balance sheets and annual reports, and asset registers that record the monetary value of buildings, plant, machinery, equipment and furniture.

Financial managers will measure and report organisational performance systematically throughout the year by accessing secure network sites. On the other hand, performance appraisals, customer feedback, results from surveys and questionnaires, company newsletters and media articles about the company provide information about intangible assets. Managers will be responsible for reporting their own team's performance. You may need to access a number of these systems in order to document suggested improvements.



Performance management

Managing staff performance is part of measuring an organisation's intellectual capital as well as assisting managers to identify their staff's strengths, learning gaps and future direction. As part of its KMS, most organisations have templates that managers are required to complete prior to and following a performance appraisal. These will differ between organisations from basic headings detailing tasks undertaken and current performance,

to detailed competency maps requiring managers to make a judgment based on key performance indicators, benchmarks and other targeted indicators of performance. Managers may have to access various sources within the KMS, such as sales quotas, production quotas, training records and attendance records, as well as third-party reports for qualitative measures such as quality of work, leadership qualities and teamwork measurements.

A systematic approach to documenting the process allows others to see the procedures followed and prompt action to be taken when needed. Generic forms may be stored on the intranet for staff to access, with completed forms stored in individual personnel files accessed only by authorised managers.

Post-project reviews

All projects undertaken by an organisation must include a review of performance and recommendations for action. This is fundamental to continuous improvement. Make sure you are aware of the need for both electronic and/or hard copies, how many hardcopy reports you need to make, who they are disseminated to, where they are to be filed and who is to have access. Reading past reports is essential when new projects are begun to avoid previous mistakes and learn where improvements can be made.

Architecture and proximity

The way a KMS is structured impacts on how easily the knowledge can be stored, accessed and used. Information must be accurate and useful to the organisation, and readily available for retrieval through internal management systems or websites when needed. This is important when capturing ideas and experiences from business activities to ensure they are not lost and can be accessed when needed for staff meetings, reports, and online discussions.

In addition, the location of employees can affect the way knowledge is shared, so if staff are physically scattered across different sites, use should be made of social software as discussed in the next heading. Other strategies that consider the physical location of staff may include documenting information in newsletters or on the intranet, displaying notices in the workplace, arranging face-to-face forums, and ensuring all staff have access to the organisation's computer network.



Social software

Communication tools to record and share information have often included audio and video as well as written documentation, but increasingly use is being made of interactive software tools to facilitate communication between individuals and groups. Such tools include instant messaging, text chats, wikis (where information can be edited by participants), blogs, internet forums and social bookmarking (where participants can post their bookmark or websites to share with others). You can capture experiences and ideas from recent business activities and gain instant comments and feedback.

Storytelling

In some instances, especially if employees have low literacy levels or learning difficulties, suggestions for improvement or ideas gained from projects might be presented in a story form to capture people's interest and motivate them. This can also be a useful strategy when presenting recommendations for action. Store the story electronically in digital form so others may access it.

Example: storing information

Karen is the sales and marketing manager for an office supplies company. She uses a range of management systems to make sure information she researches, observes and receives from others is systematically documented so the information isn't lost and she can share it with others in the organisation.

The data is stored in the following ways:

- Information from a recent organisational planning session about sales targets and marketing strategies is stored in the Sales and marketing folder accessed through the organisation's computer network.
- Customer feedback is saved on Maximizer and the organisation's intranet. Positive feedback is regularly documented in their newsletter.
- Suggestions made by team members during their performance appraisals is documented in the members' personnel files as well as being discussed through social software options to gain feedback from others.
- Sales and marketing information. Because it is easily accessible by those from different cultural backgrounds or with language difficulties are worthy of wider dissemination. She records them not only on the organisation's intranet and in its newsletter, but posts them on her blog and prepares a hard-copy overview to present at the next industry networking meeting.

Example: involving stakeholders

Air Right International is a provider of climate control solutions for heating, air-conditioning and refrigeration markets in more than 70 countries around the globe. The organisation employs more than 8,000 people in four divisions: residential heating and cooling; commercial heating and cooling; service experts; and refrigeration. With sales declining in their residential heating and cooling division, senior management embarked on a major shakeup involving all stakeholders in the process. Key objectives of the program are shown here.

Seek to understand customers

- └ Air Right International utilised a number of strategies to get to the heart of their customers' buying habits, concerns and desires. These included:
 - customer satisfaction surveys
 - focus groups with customers and employees
 - brainstorming sessions with employees.
- └ From these processes, a number of new ideas have emerged, and changes have been made to product design and servicing turnaround times.

Develop innovative, customer-focused management team

- └ Air Right International initiated a mentoring program to develop the skill sets they desired for a manager. Senior management took an active role in all aspects of the program, from establishing a program champion to personally providing hands-on mentoring. Up-and-coming managers were paired with leaders from other divisions who had already achieved success within the organisation. The objectives of the program were to help managers think from a customer's perspective and to develop work strategies with their teams that could support this perspective. The program has proved to be extremely successful.

Reward creative and innovative solutions

- └ In order to promote innovative solutions, Air Right International has introduced an employee reward scheme for idea generation. Ideas that are adopted and implemented by teams resulting in increased sales will result in individual and team bonuses.

Practice task 5

1. Why is it essential that information gained from business activities is systematically recorded? What are some consequences if this is not done?

2. Give examples of types of knowledge/information and how it could be recorded so it is available and accessible when needed.

3. How would you know if an organisation's knowledge management systems are effective?

Summary

1. Managers should establish ways of clearly identifying the roles and performance goals of team members and ensure that these are fulfilled according to expectations. This can be achieved by developing performance plans, providing training opportunities and rewarding and recognising individual and team achievements.
2. Managers should use a range of techniques to ensure team members are encouraged to participate in the continuous improvement process; for example, brainstorming, mind mapping, using cause and effect diagrams, gaining team consensus, stepladder problem-solving and reward and recognition programs.
3. In order to bring about a continuous improvement approach to business, an organisation must cultivate communication between management and staff and between the organisation and other stakeholders. Communication strategies include using meetings and forums, policies and procedures, newsletters and reports, and web-based communication tools.
4. All change and improvement processes must meet sustainability requirements as outlined in the organisation's environmental policy. Aspects to address include improved resource and energy efficiency, waste treatment and reduction, green purchasing and a green office program.
5. Coaching can assist managers in helping team members to solve problems, make better decisions, learn new skills and adapt to changes brought about by continuous improvement processes.
6. Mentoring is a relationship between two people in which a more experienced person agrees to support the development of a less experienced person. It is an informal structure in which the mentor provides advice, listens to ideas, helps junior staff adjust to changes and to see possible solutions to challenges, describes strategies for solving problems and provides networking opportunities.
7. Insights and experiences gained from business activities must be systematically documented in an organisation's knowledge management system (KMS) to ensure they are in a form that enables the material to be readily accessed by the relevant people.

Learning checkpoint 1

Lead continuous improvement systems and processes

This learning checkpoint allows you to review your skills and knowledge in Lead continuous improvement systems and processes.

Part A

1. Describe some strategies you have used to encourage team members and provide examples of how you:
 - a) participated in making decisions
 - b) assumed responsibility
 - c) showed initiative.

2. List the skills a manager should have in order to lead a team that can adapt to continuous improvement initiatives, work independently and actively contribute to team decisions. For each skill, explain why it is important and how it can be developed.

3. Describe the role of quality systems and continuous improvement models in the continuous improvement process. Provide examples of quality systems used in your organisation and explain how they are used.

4. a) Explain why it is important for organisations to meet sustainability requirements when making improvements.

- b) Give examples of where sustainability practices can be implemented in the workplace.

5. a) Explain the role of a knowledge management system.

- b) A recent staff meeting to discuss the formation of a green office program elicited a number of suggestions and insights into sustainability practices. Explain how these can be captured in the organisation's various knowledge management systems.

6. Imagine that your organisation has decided to improve its customer service by introducing a feedback sheet on its website, holding focus groups with customers and providing customer service training for its staff.

- a) List the actions you would take to encourage team members to discuss the issues and come up with other ideas to improve customer service.

- b) How would you let team members know about the planned improvements?

- c) Who else will need to know about the planned improvements?

- d) Prepare a brief coaching plan for team members to improve their customer service skills. Make sure you cater for your team members' preferred learning style.

Part B

Read the case study, and then complete the tasks that follow.

Case study

Quality Stock Enterprises is a furniture manufacturer supplying indoor and outdoor furniture products at the premium end of the market. The organisation currently employs more than 600 staff. In the last 12 months, sales have dropped by 25 per cent causing great alarm amongst management and staff alike. A competitor has also appeared in the market and offers similar products at lower prices.

An analysis of the business identified a range of weaknesses that included too narrow a product range; existing products being aimed at the upper end of their niche market with corresponding prices; the nature of their furniture means that they need highly skilled workers who are paid premium wages. All this has impacted on the company at the same time as a global downturn in the economy, with many customers unwilling to pay top prices. They know they need to make some changes to improve their situation. Senior management are considering a number of options including:

- taking manufacturing offshore
- laying off staff across all areas of the business
- diversifying their product range to include middle and low-range priced goods

This company will do anything to curtail the current decline in sales so long as the costs of the proposed changes are not excessive.

1. Explain how you would utilise participation techniques with the employees in this organisation to explore the advantages and disadvantages of each of the options presented in the case study. Based on this approach identify the option that you believe is most viable.

2. Explain how you would initiate continuous improvement activities related to this option. How would you communicate these initiatives to relevant stakeholders?

3. Provide a proposal to senior management of this organisation outlining how mentoring and coaching could be used to improve current circumstances.

4. In what ways could sustainability practices help the company reduce its costs and maintain a competitive advantage?

5. What knowledge management systems should be utilised to capture the options suggested and to explore them more thoroughly?

Topic 2

Monitor and adjust performance strategies

Performance monitoring is considered to be an integral part of the management process. It is used for a number of reasons: to monitor activities in business units, to diagnose problems, take corrective action and to promote behaviour in ways that would help sustain competitive advantage. Traditionally, performance monitoring meant reviewing financial quantitative data to determine if the intended targets had been reached. Now, a comprehensive review will include looking at improvements to internal business processes, growth within the organisation, the quality of product and services, customer relations and worker performance.

In this topic you will learn how to:

- 2A Develop strategies to monitor progress and identify improvements
- 2B Adjust and communicate strategies to all stakeholders

2A Develop strategies to monitor progress and identify improvements

Monitoring performance is a crucial part of the continuous improvement system. Any review undertaken should be broad enough in scope to address the implications of all the organisation's activities, including their impact on the performance of the organisation. This process is a management responsibility but there should be input from all areas and all levels of the organisation.

The main reasons for monitoring performance are to maintain quality, to learn and improve, to report externally and demonstrate compliance.



A monitoring process

There are four steps that managers need to take when monitoring and reviewing information in a continuous improvement environment. These steps are outlined in the following information.

Four steps of the monitoring process

- 1** Collect information by measuring performance and other factors.
- 2** Analyse the information to find out what is causing the problem or issue. Identify areas where improvements could be made.
- 3** Decide on action that will solve the immediate problem and prevent future substandard performance by making changes to processes and systems.
- 4** Make sure the changes have had the desired result by further measurement and analysis of data.

Sources for information collection

You may use the following sources when collecting information as part of the monitoring process.

Reports

Reports, charts and other data generated by computer systems.

Statistical reports

Statistical reporting tools such as Gantt charts (schedule of events, milestones and measures of performance in relation to time); control charts (show upper and lower statistically acceptable limits of performance); pie charts to compare all data in the system; Pareto charts to compare one set of data against another.

Benchmarking

Identified benchmarking measures to establish key performance indicators for important areas of the business (these become the benchmarks that you use to measure and monitor your performance).

Surveys

Informally and formally conducted surveys and feedback from team members, customers, suppliers, shareholders, other staff and managers.

Discussions

Regular discussions (formal and/or informal) with key staff members, managers and others within the organisation can keep you abreast of incidents, issues and trends.

Audits

Audits can identify areas of excellence as well as areas of concern.

Observation

Observation is an effective way of observing actions of individuals and gathering immediate and accurate data.

Industry reports

Industry surveys and reports issued by industry bodies.

External information

Information produced by external parties, either requested or available freely, such as newspaper reports, or commissioned market research data.

Measure operational progress

To monitor these areas successfully there should be a formal quality system that includes processes for data collection, feedback and reporting that prompts managers and staff to engage in activities that regularly monitor and review performance. Using templates, holding meetings, carrying out audits, conducting performance appraisals or generating reports from technology-based systems can ensure that monitoring and review information is accessible and usable.

Progress can be monitored within an organisation in the following areas:

- Customer service
- Workplace health and safety
- Productivity
- Success in meeting agreed goals and performance indicators

Monitor customer service indicators

Information from customers about their needs and expectations, the image and reputation of the organisation and its products or services is a measure of performance that can help an organisation continually improve the goods and services it produces.

One way to put more customer focus into continuous improvement activities is to involve the people who deal with customers on a daily basis. This may include sales people, relationship managers, the marketing team and customer service staff. Once you have their inputs, your communication with customers will be more focused. Customer information can then be collected through surveys, interviews, recording the rate of returns, focus groups and having customers test products and provide feedback. A customer service charter incorporating relevant procedure can be developed to monitor its effectiveness. Some examples of ways to monitor customer service are shown here.

Questions to ask customers

- How would you describe the way we work with you?
- Do you find us helpful and collaborative?
- What would you like us to do more of? Less of?
- What are the things you want most?

Customer service indicators

- Number of calls handled in an hour
- Number of customer complaints
- Percentage of customer complaints resolved to customer's satisfaction within one 'contact'
- Percentage of customers who are return customers.

Procedural compliance

Many organisations have a customer service charter. You can monitor its effectiveness by checking how well staff are complying with the procedures. For example:

- Is the telephone being answered within four rings?
- Are customers attended to promptly?
- Do staff transfer customers to experts if they are unable to help?

Monitor work health and safety

All businesses must comply with workplace health and safety (WHS) legislation, regulations and codes of practice. WHS standards are often measured in terms of compliance to legislative standards and in terms of lost time injuries (LTIs). Longer periods without LTIs are often the objectives of high-risk vocations such as electrical work, nursing and construction, although they apply to all industries.

Measuring the performance against safety standards can also include referring to incident, accident and near-miss documentation and other past safety data in order to set achievable safety objectives for future periods. Regularly checking compliance standards and fostering a culture of safety can improve the results in this area.



Productivity indicator

Productivity and profitability are related and have a very close link to operational effectiveness.

Productivity data enables managers to understand what resources are required to achieve a certain result and to identify and address trends that indicate potential problems before they have a significant negative impact on the business. Quantifiable production rates, efficiencies rates and costs per item sold are common measures of productivity performance. Productivity measures are used when closely monitoring teams and departments.

For example, a report generated at the end of each month might show the number of hours a team has worked. If the manager notices the number of hours increasing each month, this could indicate that the amount of work staff have to do has increased, that the team is less productive, or staff may take longer to complete tasks because they are spending time learning to use a new computer system.

Monitor productivity gains

Gains are measures of improvement in profitability that can be achieved through improved production processes, cost reductions, other efficiency improvements and the exploitation of new market opportunities. It is wise to always consider profitability in the context of other data as there may be other factors involved; for example, a company may be making a profit only because they were in the right place at the right time. They may not have actually capitalised on market demand for their product and could do better.

Systems data that can be used to indicate profitability include:

- budget information that shows anticipated costs and income versus actual results
- sales figures that show sales over time (year to date) or over a time period (monthly sales, weekly sales)
- expense reports
- annual, half-yearly and quarterly reports.

Cost information

Cost information allows managers to understand how the cost of production is linked to outputs or results. Identifying increases in costs can indicate problems that may stem from supply, quality or process issues. This gives managers an opportunity to address issues through improvements in operational processes and product or service delivery. Analyse all aspects of your processes to ensure that everything is being performed according to recommended procedure.



Questions that could be posed when addressing process issues could include:

- Where are things going wrong?
- Where are the bottlenecks?
- Where is effort being wasted?
- How can process being improved?

Meeting agreed goals and performance indicators

This can include staff achievements against personal development plans, work goals, and 360-degree reports about the performance of colleagues, staff and supervisors. Team members should be reviewed for work-related performance such as the quality of the work they produce, how well they meet set goals and objectives as outlined in their KPIs, whether they regularly meet the organisation's timelines for completing work and their compliance with policies and procedures, as well as their safety record, attendance and attitude.

An organisation can measure the performance of its team by using:

- formal performance reviews
- comparisons between actual performance and targets or goals
- observation
- assessment of quality of completed work
- third-party reports
- performance indicators/employee productivity figures
- customer satisfaction surveys

- safety records
- attendance records
- staff turnover records
- participation in meetings and organisational functions.

Identify planning and operational improvements

Once you have collected and analysed the data from the various strategies, you should be able to see where improvements have been achieved, and where there is a need for further efforts. As previously discussed, changes may range from small, incidental changes, such as placing WHS as a regular item on staff meeting agendas to bigger changes, such as installing ergonomic furniture to reduce injuries; purchasing a new customer management software program to track customer complaints; or introducing new procedures to streamline production.

The need for operational improvements can be ascertained by:

- Performance indicators not being achieved, indicating that more training or that processes need to be improved.
- Incident reports of slips and trips increasing, showing the need for improved safety procedures.
- Sales data suggesting that information about a new product did not penetrate the market, indicating a need for improved marketing.
- Team members not reaching timeline targets, indicating a need to improve performance or to make production schedules more realistic.

Develop ideas for operational improvement

By regularly scheduling performance evaluations for the various areas of business you are better prepared to seek innovative or iterative methods for improving work outcomes. Lateral and innovative thinking requires the use of a variety of methods designed to challenge assumptions, think creatively, and to develop holistic or focused solutions to a variety of problems. Two of these techniques are outlined in the following information.

Brainstorming

Using the area of improvement as your central focus and then working through concepts that arise from a free discussion of the topic.

Edward de Bono's 'six hats' approach

Assigning different perspectives to the central concept in order to consider new approaches to the issue.

Example: audit program

Audit programs are essential as they assist in the standardisation of the organisational data collection and evaluation process. Setting out specifics helps with data collection, and the program ensures that auditors collect all the information they need in an efficient and timely manner. The data collected can be used to make useful comparisons between businesses, departments, and previous years business operations. By having an audit program a business can identify any problems are discovered promptly and reported for immediate action.



Practice task 6

1. How would you respond to a team member who says that the organisation is too focused on monitoring and they are sick of their performance constantly being reviewed?

2. List some strategies you could use to monitor individual performance.

2B

Adjust and communicate strategies to all stakeholders

When an organisation can reliably and predictably deliver a quality product or service, it is said to be 'in control'. For this to happen, there needs to be effective operating systems in place, a focus on quality input and output and well trained staff supporting all aspects of the organisation's operations.

Amend current monitoring strategies

Your organisation may find that current monitoring and review processes need to be improved. To make adjustments to your systems, focus your improvement efforts on the various strategies you are currently using and see where they need to be modified or amended to ensure monitoring in the future will be more effective. Some suggestions for amending monitoring strategies are outlined in the following information.

Customer service

- Prepare a customer service charter for staff or amend the current one to ensure compliance.
- Rewrite the surveys used to monitor customer service.
- Make sure all customers are aware of the procedures they can follow to provide feedback; ensure all customers receive a feedback survey or have access to online feedback.
- Upgrade databases so the team can better record the rate of returns.
- Arrange for customers to test products and provide feedback.

WHS

- Monitoring WHS may be done on an ad hoc basis and may need to be formalised with regular audits.
- WHS audits may need to be improved to focus on specific WHS elements such as ergonomics, equipment operation, manual handling.
- You might need to prepare a WHS induction checklist to ensure all WHS information is supplied to new staff.

Productivity

- Improve budget information.
- Improve how sales figures are presented.
- Set different targets.
- Identify new or different sources of production information.
- Alter scheduled milestone reporting points to improve the regularity of reporting.

Individual performance

- Plan to have at least two performance reviews for each staff member annually.
- Make performance reviews more focused.
- Provide additional training to ensure staff understands their KPIs.
- Introduce third-party reports as an essential part of a performance review.
- Introduce graphs to plot individual performance between actual performance and targets or goals.
- Introduce a system that compares the team's performance with other teams.
- Introduce benchmarking.
- Conduct a training needs analysis to identify skills and knowledge gaps.
- Develop agreed personal and professional development plans with staff.

Improve planning and operations

There are a number of approaches a manager can use in response to the outputs of the monitoring process. These can be single action or a combination of actions.

Improve planning and operations

- Do nothing as current procedures are deemed to be effective and efficient
- Review existing policies and procedures to address problem areas
- Develop new policies and procedures to manage or improve business.
- Provide training for staff and/or implement improvements to induction programs.
- Advise internal stakeholders on changes.
- Communicate with external stakeholders.

Communicate new strategies

Any new strategies your organisation introduces to monitor and review performance must be conveyed to all stakeholders. Communication is an important mechanism and crucial to the success of a continuous improvement program. Improvement adjustments can only be carried out with the full cooperation of employees. The more involved staff are in the entire process, the more likely they are to see its benefits and feel inclined to participate fully.



Communicate with internal stakeholders

You need to inform your team about any new monitoring strategies you plan to introduce as well as any changes that have been identified to operations. All communication should be clear, with the new strategy or procedure clearly articulated and including any new responsibilities, tasks or training staff members need to be involved with. Use a variety of appropriate strategies to communicate with the team which may include:

- team meetings
- individual one-on-one meetings
- communication via the extranet
- information disseminated in newsletters, on notice boards, via email.

Communicate with external stakeholders

With any continuous improvement program, an organisation runs the risk of becoming too inwardly focused. As a result, external stakeholders may unknowingly be given a low priority. To prevent this from happening, organisations should consult with their external stakeholders when new strategies or procedures are introduced. Changes in procedures and business operations often result in variations to reporting formats to external entities or other changes that can result in external bodies having to make adjustments. For example, if an organisation changes over to using BPay and will no longer accept cheques, then all external entities paying invoices will need to be informed. If contractors are working or visiting on site it will be necessary for them to be informed of changes.



Report variance

You might provide them with specific site inductions before they can come on site or distribute formal written instructions. Changes that result in variation to reporting may need to be advised to government bodies; for example, an Australian-based company makes adjustments to move their financial year from July to June to October to September in that it better reflects their annual business cycle.

The Australian Taxation Office (ATO) and the Australian Securities Investments Commission (ASIC) would need to be informed as would shareholders and the Australian Stock Exchange (ASX) if it were a listed public company. In this case formal documentation would be provided to the regulatory authorities and shareholders advised via email or letter with a notification on the website.

Changes such as this would have an impact on the internal operations of the company and significant consultation and communication would be required as a wide range of policies and procedures would also be amended.

Example: respond to operational issues

The success of any organisation will rely on its ability to respond to operational issues and to be proactive in identifying the issue and taking immediate action. The following table shows examples of operational issues and improvement actions which could be taken.

Issue identified	Actions taken
Customers are critical of delays in processing orders	<ul style="list-style-type: none"> • Review current policy and processing procedures • Identify possible causes of delays • Seek input from staff involved in the operation • Adjust policy and procedures to address issues inclusive of appropriate monitoring • Provide training and updates to all staff involved • Adjust customer documentation if required • Inform clients/customers of the new process
Staff are not following WHS procedures as evidenced by observation of the workplace and an increase in minor injuries	<ul style="list-style-type: none"> • Processes to be reviewed • Additional monitoring of workplace behaviour and operations • Development and implementation of WHS refresher courses • Specific training and authorisation for personnel to use designated equipment • Incorporation of reporting on adherence to WHS to relevant personnel • Advising insurance company of improved monitoring processes
Receipt of deliveries and supplies is time consuming and labour intensive	<ul style="list-style-type: none"> • Receiving facility analysed and options for redesign considered • Consultation with staff and external stakeholders (e.g. delivery drivers) undertaken • New policies and procedures developed for receiving materials and supplies • Training program developed for all existing staff • Induction program developed and implemented for all new staff • All stakeholders advised of new traffic control and delivery procedures

Practice task 7

Use this table to prepare an action plan to communicate with relevant stakeholders for each of the following scenarios. In your response identify the stakeholders first, using a bullet point list.

- Your organisation is to implement a process for monitoring the use of consumables such as paper, envelopes and other stationery. All staff will be required to complete documentation on a daily basis in relation to the use of these resources.
- Your organisation has chosen to modify and extend the goods receivable area for the factory. This involves changed traffic flow, new scheduling procedures for deliveries, electronic scanning of delivery dockets and changes in the emergency procedures for the goods receivable area.

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Scenario	Stakeholder	Communication action plan
Scenario A		
Scenario B		

Summary

1. Effective monitoring systems provide early detection of problems and ensure immediate corrective actions.
2. Monitoring continuous improvement activities requires on-going evaluation of policies, objectives, targets and the achievement of management plans. It also requires an organisation to identify any system deficiencies.
3. The common tools for monitoring continuous improvement activities include: review meetings; observation; third-party reports; statistical reporting tools; performance reviews; cyclical audits; surveys; information produced by external parties.
4. To make adjustments to your systems focus your improvement efforts on customer service indicators, WHS indicators, productivity gains and success in meeting goals and KPIs.
5. Improvement adjustments can only be carried out with the full cooperation of employees. By consulting with your team on changes, they are more likely to take ownership of the required changes and make them work.
6. External stakeholders also need to know when a new strategy or process is introduced.

Learning checkpoint 2 Monitor and adjust performance strategies

This learning checkpoint allows you to review your skills and knowledge in Monitor and adjust performance strategies.

Part A

1. Make a list of strategies you could use within your organisation to monitor operational progress. Evaluate each of your strategies in terms of its strengths and weaknesses.

2. Identify adjustments that may be required to the performance monitoring processes in your organisation. How would you communicate your proposed changes?

3. Explain the value of sound communication skills for a manager in the context of informing staff about changes to monitoring strategies.

Part B

Read the case study, and then answer the questions that follow.

Case study

Sally was recently promoted to the position of sales manager in charge of nine sales representatives and three account managers. As an account manager before her promotion, she was pretty much left to her own devices, and as long as her key accounts remained happy and were continuing to spend with the organisation, her manager appeared satisfied. In stepping into her role as manager, Sally quickly realises that her previous manager did not utilise any formal performance planning or monitoring tools.

As an extremely organised and structured person, Sally's first action is to set up a spread sheet for each member of her team showing their sales to date against their budgeted sales figures. To encourage an open and transparent communication process amongst team members, Sally has designed each spread sheet with a link to a team spread sheet in which all team members can evaluate their performance against others in the team. In the days that follow, Sally locates a list of debtor statements from key customers which reveals that many of these accounts are 90 days in arrears. This is 60 days longer than the company policy of 30 days. As the new manager, she realises that it will be her responsibility to get these outstanding debts paid and to ensure that debts are not allowed to extend beyond the recommended timeframe in the future.

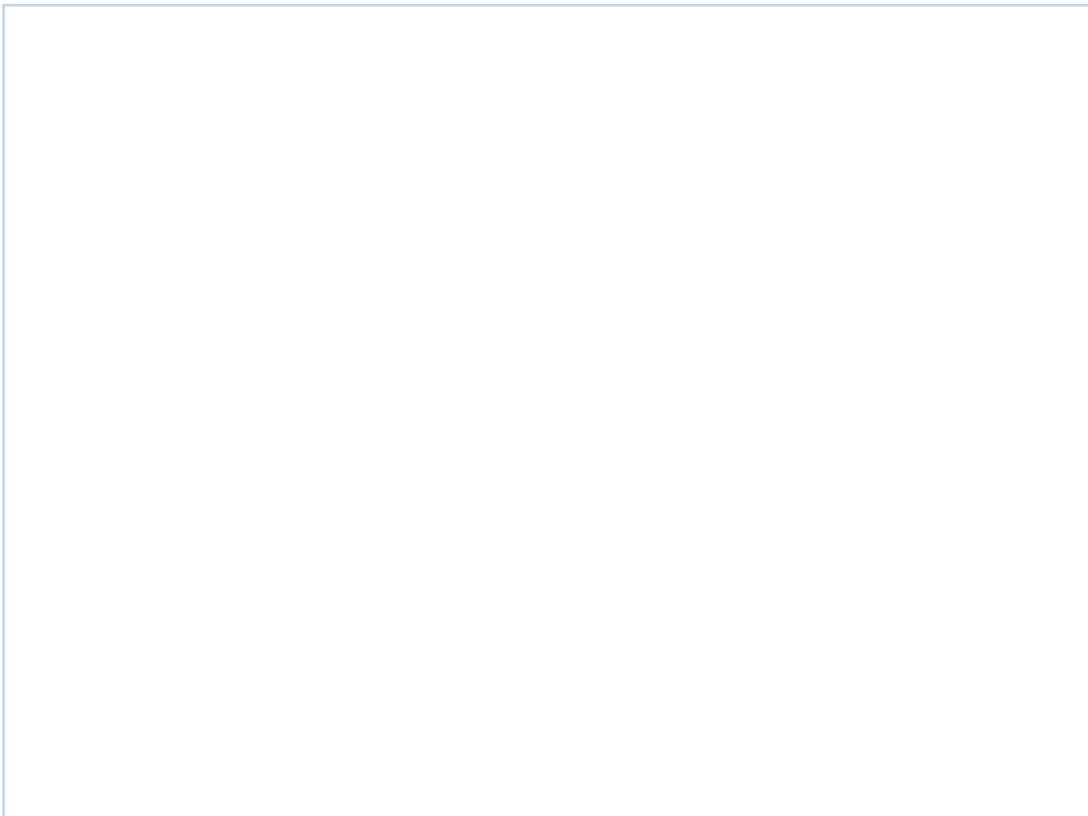
1. What risks did Sally's predecessor take in not setting up any planning and monitoring systems?

2. Evaluate the approach taken by Sally to monitor her team performance. What would you suggest Sally do differently?

3. How would you suggest Sally communicate the adjustments she has made with her team and other relevant stakeholders including the clients who have accounts in arrears?



4. Explain how Sally showed her innovation and lateral thinking skills when designing better ways for achieving work outcomes.



Topic 3

Manage opportunities for further improvement

Organisations that adopt a continuous improvement philosophy develop a mentality of working together to resolve problems and establish a supportive, open management style where employees are empowered and take responsibility for their own actions. Critical to the success of a continuous improvement program is the inclusion of processes that detail how team members are informed of changes as they occur; how work performance is documented so additional opportunities for improvement are identified; and how records, reports and recommendations for improvement are managed within existing operating procedures of the organisation. Without these steps, the effectiveness of any continuous improvement program is at risk. Significant time and resources expended on the program can be wasted if further opportunities for development are not continually identified and implemented.

In this topic you will learn how to:

- 3A Inform the team of the outcomes of continuous improvement efforts
- 3B Record work team performance to identify improvement opportunities
- 3C Incorporate areas for improvement in future planning

3A

Inform the team of the outcomes of continuous improvement efforts

It is important to ensure that team members are fully informed of savings, productivity or service improvements that are made as a result of continuous improvement efforts. The results of the team's ability to achieve their key performance indicators (KPIs) should also be shared with team members on a regular basis.

By comparing budgets, sales targets and other numerical data, you can see how changes to a system, procedure or activity have affected performance results. For example, savings (which represent a reduction in wasted financial resources) can be ascertained by comparing costs, expenditure or money in a bank account. Productivity and service improvements as outlined in a person's KPIs can be measured in similar ways that may involve comparing 'before' and 'after' quantitative data about the completion of tasks on time, number of finished products completed, customer proportion of repeat business. Another area to consider is potential improvements relating to reduced lost time as a result of better safety procedures or an improved training regime.

Providing feedback is especially important when team members have been involved in other stages of the continuous improvement process (such as participating in identifying a problem, helping monitor and review performance, gathering information or formulating a recommendation).



Use communication when contributing to improvements

The process of informing team members about improvements can involve simply relaying information, or it can be an on-going process where team members participate by asking questions, debriefing after the implementation of change, reviewing information and then applying knowledge.

One of the fundamental aspects of a continuous improvement program is that all experiences are used as opportunities to learn; informing staff of improvements can be used as a key learning opportunity. Managers need to encourage staff to reflect on how individuals and teams have contributed to improvements, ask questions and discuss the issues associated with how the change and subsequent improvement came about, and think proactively about future changes. In this way, informing team members and communicating information is not simply a one-sided process, but a valuable tool for managers to use to reinforce continuous improvement practices.

Communication processes

In order to utilise the most effective means of communication it is paramount that you are able to ask the most appropriate questions. Your questioning technique used will be essential in ascertaining the required communication or information.

Ensure the most effective means of communication by asking:

- How can I maintain the motivation of my team in continuous improvement initiatives?
- What continuous improvement data needs to be communicated?
- What is the most appropriate way to communicate this data?
- How will I be able to assess that the communication has been effective?

Lateral and analytical thinking

Understanding how different types of workers think can lead to actions that enhance motivation and achievement in an organisation. Lateral thinking involves the indirect creative approach that uses reasoning as a prime method of problem solving. An example of lateral creative thinking could be where a production company produces 1500 items per hour but want to increase this output to 2000 items; a lateral problem solver would look for ways to increase the production numbers.



Analytical problem solvers learn from past actions and past problem-solving methods. An analytical thinker will generally want to know from where something derived before they can know where it is they want to be.

Performance management interviews

An organisation's regular individual performance review program can be used to address motivation and achievement goals. During these interviews, time should be allocated to discuss achievements and reinforce positive behaviours. The role of the team member in continuous improvement efforts should be discussed and they should be given the opportunity to ask questions about the changes.

Negative feedback or poorer than expected performance improvements are best communicated in a performance review rather than at a team meeting, unless it is a general dissatisfaction that affects everyone. In communicating with individuals it is important that privacy and confidentiality are respected and the organisation's policies and procedures are followed.

Team meetings and briefing sessions

Team meetings provide an opportunity to update team members on savings, productivity and service improvements as well as general performance results; to acknowledge the contribution of particular staff members or the whole team; and to instigate and encourage discussion on experiences, learning and future continuous improvement activities. Minutes should be kept and distributed so that all members have a written reminder of what was discussed in the meeting.

Managers can spend time in regular team meetings reviewing improvements, but set aside a special meeting on a less regular basis (for example, when results are reported) to discuss improvements and how further changes for the better can be made. These sessions ensure that staff can be informed through two-way conversation and discussion that gives everyone the opportunity to ask questions, raise issues and express their concerns immediately. Face-to-face communication is also useful for recognising employee efforts in front of colleagues.

Email and intranet services

Email and web-based systems (such as intranets) are used to communicate information and inform staff efficiently. When used well, they can promote the effective flow of information among team members. However, they are best used in conjunction with other communication methods so that team members can actively participate in discussions regarding the improvement program. Here are some useful tips for using email and intranet services.

Tips for using email and intranet services

1**Receiving an email**

If you receive an email you would like to pass onto your team members that highlight the team's achievements, add your own comments and tailor the email to employees' needs before you forward it. Check that the language other people have used is clear and comprehensible to your audience.

2**Sending an email**

If you are sending an email about organisational performance improvements, include references to team activities so team members can see the impact their performance has in the wider organisation.

3**Linking information**

Link information in reports or other documents back to your own team's objectives and the organisation's business plan.

4**Acknowledging contributions**

Acknowledge the contribution of particular individuals or the whole team in achieving goals.

5**Using information for discussion**

Use the information contained in an email as the basis for discussion in team meetings, informal chats or other opportunities to discuss progress with team members.

Newsletters and other devices

Reporting on improvements in writing (through newsletter, for example, or group emails) means that information is communicated and made accessible to everyone who needs it. There should be no inconsistencies in the way information is delivered and, provided it is read, everyone is informed of developments and changes in a uniform way.

Publications can promote the benefits of change and help manage the change process by fully informing staff on a regular basis of what is happening and why, and help them understand how they can assist and contribute to continuous improvement activities.



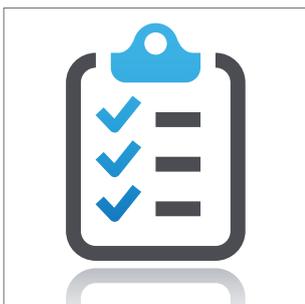
Magazines

- Magazines and newsletters can be used to inform people of continuous improvement efforts as well as to profile staff who have participated in or benefited from new processes.
- Magazines can be distributed in hard copy, emailed or posted on the intranet site.



Newsletters

- Newsletters are particularly useful when improvements are linked to the team's objectives and the organisation's business plan.
- Newsletters can also be distributed in hard copy, emailed or posted on the intranet site.



Posters and bulletins

- Posters and bulletins attached to a notice board can also be used to distribute information and keep the rest of the organisation informed about the work your team is doing.

Prepare formal reports

Sometimes you will need to prepare a formal report and present it to the team for comment; for example, an improvement that is going to be implemented, industry trends, a problem and options for resolving the matter.

Make sure you give team members sufficient time to read the information before you ask them to react to it. Set out your report with clear headings that arrange the information in a logical order. If you are going to provide your team members with reports that are lengthy or even slightly complex, make sure everyone knows how to read them; sometimes

reports can have unusual headings or use abbreviations (such as 'YTD' for 'year-to-date earnings') that readers may not be familiar with. Before you decide to send out reports or other documentation, spend some time running through what it means and encourage team members to ask if they are unsure of anything.

Other strategies

In addition, many of the current approaches to continuous improvement such as openbook management, balanced scorecard, Six Sigma and lean processes have prescribed methods for communicating results. The information communicated via these methods should relate to specific team-based performance measures. However, it is important that your team also receives information about the progress of the entire organisation. Here is a description of some of the other current approaches to continuous improvement.

Open-book management

Organisations that adopt an open-book management approach will use scoreboards as a vehicle for communicating key information to the workforce. The scoreboards may be electronic or they may be big bulletin boards or paper handouts. The team's objectives and targets are listed clearly and specifically and achievements posted on the scoreboard.

Balanced scorecard

The balanced scorecard approach to continuous improvement was first detailed in a series of articles and books by Dr Kaplan and Dr Norton. This approach provides a clear prescription as to what organisations should measure in order to balance the financial perspective. The approach requires having an operating plan and strategy that provides reasons as to why targets need to be met. By knowing what needs to be delivered, to what standard and how these standards are measured, staff can undertake action to address poor performance by making appropriate changes.

Six Sigma

The Six Sigma approach is the use of a range of statistical tools and a problem-solving approach to improve outputs and reduce variation in those outputs. Communication is essential to discuss the improvements identified, listen to feedback and review the new process.

Lean processes

Lean processes, primarily used in the context of manufacturing, are concerned with the reduction or preferably the elimination of waste. They also involve improving the flow of processes using best practice and following a set of principles and a documented approach to implementation. Regular communication with team members is essential when considering improvements, explaining new processes and building rapport with the team.

Example: continuous improvement action plan

Debbie and her team of six support staff at a suburban solicitors' office meet quarterly to discuss issues raised over the previous three months and plan their activities and goals for the coming quarter. Debbie's team work to deliver quality processes, service deliverables and meet set standards.

Debbie has a simple approach to implementing continuous improvement and a direct communication strategy. Before the quarterly meeting she finishes the regular reports on the team's productivity and issues a customer feedback form to the solicitors.

- She compares the feedback survey and the productivity results against the set goals and prepares a simple summary.
- At the meeting, the team talk about the summary and Debbie asks questions, such as:
 - 'What do you think we could have done to achieve better results?'
 - 'Do any of our systems or processes need to be changed so we can be more effective?'

Together the team talk through these issues, discuss their individual work over the past quarter, outline what they have learnt, and then turn to goal setting for the next three months.

Debbie also keeps track of the team's productivity and makes a weekly A4 poster listing its achievements, the tasks completed and activities designed to improve the team's performance, such as:

- We organised a successful client information session on wills and bequests.
- We produced 15 lease agreements.
- We set up a new process for accessing documents on the server, which saves time and is easier to use.

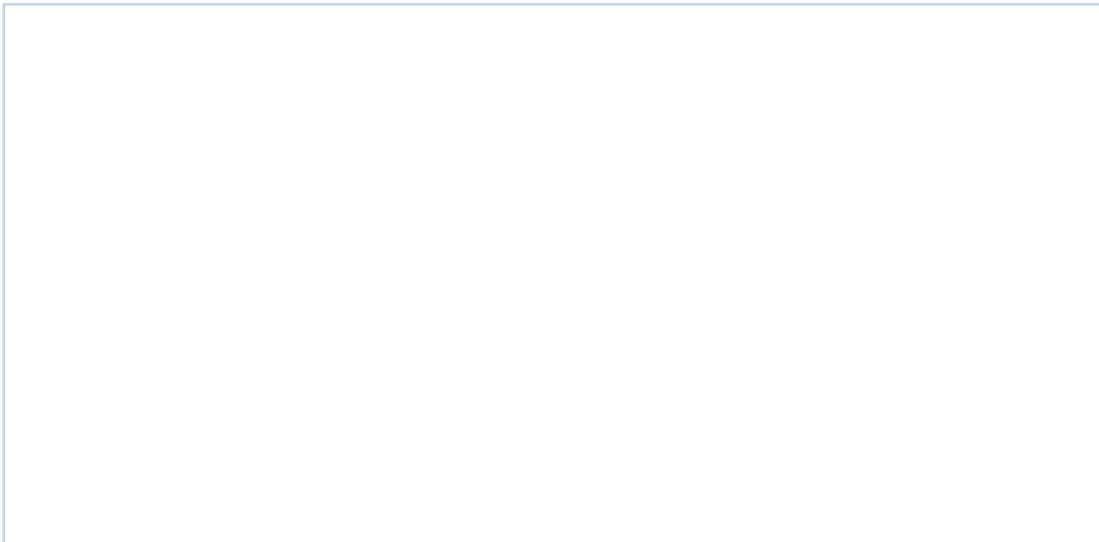


Practice task 8

1. Research the use of scoreboards and other continuous improvement communication tools. Choose one of these tools and explain when and why you would use it.



2. Discuss the consequences if the outcomes of continuous improvement processes are not communicated to staff.



3B Record work team performance to identify improvement opportunities

An important aspect of recording continuous improvement outcomes is to ensure that your team’s work performance is documented clearly and accurately so you and the team can identify areas and opportunities for future improvement. Written performance results (both quantitative and qualitative) are a reliable method of comparing outcomes and creating an accurate historical record. The record can then be used to identify trends and opportunities for further improvement. You will be able to pinpoint exactly where a process is breaking down.



Documentation also highlights whether the process itself is at fault and needs revision, or whether adherence to the process is the problem. Documenting the performance of staff against standards underpins the success of a quality system and forms the basis for continuous improvement activities that are central to any quality program.

The importance of record-keeping

Documenting the work performance of team members offers many benefits to managers who are implementing a continuous improvement program. Some of the benefits are outlined here.

Consistent record-keeping

Consistent record-keeping provides managers with the means to measure performance of team members in an equitable manner.

Controlled information

Information is controlled, in that forms and templates provide a guide as to what information should be recorded and how it can be used in continuous improvement activities.

Consistency

Consistent forms or templates used to collect and document performance data can help managers organise and plan discussions and meetings (such as performance review sessions) in an ordered, logical manner.

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Demonstrate importance

The presence of organisation or team templates for documenting work performance can demonstrate the importance of the activity and emphasise that this process is one that is taken seriously by both managers and staff.

Identify needs

If staff performance is below expectations or agreed standards, having documented information on this will help in identifying needs for development, training or disciplinary action.

Identify improvements

Written records must exist for the areas that have been identified as in need of improvement in order for you and the team to make appropriate improvements.

Records that can assist in the identification of areas for improvement include:

- annotated performance plans
- quantitative data
- recommendations for improvement
- records and reports.

Quantitative data

Quantitative data such as production figures, sales figures and hours worked provides measurements to compare 'before' and 'after' statistics. Quantitative data can be viewed over various time periods in order to compare performance over monthly, quarterly or annual time periods.

Data from performance indicators looks at the efficiency and effectiveness of the business structure and the people operating in that structure; for example, if production figures over two periods show an observed increase of 10 per cent in the goods produced but salary and wages attributable to that increase in production have risen by 12.5 per cent then questions would need to be asked about the efficiency of the labour being utilised.

Quantitative data can help identify where improvements need to be considered or where an area may need to be investigated. For example, two individuals may operate the same equipment, both work the same hours and have similar experiences, yet statistics show that one produces five per cent more output than the other.



Identify substandard performance

Substandard performance can be due to a variety of factors. Options to improve productivity could relate to training, better calibration or adjustment of machinery or more appropriate allocation of tasks so that changeover time on machine settings is minimised. It may also be that the more effective worker has been only taking 45 minutes for lunch or is commencing work earlier without recording their time. The slower worker may have an additional responsibility for an apprentice or be the 'buddy' for a new employee, which reduces his or her time on the job. Any substandard performance identified by quantitative data should be investigated to eliminate justifiable reasons for the variation before action is initiated.



Annotated performance plans

Performance documents should be discussed with each team member so they understand how well they have performed and where improvements need to be made. It is important to remember that the act of recording their performance and placing it in a file or lodging it with human resources means that the information (whether positive or negative) is available for others to access. This could be very important legally – for the employee, the organisation and yourself.

A performance plan for an individual or a team is developed in consultation with their supervisor and details the levels of performance that are expected of them. It should clearly align with the organisation's overall strategic goals and objectives.

The performance plan should include:

- goals for development
- actions required in order to achieve these goals
- performance measures
- timelines for achieving the goals.

Record-keeping process

When documenting work performance, there are a number of important aspects to consider. This is particularly so if you have decided to set up your own documentation systems to complement those used by the organisation or if your organisation does not have systems, forms and templates in place. Make sure the system is accessible and doesn't create problems for you or your team members because of high complexity or time use. Like all processes, review the system regularly and think proactively about how it can be further improved. Important aspects to consider when documenting work performance are provided in the following information.

Documentation is a necessity

Documentation is a necessity if an employee is to be disciplined. Consult the various legal requirements of managers that apply in your state or territory. The nature of the documentation you need to keep varies depending on the issue; for example, non-compliance with work health and safety laws requires documentation by law, whereas other less serious matters can be documented as you see fit.

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Objective and factual

Make sure whatever is recorded is objective and factual. Data that is useful for continuous improvement purposes will show a performance picture over a period of time. Always be objective, fair and consistent.

Specific information

If you are recording the decline of a team member's work performance make sure you include very specific, concrete information on what has happened. Support it with evidence and if particular incidents occur note the date, time, place and exact nature.

Automated records

Some teams make good use of documentation such as attendance records or punch cards that show when team members began and finished work. If you believe you could benefit from documenting information such as this, create a system or invest in technology that will facilitate it.

Record all steps

As you document performance and see evidence of a problem (and therefore an opportunity to improve), record all steps you implement to solve the problem, as well as the people you've consulted within the business. If major changes are inevitable despite your steps, showing evidence that small solutions haven't worked, and why, will help you make a strong recommendation for further change. Include the expected timeframe for improvement. This is for the employee's sake as well as for your own. You can monitor the employee's performance to determine if and when the next step in any disciplinary process needs to take place.

Positive outcome

Document positive outcomes as they occur and acknowledge the effect changes and adjustments have had on performance.

Recommendations for improvement

Team and individual performance is monitored, reviewed and compared against required KPIs during performance appraisal sessions as part of an organisation's overall performance management system. Identified improvements to be made are recorded along with recommended strategies for meeting KPIs, team and organisational goals and written into the person's work plan. At other times during the year, identified improvements should be documented and formally presented for approval.

Records and reports

An effective continuous improvement program needs to include a statement that defines the format, role and purpose of records, reports and recommendations. Many formal quality systems and processes include data collection and reporting protocols and tools for managing records. Managing records is a key issue in continuous improvement. The principles of any continuous improvement program include identifying opportunities for further improvements on an ongoing basis. Information contained in records, reports and recommendations for improvement demonstrates how this phase of the process was managed in particular circumstances. Some examples of this are provided in the following information.

	How well the process itself is working
	Whether staff (including managers) comply with the process
	Whether opportunities to improve were identified and acted upon
	Whether recommendations were adopted and why (or why not)
	Whether training for staff and/or any improvements to induction programs are required
	How different managers responded to the challenges of recording data, reporting on it and making subsequent recommendations

Managing documents

Managing documents within the continuous improvement system has many of the same benefits as managing work performance documents. These include providing consistency and guidance to managers and ensuring that data, reports and recommendations are relevant to and focused on improvements. Ensuring such information is captured throughout the improvement cycle is part of the challenge of designing an effective continuous improvement system that is process driven and supports and reinforces good management practices.

Integral practices

Creating forms, templates or guidelines that are available for managers and staff to use is a simple way to manage reporting, recording and recommendation steps and to ensure that they are integral to the process itself. It can also help staff focus on continuous improvement. When designing, implementing and managing a continuous improvement program, it is important to ensure that information is captured in ways that support improvement. For example, if safety incident reports are filled out and placed in a folder, they cannot make a



positive contribution to improvement if they are not reviewed and analysed by someone responsible for identifying opportunities for change. Information needs to be accessible and presented in a way that makes opportunities for improvements evident and easily identifiable.

Example: integral practices

Angela is the manager of a three-person support team for a small pharmacy. The team manages the accounts, prepares a regular client newsletter, issues pharmaceutical items, develops information sheets for customers, orders supplies, handle phone calls, organises for equipment to be serviced and collected and distributes on-going professional development material to the pharmacist. Angela uses a range of documents and has developed her own systems that facilitate the smooth running of the pharmacy. She has two methods for measuring the work performance of her three staff members.

Informal method

One is a log that compares weekly tasks assigned to each staff member to their achievements for the same period of time. Angela lists tasks as they are allocated, who is responsible for completing them and the date they need to be completed by, ticking them off as they are done. The system works so well that her staff have taken to ticking things off themselves and leaving notes as they do so, so they are able to communicate with each other via the notebook, which is kept in the team office. This is particularly useful as all four people may not be in the office together for several days.

Formal method

The other method is a more formal system that Angela uses for staff performance measurement activities, which are held twice a year. This system is supported with two documents: one is used to plan performance and development, the other is used to review it.

The first document is in the form of an agreement where Angela and each staff member set objectives for their own performance, jointly identify and agree to what measures will be used to assess performance and highlight actions, which include areas in which the staff member can improve. The second document helps Angela conduct the review itself and lists the planned activities, the performance results and comments on the outcome.

Opportunities for further improvement are then recorded in an updated planning agreement as the system repeats itself over the next six months.

Practice task 9

1. Prepare a bulleted list of at least four actions you can take to record improvements that need to be made.

2. How do you ensure team members are notified about improvements that need to be made?

3. Give some examples from your experience of how quantitative data was used to help identify further improvements.

3C

Incorporate areas for improvement in future planning

The planning process is an integral component of the continuous improvement cycle. After you have made a change for the better, you should continue to look for better and more efficient ways of working in the future.

Focusing on process and outcomes is the essence of true continuous improvement. By evaluating the process you can identify inefficiencies in the system that contribute to a poor quality product or service. By evaluating the effectiveness of your outcomes with your customers, you can work backwards to identify improvement needed in your process. Many organisations hold staff planning days in which all staff participate in identifying areas for improvement based on documented evidence from sales figures, performance reviews; WHS risk assessments and audits, as well as using tools such as brainstorming and a SWOT analysis.



The planning process

Once the various areas for improvement have been discussed and evaluated, action plans for future initiatives and how to implement them are developed and agreed upon so that successful undertakings are repeated and mistakes are avoided. The following information outlines steps of the planning process and the planning questions that should be addressed.

Critical steps in the planning process

Critical steps include:

- learning from past experiences
- establishing realistic goals, objectives and targets
- listing all the activities that need to take place to achieve your target
- sequencing the activities in order to get the most effective outcomes
- communicating your plan
- implementing your plan
- checking your progress.

Discussion questions for a planning session

At team level, managers should conduct regular debriefing and planning sessions and discuss the following:

- What problem were we trying to solve?
- What goals/targets did we set out to achieve?
- What worked well along the way?
- What could have worked better?
- What should be done differently next time?

Importance of records and documentation in planning

The plan-do-check-act cycle of continuous improvement involves the regular updating of strategic plans to accommodate any identified improved process. Once an improvement has been identified, it needs to be incorporated into appropriate planning documents such as the organisation's business plan, the team's strategic objectives and an individual's work plan.

The business or strategic plan will document the improvement from an organisational perspective, describing how the improvement will help the organisation meet its strategic objectives by improving productivity, quality, reduced costs etc., providing strategies to achieve the goals and allocating sufficient funds in the budget to ensure its effective implementation.

An identified improvement must then be incorporated into the team's operational plan which outlines the rationale of the new process or improvement, allocates human, physical and time resources and provides strategies for monitoring and review. Finally, the tasks and activities that will help to implement the improvement are documented into each team member's performance or work plan, outlining responsibilities, available resources, a timeline and performance measures.



Example: use documentation in the planning process

Eli is an in-bound call centre manager. His organisation provides services to customers who ring in seeking advice about the products and services they provide. Customers ringing in do not pay for the service; consequently it is important that the team member taking the call is efficient and effective in handling each and every call. The longer each call takes and the more times the customer rings, the greater the cost to the business.

By analysing the performance of each individual receiver of the calls and noting the comments provided by staff at their performance appraisals on this issue, Eli is able to identify the need for his team members to have a better knowledge of the products and services. He arranges for this to be done by supplying a file folder, with one sheet dedicated to each product/service outlining its features and benefits, to each team member.



Practice task 10

Select a process, product or service within your organisation to review. Write brief notes to respond to the following questions.

1. How can we do this better?

2. How can we do this more cheaply?

3. How can we do this more easily?

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4. How can we do this faster?

5. How can we encourage innovative ideas for continuous improvement?

6. Explain how you would document your findings to ensure they are incorporated into future planning.

Summary

1. In order to have effective and sustained effort during continuous improvement activities, managers and team leaders need to communicate regularly with team members.
2. Effective communication processes include performance reviews, meetings, briefing sessions, formal reports, email, intranet, newsletters and magazines. Other processes include the balanced scorecard, using Six Sigma templates and visual tools.
3. An important aspect of recording continuous improvement outcomes is to ensure that your team's work performance is documented clearly and accurately so you and the team can identify areas and opportunities for future improvement.
4. Consistent forms or templates used to collect and document performance data can help managers organise and plan discussions and meetings (such as performance review sessions) in an ordered, logical manner.
5. Written records must exist for the following areas in order for you and the team to identify areas needing further improvement: performance reviews; quantitative data; recommendations for improvement; records and reports.
6. The plan-do-check-act cycle of continuous improvement involves the regular updating of strategic plans to accommodate any identified improved process. Once an improvement has been identified, it needs to be incorporated into appropriate planning documents such as the organisation's business plan, the team's strategic objectives and an individual's work plan.

Learning checkpoint 3 Manage opportunities for further improvement

This learning checkpoint allows you to review your skills and knowledge in Manage opportunities for further improvement.

Part A

1. List three methods you have used to keep team members informed regarding continuous improvement efforts. Explain why these methods were used and whether they were effective.

2. Explain how recording processes will help you and your team identify further opportunities for improvement.

3. Describe the systems in place or that you plan to introduce, including the performance variables that will be measured, to:
 - a) document work performance

b) report on achievements and problems

c) record information for planning further continuous improvement

4. Identify a project in which mistakes have been made or areas that needed improvement were identified. Explain what you or your team have learnt from the project and list the changes you would make when planning similar projects in the future.

Part B

Read the case study, and then answer the questions that follow.

Case study

Jasper is a manager for an outlet that sells new cars and also provides follow-up service and support for customers. Given that the industry is extremely competitive it is important that he and his various teams take every opportunity to improve the services they deliver. The business consists of the following areas:

- new car sales
- financing department
- after-sales services including customer support line
- service department
- purchasing department (includes buying of parts and materials such as oils, cleaning materials, etc.)

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In order to identify areas for improvement Jasper initiates a range of activities to obtain information that he can include in the planning he undertakes with his teams. These activities include customer surveys, follow-up calls and analysis of sales data.

Improvements subsequently identified include:

- providing better financing rates
- sourcing more suppliers for parts and materials
- changing the approach to selling techniques for sales people
- introducing a 'collect and return service' for business people and business cars
- introducing a free shuttle bus to the nearest shopping centre and pick-ups for people bringing in their cars for service

The improvements must now be communicated to the team and documented in future planning documents. Jasper realises he needs better systems to document work performance and record information on a regular basis to inform continuous improvement.

1. What other strategies could Jasper have used to monitor operational progress and identify where improvements could be made?

2. Select one of the improvements. Prepare a communication strategy that will inform the team of the improvement to be implemented. Include as many appropriate options as you consider necessary. Use lateral thinking skills to develop interesting ways to let the team know about the outcome of the research.

3. Using the improvement you selected in question two, write (briefly) what you would include in:

- a) The company's business plan

b) The team's operational plan

c) An individual team member's work plan

4. What systems could Jasper use in the future to help him regularly? Make sure that you include the performance variables that will be measured in each system or process.

- Document work performance
- Report on successes, opportunities and problems
- Record information that could be useful for continuous improvement