

BSBMGT517

Manage operational plan

Release 1

Learner guide

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Aspire Version 1.1

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Before you begin

This learner guide is based on the unit of competency *BSBMGT517 Manage operational plan*, 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 textsGathers, interprets and analyses workplace documentation to determine requirements for the operational plan
Writing	<ul style="list-style-type: none">Develops and documents a range of detailed texts relating to the management of an operational plan according to organisational requirementsEnsures 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 register, vocabulary and paralinguistic featuresListens and comprehends information from a variety of spoken exchanges with clients, co-workers and other stakeholdersConfirms understanding through questioning and active listening
Numeracy	<ul style="list-style-type: none">Selects and uses mathematical problem-solving strategies to organise resource requirements, performance benchmarks and financial viability of the operational plan
Navigate the world of work	<ul style="list-style-type: none">Monitors adherence to organisational policies, procedures and considers own role in terms of its contribution to broader goals of the work environmentAppreciates the implications of legal responsibilities with specific reference to health and safety
Interact with others	<ul style="list-style-type: none">Identifies and uses appropriate conventions and protocols when communicating with colleagues and external stakeholdersCollaborates with others to achieve joint outcomes, playing an active role in facilitating effective group interaction, influencing direction and taking a leadership role on occasion
Get the work done	<ul style="list-style-type: none">Takes responsibility for developing and implementing systems and processes to achieve organisational objectives, seeking advice, feedback and support as required to assist in the development and planning phaseSequences and schedules complex activities, monitors implementation, and manages relevant communicationUses systematic analytical processes to aid decision making, identify potential problems and generate contingency plans or solutions

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 Develop operational plan	1A Understand and document resource requirements and develop plan in consultation with relevant people	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1B Develop and/or implement consultation processes as an integral part of the operational planning process	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1C Ensure the operational plan includes key performance indicators	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1D Develop and implement contingency plans for the operational plan	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1E Support proposals for resource requirements with a variety of information sources	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1F Obtain approval for the plan and explain the plan to work teams	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 2 Plan and manage resource acquisition	2A Develop and implement strategies for employee recruitment and induction	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2B Ensure physical resources and services are acquired appropriately	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2C Recognise and incorporate requirements for intellectual property rights and responsibilities	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

continued ...

... continued

Topic	Key outcome	Rate your confidence in each section
Topic 3 Monitor and review operational performance	3A Develop, monitor and review performance systems and processes	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3B Use financial information to monitor and review profit and productivity performance	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3C Identify under-performance, recommend solutions and rectify the situation	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3D Ensure mentoring and coaching are provided to support the effective, economical and safe use of resources	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3E Negotiate recommendations for variations to operational plans	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3F Ensure procedures and records associated with performance documentation are managed appropriately	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

Topic 1

Develop operational plan

Developing operational plans relies heavily on your ability to research and analyse resource requirements. Your planning and organisational skills will be required not only to develop the operational plan but the appropriate contingency plans and the accompanying budgets to support the operational plan.

In this topic you will learn how to:

- 1A Understand and document resource requirements and develop plan in consultation with relevant people
- 1B Develop and/or implement consultation processes as an integral part of the operational planning process
- 1C Ensure the operational plan includes key performance indicators
- 1D Develop and implement contingency plans for the operational plan
- 1E Support proposals for resource requirements with a variety of information sources
- 1F Obtain approval for the plan and explain the plan to work teams

1A

Understand and document resource requirements and develop plan in consultation with relevant people

Developing an operational plan cannot happen in isolation or without access to appropriate documentation. As a manager, you need to develop the necessary processes to obtain information about the resources needed and consult widely with colleagues, relevant personnel and resource managers.

Planning requires the setting of targets or goals often referred to as key performance indicators (KPIs). You can measure the performance of the organisation against these targets through the implementation of the operational plan. Hypothetical or 'what-if' scenarios may also need to be considered so that appropriate contingency plans can be developed.

Unless you are the owner of a small private company, you will have a supervisor or a board of directors that expect you to report to them about planning processes. They need to approve your plans and you may well have to make appropriate presentations to them.



Operational plans

Operational plans form part of an organisation's overall strategic plan and provide short-term strategies to achieve goals over a given period of time, such as a fiscal year or other budgetary period. These plans outline the activities and tasks that ensure outcomes for the organisation, as well as the resources and budgets required to achieve these goals.

Operational plans must also clearly identify and document resource requirements and allocation and should be flexible to allow for any changes and modifications in policy and financial status of the organisation or department. These plans should also be developed by the people directly involved in the implementation process and in close consultation with key stakeholders and departments within the organisation.

Operational plans are also known as action plans, annual plans, management plans or tactical plans. If you encounter such terms in your industry or organisation, or in your research, check they are being used in the same context as defined above.

Operational plans are based on and should provide information on:

- the organisation's mission and objectives
- quality standards and best practice
- the current state of the organisation
- ultimate goals and outcomes
- strategies and activities required
- time lines and schedules
- how progress towards achieving these goals is to be measured.

Planning models

The strategic planning approach an organisation uses may follow a variety of models based on the size and nature of the organisation and its management approach. Without exception, operational plans are an outcome of each of these planning approaches. Below are descriptions of each of the models.

Basic strategic planning

This very basic process is usually adopted by small organisations. Planning is typically the domain of senior managers.

The basic strategic planning process:

1. Identify your purpose (mission statement).
2. Select the goals your organisation must reach if it is to accomplish your mission.
3. Identify specific approaches or strategies that must be implemented to reach each goal.
4. Identify specific action plans to implement each strategy.
5. Monitor and update the plan.

Goal-based planning

This model is an evolution of the basic strategic planning model, whereby the planning approach is more comprehensive and effective.

The following information outlines this planning process:

1. External and internal assessment to identify strengths, weaknesses, opportunities and threats (SWOT).
2. Strategic analysis to identify and prioritise goals.
3. Design programs and strategies to achieve goals.
4. Design and/or update vision statement, mission statement and organisational values.
5. Establish action plans with details of objectives, resource needs, roles and responsibilities.
6. Prepare a strategic plan document which records issues, goals, strategies, vision statement, mission statements and action plans.
7. Develop a periodic (usually one-year) operational plan document from the multi-year strategic plan.
8. Develop a budget to support the operational plan.
9. Implement the operational plan.
10. Monitor, review and update the strategic plan document.

**Alignment
planning model**

This approach ensures strong alignment between the organisation's mission and its resources.

This model is useful for fine-tuning strategies or for investigating why strategies are not working. Steps of the process include the following:

1. A planning group outlines the organisation's mission, programs, resources and support requirements.
2. Identify what strategies and programs are working well and what needs improvement.
3. Determine what improvements need to be implemented.
4. Include the improvements as strategies in the strategic plan.

Scenario planning

This approach ensures planners truly undertake strategic thinking and is useful in identifying strategic issues and goals.

General steps include the following:

1. Examine external forces and predict related changes which might influence the organisation.
2. For each change discuss different possible future scenarios for the organisation: this should include best- and worse-case scenarios as these can be a strong source of motivation for organisational change.
3. Identify potential strategies to use for each of the possible future scenarios.
4. Look for common strategies that must be addressed to respond to possible external changes.
5. Select the most likely scenarios to affect the organisation, and identify the most reasonable strategies to adopt.

**Self-organising
planning**

This method of planning requires continual reference to common values.

General steps include the following:

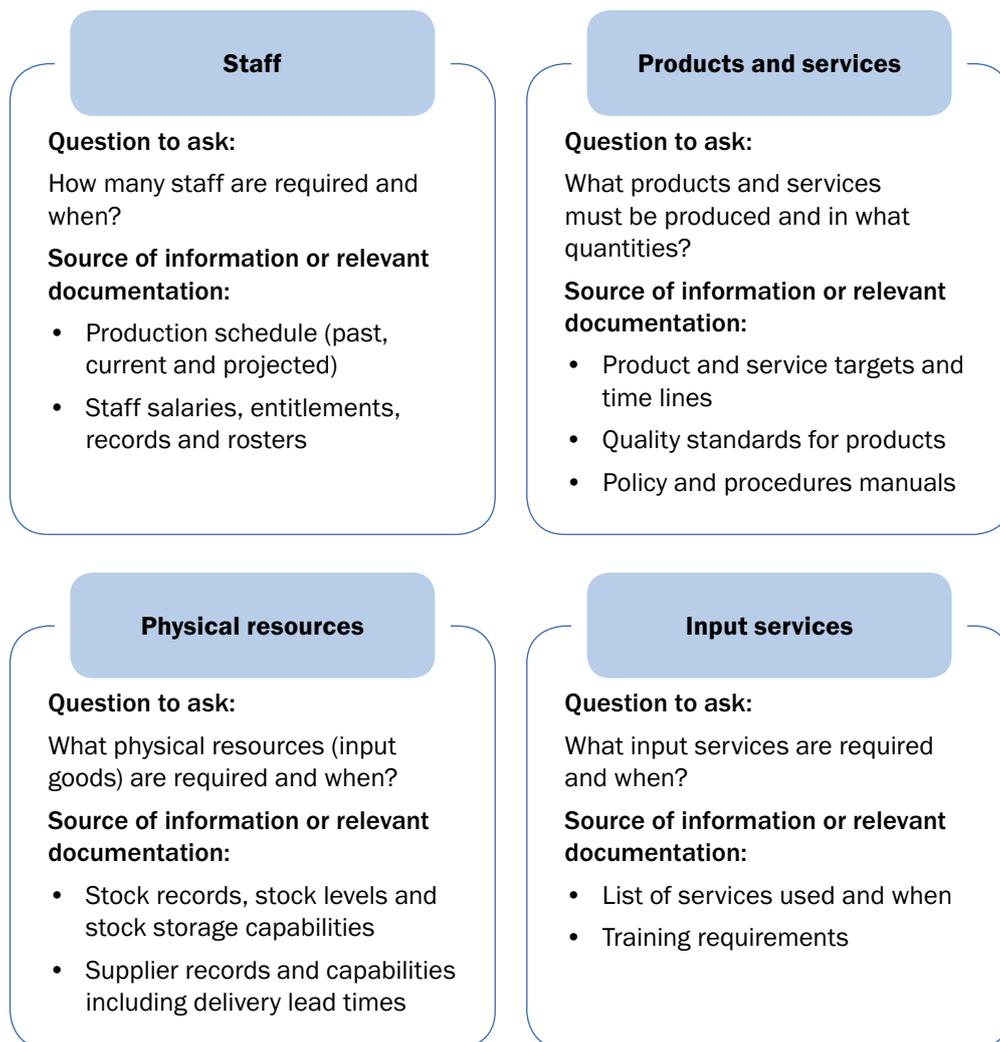
1. As a group, clarify and articulate the organisation's cultural values.
2. Articulate a group vision for the organisation.
3. On an ongoing basis, establish a dialogue about what processes are needed to arrive at the vision and what the group is going to do about those processes.
4. Continually reinforce that this type of planning never really reaches an end point: the group needs to continually conduct its own values clarification through reflection and to use this as a basis for process updates.

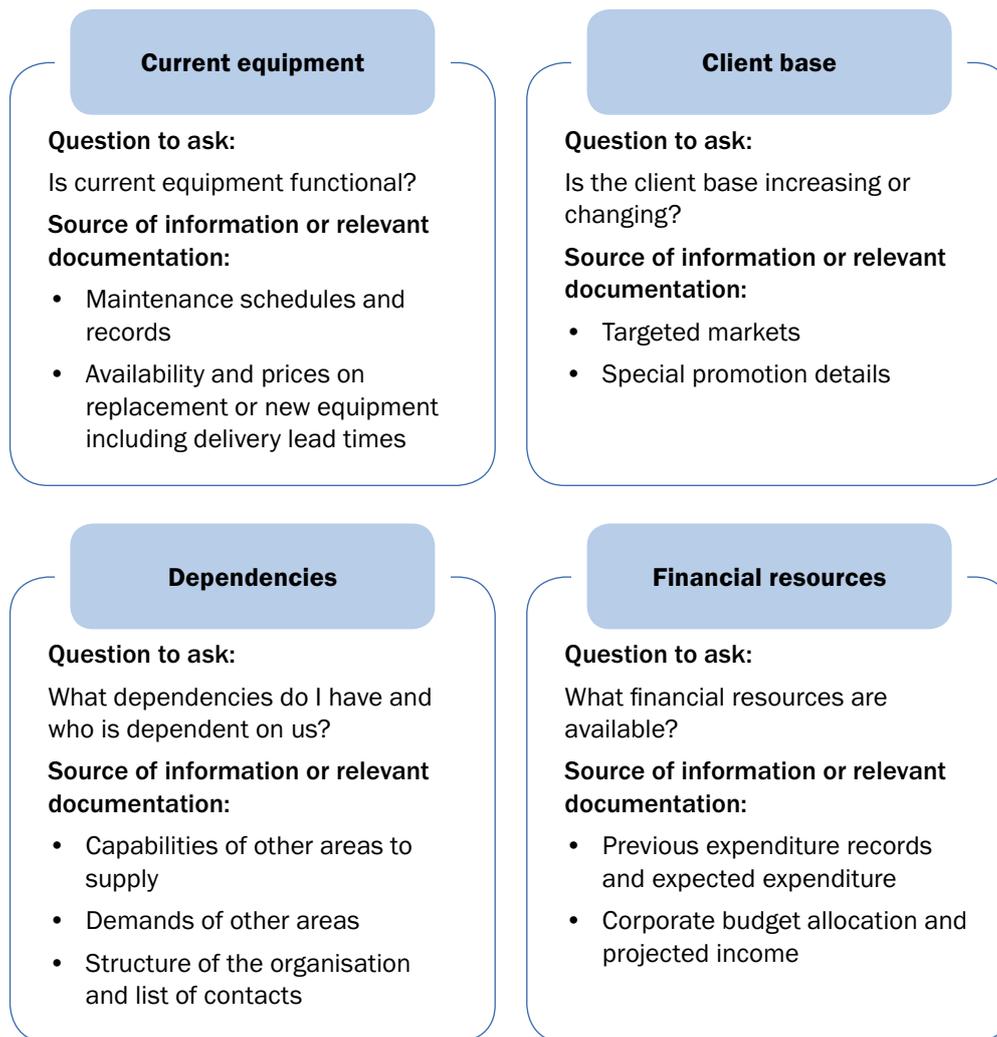
Determine resource requirements

To determine the resource requirements for your operational plan, you will need to consider your area of responsibility, access and review various records, or prepare documents such as schedules. Some of the input documentation and records may be generated by other parts of the organisation and may affect your plan, so it is important that all information is accurate and clearly communicated to all stakeholders.

An operational plan is often focused on a specific time period. In developing an operational plan a manager may draft several plans in advance using the research and analysis undertaken.

Some key questions and possible sources of information are listed below.





Consultation

The development and management of operational plans requires you to consult with a wide range of people within your organisation. Depending on your level of authority and role in your organisation, you may also need to engage with external entities such as contractors, customers or clients, suppliers, communities and government officials.

An important part of communicating clearly is having the interpersonal skills to relate to a range of people with different cultural backgrounds, ethnic origins and social attributes, and those with special needs relating to physical or mental disabilities.

If you or your organisation has substantial business dealings with people of particular cultures, you may need to organise cultural awareness training to ensure clear and effective communication between stakeholders.

The people you may need to consult with:

- Employees, employee representatives or unions
- Colleagues and/or managers at the same level or above
- Senior managers and/or your supervisor
- People with specialist responsibilities such as occupational health and safety committees, or training and development teams

Planning

Operational plans are focused on the day-to-day tasks that the organisation or component of an organisation faces. Operational plans should work in support of the strategic plan and business plan of the organisation. They address the daily work priorities, staff schedules, production schedules, policy and procedural matters, marketing campaigns, maintenance schedules and budgets and contribute to achieving the long-term goals of your organisation. One of the most significant benefits of operational planning is meeting codes of practice and regulatory requirements; for example, standards being adhered to for products and services, successful quality audits, and compliance with work health and safety (WHS) legislation and government reporting.

Other benefits of operational planning can include:

- better use of resources such as equipment, production inputs and staff
- more satisfied clients and customers because quality products and services are delivered on time
- stock on hand; that is, products being available for buyers and inputs available for use.



Indicators for potential improvement

In operational planning, when considering the various documentation and other inputs you might use to develop the plans, you should be aware of indicators that suggest the need for improvement. Such indicators could include reduced sales revenue and increased costs, increased customer complaints, high staff turnover or absences and/or breaches of regulatory requirements or codes of practice.

When developing an operational plan, it is imperative that all people responsible for implementing the plan and delivering its outcomes are fully informed about all aspects of the plan: what is expected, when and to what quality. They should also be made aware of how performance against the plan is to be measured.

You should consult with relevant people and specialists to address key issues in your operational planning such as:

- meeting legislative and regulatory requirements – WHS specialist advisors, trade practices consultants, health professionals or hygienists
- complying with environmental protection authorities – waste disposal advisors, water or air quality advisors, material recycling specialists
- meeting or setting out contractual obligations – lawyers or legal advisors
- financial management – accountants and specialists who deal with GST, payroll tax, loans financing
- managing physical assets – building or factory consultant, workstation designer or ergonomic advisor.

Example: manager of a small business develops an operational plan and identifies essential resources

Happy Valley Boutique Beer is a small beer brewing company. It maintains a small local market with tasting and sales direct to the public and supplying its range of products to restaurants and select cafés in the area. Shamus is the operations manager and the issues he has to consider for his operational plan include the following points:

- The styles of beer required and the quantities for current and expected orders given stock on hand and in production at present
- The quantity of input materials required such as barley, wheat, hops, yeast, water, printed labels for the bottles and bottle tops
- The human resources and skills in terms of number required, availability, rosters and the quality control process
- The packaging in terms of small bottles, large bottles, 'kegettes' (small five-litre decorated kegs for the tourist trade) and draught kegs
- The delivery of the product to customers



Among other things, Shamus needs to know what orders are expected (the demand), the current stock on hand, details of promotional campaigns or seasonal issues (wildflower tourist season or annual surf carnival), production capability, storage capacity, and lead time for delivery of input materials. Shamus ensures he consults with the people involved in all these skill and production areas as he develops the operational plan.

Practice task 1

You are required to develop a draft operational plan.

Using your workplace, a simulated workplace or a workplace to which you have been given access, identify an operational issue or problem and list some outcomes that you believe would address the problem.

Research, analyse and document the resources required to implement your proposed outcomes. You will need to consult with the relevant personnel, colleagues and specialist resource managers as required.

Provide details of the documentation obtained, research and analysis undertaken and who you consulted using this table.

continued ...

... continued

Resource area or issue	Documentation obtained/research and analysis undertaken	Relevant stakeholders consulted

Prepare a draft operational plan based on the information you have gathered and the initial consultations you have held.

This plan will be further developed in subsequent practice tasks.

1B

Develop and/or implement consultation processes as an integral part of the operational planning process

Consultation and communication are critical to the success of the operational planning process, in terms of development and implementation.

Consultation involves giving and receiving information, opinions and input from relevant parties. You cannot know everything or obtain all the required details in relation to the operation of your area of responsibility. Even an owner-operator will require input from external suppliers or specialists. Consulting with others produces an operational plan that maximises the chance of success and generally has the support of those people who have provided input.



All this information must then be clarified, analysed and included in the plan. Information gained through the consultation process also needs to be accurately documented.

Consultation processes and relevant personnel, colleagues and specialists

Consultation with a range of stakeholders should always occur before a decision is made. This can be difficult in some circumstances; for example, in a small organisation where you do not have colleagues or a higher structure above you.

Consultation ensures you don't alienate staff or miss information that may not be available to you from another source. For example, when reviewing rosters, you may not consider that a single parent cannot work extended hours or that public transport options for some staff are not available for earlier starts or later finishes.

The consultation process for an issue affecting day-to-day operations can include staff and/or union representatives, customers and clients, senior managers, supervisors and other managers in your organisation (colleagues), legal or financial advisors and/or consultants such as specialists in WHS, environmental protection, work flow, building standards or shop layout.

Consultation is important in operational planning situations such as:

- changing the layout of the work area for new equipment or increased storage areas
- adjusting the hours of operation such as earlier start times, extended hours on certain days or adjustment in break times
- production of a new line of product or delivery of a new service
- changing procedures to cater for new technology such as electronic payment of wages and submitting time sheets electronically.

Consultation processes

For consultation to be effective, all stakeholders must have the opportunity to contribute to team and individual operational plans. Consultation can take place via telephone, emails, web conferencing, surveys or questionnaires, notice boards, newsletters or by more formal correspondence methods.

It is also important that you are equitable and fair when consulting with all relevant employees so they have an opportunity to provide input. For example, to only provide advice by email when some don't have access to computers or the internet, would be considered unfair.

The types of processes and approaches that can be used in obtaining input and feedback from consultation are detailed below.

Meetings

- Discuss the issues as an agenda item during a regular meeting and ask for the relevant parties to provide their views.
- Hold a special meeting of selected people with the sole focus on addressing issues related to operational planning needs.
- Have a set agenda, a chairperson, a note taker and protocols for behaviour if necessary.

Interviews

- Either one-on-one or with teams.
- Interviews may be face-to-face or over the telephone.
- Have a defined set of questions to ask when you are seeking feedback.

Brainstorming

- Set up an open forum where people provide input and ideas on given issues. A key part of this approach is that no analysis or negative judgment of any ideas should occur.
- Break into smaller groups where each addresses specific issues. Each group reports back to the whole group, which provides additional ideas and feedback on the ideas presented.

Provide feedback to stakeholders

After you gather input through consultation, as time goes on stakeholders will increasingly wonder what is happening about the information and advice they contributed. It is therefore important that you communicate the outcomes of your consultation, the decisions that have been made and the actions to be taken.

One of the key skills in ensuring effective consultation is active listening. This is the ability to:

- focus on the person speaking and what they are saying
- permit the person to speak without interruption
- provide positive acknowledgment of their contribution through appropriate comments and use of positive body language
- ask questions for clarification and keep the discussion flowing
- refrain from criticising or jumping to a conclusion.

Provide feedback to the work team

The first step in developing a functional and focused operational plan is to obtain input through consultation. The second step is to analyse the input and then write the plan and associated supporting documentation in a clear, concise – yet comprehensive – form. This information can be presented in written, pictorial or verbal form so that all team members know what needs to be done, how the strategies will be implemented and what actions they are responsible for.



As a manager, you need to effectively communicate the information about the operational plan to your staff and other stakeholders. It is critical the information is correct and in a form that recipients can understand. Providing feedback to the work team also fosters a sense of empowerment, motivation and accomplishment among the stakeholders. This is important to ensure compliance when implementing the operational plan and making any changes to current work practices.

Ensure the message is received correctly

It is also important that you communicate exactly what is required and clarify that it is understood. Information that is excessive or inappropriately presented may be misinterpreted and cause operations to become inefficient and ineffective.

When providing information and feedback, you may need to consider the range of workplace settings; the capabilities and knowledge of the audience; language, literacy and numeracy skills; and any special needs, including disabilities such as hearing or sight impairment.

As an example, consider the development of a new policy and procedures manual for a factory process and use of related equipment on a production line.

What you want to ensure for the manual to be effective:

- It is written in plain English and translated into languages other than English if necessary.
- The terminology can be understood by all relevant people such as equipment operators, factory workers, supervisors and management.
- Technical terms are accurate and clearly explained.
- The manual uses appropriate titles and names and includes a suitable index and reference system.

Methods of disseminating information

Information can be communicated to team members via email and other formal or informal written forms (such as memos or notices) or using the phone. Information can also be presented visually and verbally via presentations at meetings or demonstrations, such as operating new equipment one-to-one or in small groups.

You may also need to advise and communicate changes and outcomes outlined in operational plans to customers and clients.

Methods of communication can include:

- advertising or informing through the press, radio or television
- direct phone communication or personal communication
- meetings of shareholders.



Example: a manager consults with a range of stakeholders to implement change in the workplace

A fruit juice processing company based in Victoria uses caustic soda to clean all its extraction equipment. Workers make the caustic soda themselves in an open tank by adding caustic soda granules to cold water and heating it up. As a result of a WHS investigation and consideration of the costs, the manager, Doug, has decided to outsource production of the caustic soda and has included this as part of the operational plan.

The decision means that procedures will change and certain equipment, such as the open vat for making caustic soda and the personal protective equipment used, will also change. Doug consults with specialists to investigate supply options for the caustic soda. He also consults with all the staff in the processing and extraction area because this change will affect the procedures they currently use and will require their cooperation during the changeover.



Practice task 2

Using the draft operational plan developed in Practice task 1, consult with your relevant staff and stakeholders who will either have to deliver on the plan or will be affected by the plan if it is implemented.

Obtain feedback from the people you consult with and record the feedback using this table or similar diary or journal entries.

continued ...

... continued

Person(s) consulted on draft operational plan	Issues or comments	Matters for attention	Action taken or to be taken in adjusting plan

1C

Ensure the operational plan includes key performance indicators

To determine whether your organisation is achieving its goals, you must be able to measure the outcomes and compare these against the targets that were originally set. The operational plan needs to clearly identify the areas in which your organisation should have measurable targets and then determine the KPIs that relate to those targets. KPIs are a measure for monitoring or evaluating the efficiency or effectiveness of a system and may be used to demonstrate accountability and to identify areas for improvement.

Specific, measurable targets for your organisation may be developed for internal use or for comparison against published industry benchmarks and standards.



Methods to measure business performance

Andy Neely's book, *Business performance measurement: theory and practice* (2002), provides an overview of the various methods used over time to measure business performance. The late Peter F. Drucker (1909–2005) also published widely in this area. One of his books, *The practice of management* (originally published in 1955), is considered a cornerstone publication. Considering the writings of Neely and Drucker, below is a list of areas that business organisations could use to set performance indicators and record the outcomes.

Areas where an organisation can set performance indicators:

- Productivity
- Resource utilisation
- Profitability
- Performance and attitude of employees
- Performance improvement of managers
- New products and services and improvements to current products and services
- Market share and market standing compared with competitors; new products and services and prospective markets
- Public and environmental responsibility

Key performance indicators

Organisations or areas within organisations set various KPIs. They are usually designed to ensure that the organisation achieves its overall objectives and that its day-to-day activities align with these. It is also important to note that the KPIs developed for various components of the organisation should be consistent so that comparisons can be made within the organisation.

Below are examples of KPIs for profitability.

KPIs for profitability
<ul style="list-style-type: none">• Profit (revenue less cost) per employee• Profit against assets• Profit by each product produced and/or service provided• Profit as a percentage of sales• Impact of change on profit based on revenue and cost changes• Profit variation over time such as previous time period comparisons (monthly, quarterly or annual)

Approaches for developing KPIs

There are a number of approaches to developing KPIs. Organisations need to identify approaches that are most relevant to their unique business outcomes and planning activities. Below are some guidelines on different approaches that can be used for developing KPIs.

Lifecycle approach

KPIs may be developed using a lifecycle approach. For example, in managing a project, KPIs would focus on each stage of the project life cycle such as design, planning, implementation and finalisation. The use of a lifecycle approach to developing KPIs ensures they are assigned at all stages of the lifecycle from start to end.



Statutory and regulatory requirements

It may be appropriate to focus the selection of KPIs on statutory and regulatory requirements and obligations. For example, a KPI could be developed that requires the appropriate authority to undertake a regular audit to assess compliance with the legislation.

Risk-based approach

The risk-based approach identifies those specific services, functions or activities that may have a negative or detrimental impact on an organisation. By identifying areas of risk, KPIs can be used to measure progress towards mitigating the risk.

Cause and effect

A suggested approach is to examine specific areas of concern using the cause and effect technique. This technique helps identify KPIs for addressing the fundamental or underlying cause of ineffective or inefficient services, functions or activities. The approach analyses the cause(s) and identifies KPIs that address the effect. By addressing the effect, improvements can generally be achieved.

Levels

Organisations can assign KPIs at two levels:

- Strategic KPIs should address the measurements required at a high level in the organisation and take a top-down approach.
- Operational KPIs should be approached from the ground up. At this level, KPIs measure functions and activities of an operational nature.

Benchmark

The process of comparing your organisation's performance against other organisations or industry best-practice standards is called benchmarking. The outcome of the process will identify areas for improvement that can be fed back into future planning.

Entities such as Nielsen (see www.nielsen.com/au/en.html) undertake market research and organisations may register and receive information on industry practices and performance. Many larger organisations undertake their own research and analysis relating to industry performance.

Assistance is available for small companies through Small Business Enterprise Centres or their equivalent in each state.

The balanced scorecard approach provides an insight into a range of performance measures that might be considered for any organisation. You may like to read more about this in Kaplan, R & Norton, D 1996, *The balanced scorecard: translating strategy into action*, Harvard Business School Press, Boston, MA.

Example: a manager who clearly identifies performance measures for his business

David owns a franchise within a national firm that prepares and lodges tax returns on behalf of taxpayers. David operates seven offices and, as with all franchise owners, reports information back to the parent entity. The main workload is seasonal from July to October inclusive and casual staff are trained from February and hired from July to October. David also closely monitors the performance of his operation and all seven offices. Some of the performance measures he uses include the following:

- Average clients per hour for each tax consultant
- Average fee charged by each tax consultant
- Average cost per hour for each consultant
- Average data entry time for receptionist/data entry staff
- Error rates for each tax consultant (all returns pass through a quality control process before being lodged and any errors or omissions are identified for correction)
- Average number of clients' tax returns processed per day
- Average profit per client (includes cost of receptionist, stationery, rental of premises, royalty/franchise fee to parent company)
- Variation against same week in the previous year
- 'No-show' or cancellation rates of clients
- Comparison of data between each of the offices as a guide to office manager performance
- Analysis of client complaints or feedback



Practice task 3

Consider the operational plan you developed in Practice task 1 and the feedback you received in Practice task 2. Produce a set of KPIs that can be used to measure the performance of your organisation or area.

Provide a list of the KPIs. Indicate how you obtained the information/data to develop the KPIs and how you would present them to a work team or management group.

1D

Develop and implement contingency plans for the operational plan

Despite the best efforts of managers and people involved in the planning process, things can and do go wrong during implementation – the management of operational plans is no different. It is important to identify potential risks faced by the business, perform a risk analysis and have controls or contingency plans that can be actioned if necessary.

An organisation can take a reactive approach and worry about something going wrong when it goes wrong. Such an approach will result in the organisation experiencing reduced effectiveness and possibly business failure. The proactive approach is to incorporate risk management into the organisation's planning processes (strategic, business and operational plans) and to have options available.

Manage risk through planning

The first step in risk management is to identify all the risks the organisation might realistically face. After you have identified the risks, you should undertake a risk assessment and rank each identified risk. The risks an organisation may face are wide ranging and largely depend on the organisation's core business.

Risks an organisation may encounter include:

- equipment failure due to breakdowns
- delayed input supplies such as materials not arriving or being held up at customs
- price and cost changes due to increased costs of inputs or unexpected salary increases
- staff shortages due to sudden illness or loss/departure
- security breaches such as situations where confidentiality or privacy of clients is breached
- financial loss through mismanagement of resources, theft or fraud
- quality control such as a poor standard of products sent to market or incorrect advice to clients
- environmental impacts caused by storms, floods, power failure, water shortages, drought and heat wave
- competitors' actions such as the release of new, better or cheaper products
- legal and contractual issues such as breach of contract or legal requirements
- customer/client behaviour such as changes in spending habits or satisfaction ratings
- government regulations such as a ban on product advertising (for example, tobacco), tax changes on products or international relations.

Risk assessment matrixes

Various tools can be used to conduct a risk assessment, including a risk assessment matrix, which helps to determine the level of risk an activity or area of the organisation may pose. It allows people to consider what can potentially go wrong; determine what the negative impact would be – the consequences; determine how likely it is to happen – the likelihood; and then determine the risk level.

Here is an example of a risk assessment matrix.

Likelihood	Very likely	Acceptable risk Medium	Unacceptable risk High	Unacceptable risk Extreme
	Likely	Acceptable risk Low	Acceptable risk Medium	Unacceptable risk High
	Unlikely	Acceptable risk Low	Acceptable risk Low	Acceptable risk Medium
		Minor	Moderate	Major

←————— Impact —————→

Use a risk assessment matrix

To use the matrix, you first need to determine the likelihood of the particular hazard occurring – select unlikely, likely or very likely. Then determine the possible impact of the hazard – is the possible impact minor, moderate or major? Note that ‘minor’ usually refers to no or minor injury caused to staff and no time lost as a result of the hazard (that is, the amount of time a staff member is unable to work); ‘moderate’ refers to injury or illness occurring and time lost; and ‘major’ refers to major injury or incident (any event that has the potential for injury, ill-health or damage), a significant amount of time lost and even permanent incapacity or death.



Once the likelihood and impact have been determined, locate where they intersect on the matrix to establish the level of risk. Any risk found to be high or extreme must be acted on immediately, as staff members’ health and safety is at risk. Risks deemed medium should be acted on as soon as possible, and those deemed low may require little or no action.

The result will be as follows:

- Acceptable risk – low
- Acceptable risk – medium
- Unacceptable risk – high
- Unacceptable risk – extreme

Strategies to minimise risk

Starting with the major risk issue, review the current processes in place for managing that risk to determine if it can be appropriately managed. This may involve consultation across a broad range of people internal or external to your area and, potentially, from outside your organisation. Develop a risk management plan that will reduce the likelihood of a negative event occurring and reduce the impact if a negative event does occur.

Risk management and contingency plans should be incorporated into all relevant plans of your organisation. Here is some information on a range of contingency options and strategies that can be implemented.

Contingency options and strategies for their implementation

1

Contingency planning option:

Contracting out/outsourcing

Strategy:

Have an external entity perform certain operations or produce inputs such as:

- human resources
- bookkeeping
- payroll
- security.

2

Contingency planning option:

Diversification of outcomes

Strategy:

Increase the range of products and services produced or have the flexibility to adjust in order to reduce the reliance on a small range of products and services.

3

Contingency planning option:

Cheaper or lower quality raw materials and consumables

Strategy:

Seek lower cost input options such as:

- changing suppliers
- producing goods offshore
- outsourcing the production to cheaper producers.

4

Contingency planning option:

Increasing sales or production

Strategy:

Adjust resources to provide increased effectiveness and efficiencies including:

- new machinery, change in the system of work and/or changes to the layout
- increase in staff, longer hours, training
- increased marketing through advertising or promotion.

5

Contingency planning option:

Recycling and re-using

Strategy:

Set up systems to obtain greater benefits from inputs by recycling waste or re-using various inputs/assets for other purposes.

6

Contingency planning option:

Rental, hire purchase or alternative means of procurement of required materials, equipment and stock

Strategy:

Reduce large capital outgoings by:

- leasing or renting rather than buying items
- hire purchase of assets to spread the payments over time.

7

Contingency planning option:

Restructuring of organisation to reduce labour costs

Strategy:

Combine similar areas with the intention of obtaining economies of size and economies of scale. Multi-skilling so that a person can undertake more than one role, thus reducing the need for space for staff.

8

Contingency planning option:

Risk identification, assessment and management processes

Strategy:

Refer to the information provided earlier in this section.

9

Contingency planning option:

Additional funding

Strategy:

Seek additional funding to address shortfalls through:

- refinancing, extension of time on payments or obtaining loans and lines of credit
- obtaining potential investors or partners.

10

Contingency planning option:

Strategies for reducing costs, wastage, stock or consumables

Strategy:

Reduce costs or waste by:

- adjusting staff wages, salaries and conditions (benefits)
- reducing staff and/or hours of operation
- changing maintenance schedules but keeping within minimum standards
- reducing travel and accommodation costs
- finding cheaper, alternative suppliers.

11

Contingency planning option:

Succession planning

Strategy:

Identification of people for future higher roles and providing training and development to manage those roles.

Disaster recovery plans

Disaster recovery plans are contingency plans to address events with the potential to cause a serious disruption or termination of operations for a period of time. Disaster recovery plans often require top-level approval since they involve significant resources and commitments from external agencies. These plans and procedures are aimed at restoring production and services to minimise loss and may involve:

- finding alternative locations for continuation of the business or as a temporary operational site
- establishing time lines for obtaining required equipment and resources including staff, input materials, stationery
- restoring communication systems (telephones and internet) and advising suppliers, contractors, customers, clients and all relevant parties of the situation
- retrieval of back-up data and information that was stored and backed up elsewhere.

You can download and read the National Blood Authority Australia's *National blood supply contingency plan*. This report provides a real example of contingency planning for a situation that exists in everyday life at a national level and provides an insight into the entities involved and the extent of planning undertaken at: www.blood.gov.au/system/files/documents/nba-nbscp.pdf.

Example: contingency plan on a large scale

Significant global contingency planning took place in the time leading up to midnight on 31 December 1999. It was feared the 'Y2K bug' was capable of disabling computer systems across the world. Government, private and public organisations prepared significant plans to cater for the potential of the Y2K bug and the failure of computer electronics and IT systems to operate with the changeover to the New Year. Plans included installing back-up generators in many organisations to provide power where, for example, refrigeration or other key functions had to be maintained in case grid electricity failed.



Practice task 4

Use the operational plan developed from the previous practice tasks to identify three risks to your organisation. Provide a list with a brief description of why you consider each a risk.

Rank the risk, starting with 1 as the most important, to address and provide a reason for your ranking. Use this table. Develop an appropriate contingency plan to manage each risk.

Risk 1	Reason for inclusion	Rank	Basis of the ranking
Contingency plan			

continued ...

... continued

Risk 2	Reason for inclusion	Rank	Basis of the ranking
Contingency plan			

Risk 3	Reason for inclusion	Rank	Basis of the ranking
Contingency plan			

1E

Support proposals for resource requirements with a variety of information sources

In an operational plan, you clearly determine what resources are required to achieve the targets and goals that have been set. The various types of resources that need to be considered include:

- the goods and services to be ordered and purchased
- the human and physical resources that will be required both in the short- and longterm covering the time line of the operational plan
- the access to and availability of financial resources if applicable to the area of responsibility
- the stock requirements and related requisitions.



Source documentation

In determining resource requirements, you will have referred to documentation about your area's operations and used your own knowledge, and that of your colleagues. You may also have sourced information through consultation in meetings, interviews and open discussions with workers, as well as with various internal and external specialists, about resource requirements to achieve the required production quantities, quality and/or service delivery. The information you have collected will form part of the supporting documentation you provide when submitting proposals and requests for these resources.

Copies of the documentation are used to justify the decisions made in requesting the resources and the time lines for ordering them, the quantity to be ordered and the level of inventory that may need to be kept so that production continues uninterrupted. For example, if you have advice that the time line from ordering a physical resource to receiving it is two weeks, then you will need to ensure your operational plan will incorporate ordering before the level of stock of that resource on hand falls below two weeks' supply in the storage area.

You may like to look at an annual report of one of the major banks. These reports are good examples to consider for the layout of high-level reports. Place 'annual report' and the ASX code for the bank (ANZ, CBA, NAB, WBC) into a search engine.

Request resources

When developing operational plans, associated budgets and requests for resources it is critical the information is presented in the required form. This may be as a report that is accompanied by appropriate supporting information. The features of a well-written report are listed below.

Features of a well-written report

- Being accurate, relevant, concise and addressing the purpose for which it was written
- Being written with consideration of the language, literacy and numeracy skills of the reader
- Being arranged in a logical sequence and complying with organisational expectations and style
- Using appropriate graphics, colour, photographs, tables, charts and diagrams that add to the presentation but do not dominate it
- Recommendations and conclusions related to the body of the report being included
- Being compliant with any government regulations, industry requirements and codes of practice
- Not being too short such that key information is missing or not explained
- Not being too long and confusing with redundant materials

Layout of a report

Many organisations have a template and style guide for the writing of reports. The style guide will address such issues as the appropriate font and size for text; the format for charts, diagrams and labels; use of headers and footers and page numbers; and so on. The components and general layout for a report is shown below.

The layout for an effective report

- Cover page with title, author, organisation or component of it, date
- Table of contents, list of tables and list of figures
- An executive summary about the report, the findings and key recommendations
- The main body of the report using relevant headings (identifying the key issues, the approaches taken to address them, outcomes and recommendations)
- A separate list of all recommendations (this is optional and can be included as an appendix)
- Conclusion
- Appendices that include copies of data and information analysed in the report, a list of people interviewed or documentation considered

Example: presentation of operational planning reports

A medium-sized local council convenes a Budget and Finance Committee each year to consider the budgets and the operational plans that will be submitted by each manager. Their operational plans must encompass all of their respective responsibilities.

A copy of each draft operational plan is provided to the committee members three working days before the responsible manager delivers a presentation of their plan to the committee. Each manager's supervisor is also present. After the presentation, feedback is sought from the committee. This includes questions and suggestions from the committee to the manager and their supervisor.

Each manager has 10 working days to revise and adjust their operational plan if required and to address any issues raised by the committee before submitting the final report for approval.



Practice task 5

Complete your operational plan and prepare a draft report that could be used for submission to your supervisor or manager for ultimate approval. You should refer to the policies and procedures your organisation has in relation to the format and style for this report. Save and print a copy of this draft report.

1F

Obtain approval for the plan and explain the plan to work teams

Most people working in an organisation must report to internal entities such as a management team, a board of directors or a council. These entities also need to report to and gain approval from external authorities such as various regulatory or government agencies; for example, the Australian Taxation Office or WorkSafe authority.

Formally presenting plans provides an opportunity for stakeholders to understand the key issues and impacts and to provide feedback for adjustment before final submission. In presenting a plan, verbal agreement or 'agreement in principle' can often be reached subject to some adjustments.

Operational plans should be formally signed off by people with the delegated authority. It is at this stage that the finalised plan effectively becomes a policy. Signed copies should be kept on file as a formal record and provided to the appropriate parties responsible for implementing the plan.



Example: obtain approval for an operational plan

Lindsay heads up a university's international office and holds the title of director. He has two senior managers, Abdul and James, reporting to him. Abdul manages the recruitment, marketing and administrative support for international students while James manages the English language courses and academic support. Lindsay operates as a team with Abdul and James to develop the planned expenditure of the allocated budget for the forthcoming year and the operational plan for the office.

Lindsay formally presents the key details of the operational plan to his supervisor Robin, the pro vice-chancellor. Abdul, James and respective senior staff in their areas also present information. The outcome of the presentation is a verbal agreement from the pro vice-chancellor on the plan.

Lindsay has worked closely with Abdul and James, and consultation with their senior staff and others has contributed to the smooth process of plan approval. Lindsay finalises the written report and submits the plan to Robin who duly signs it off the following week.



Example: review of an operational plan

Mustafa manages the aluminium manufacturing area of a company that produces aluminium doors, windows, fly screens and bathroom and shower screens. In preparing his operational plan for the July 2007 to June 2008 financial year, he thought that business was good and would continue to improve over the forecast period. He planned to extend the workshop area in February 2008 and employ two additional staff to meet the forecast increases in sales for the company.

continued ...

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The start of the global financial crisis caused a drop in the share market in November and December 2007, followed by further downturns in early 2008. One of the contingency plans Mustafa had in place was not to extend the workshop if demand did not increase to a particular level. As it happened, he was in the process of planning the extension in December when the downturn hit so he implemented the contingency plan.

A substantial number of order cancellations and a forecast downturn in the construction and building industries also raised concerns. An analysis of the orders he currently had and would be likely to receive, suggested he would need to reduce costs as the income would be lower for the second half of the financial year. This initiated a review of his operational plan as he did not have contingency plans in place to manage a cutback in production or reduction of costs to cater for reduced income.

Since the variation in the operational plan was substantial, Mustafa was asked to produce a new operational plan to cover the remaining five months of the financial year. He did this in January and obtained approval from his supervisor. The outcome was a loss of three workers, reduced hours for others and a policy of taking (reducing) accrued leave.



Mustafa's optimistic expectations almost resulted in a significant additional loss to the firm. Mustafa was fortunate that the expansion had not gone ahead and he was able to adjust the operational plan and develop and implement further contingency plans. The operational plan, budget and contingency plans for the following year (July 2008 to June 2009) were focused on a further downturn for the industry but did include contingency plans in the event of a quick, short-term recovery.

Practice task 6

1. Using the draft report you printed for Practice task 5, provide this information as a five-minute presentation to an appropriate person or group within the workplace.
2. Obtain and document feedback in relation to the plan and make any adjustments necessary.

3. Produce the final report and plans for submission along with the documented feedback.

Summary

1. The first step in managing operational plans is to plan the process. Appropriate research and analysis needs to be undertaken to gain an understanding of the organisational area for which you are responsible.
2. It is important to consult with colleagues, relevant personnel and subject matter specialists from within and outside the organisation when developing any plans.
3. In developing the operational plan, further consultation and communication with stakeholders is required.
4. Key performance indicators (KPIs) should be determined and included in the operational plan to assess the organisation's performance against the planned outcomes.
5. It is important that contingency plans are developed as part of the operational plan because external influences have the potential to impact an organisation or parts of it.
6. Operational plans should be presented as professional reports and supported with appropriate information.
7. Operational plans should be drafted, approved and signed off before being communicated to all stakeholders and relevant parties.

Learning checkpoint 1 Develop operational plan

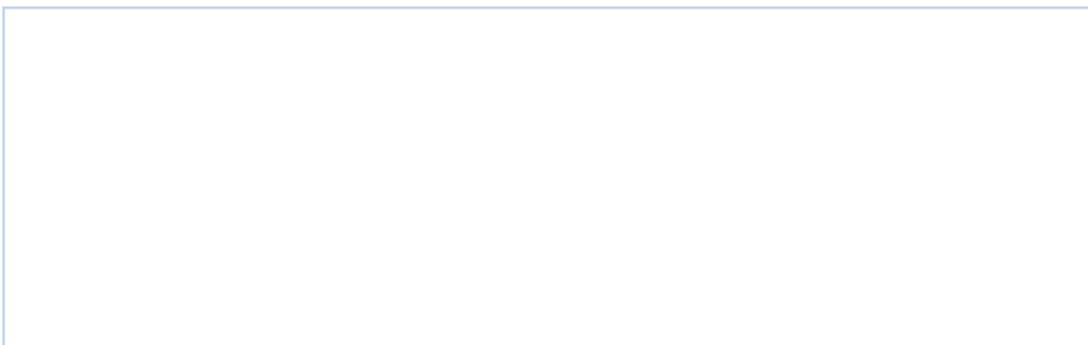
This learning checkpoint allows you to review your skills and knowledge in developing an operational plan.

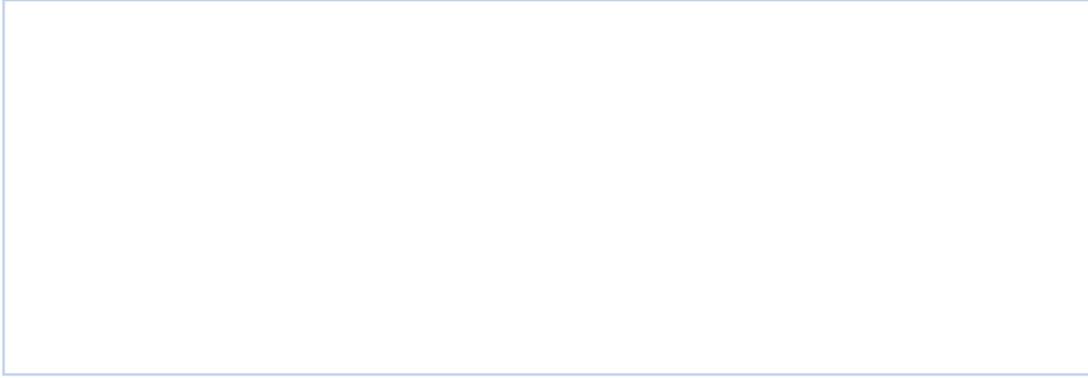
Part A

1. Briefly explain what is meant by an operational plan and the types of information that may be included in an operational plan.

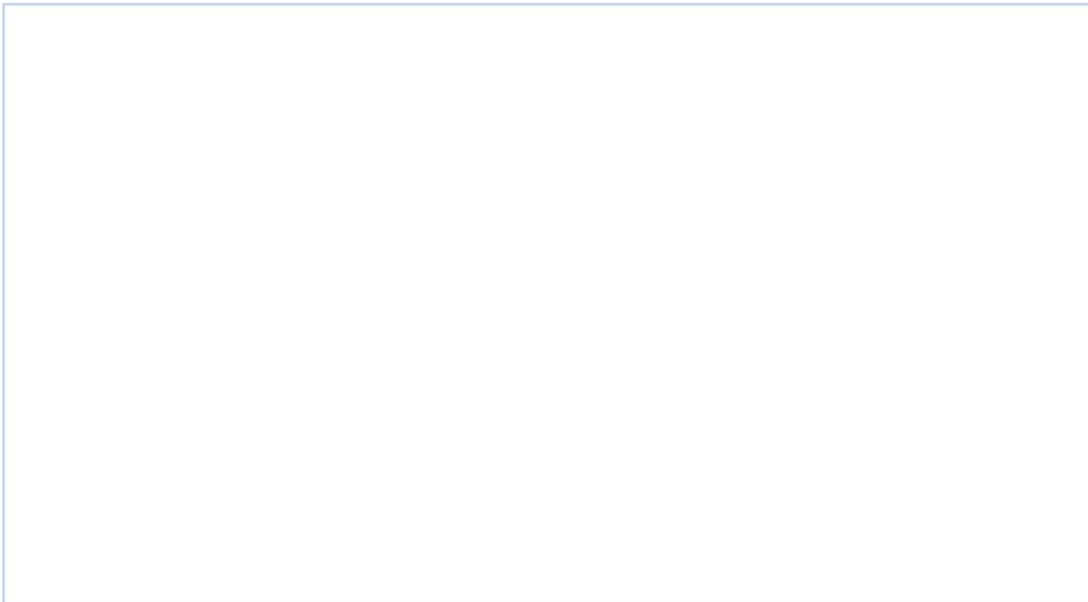


2. Provide four examples of situations where you would seek input from specialist resource managers when developing an operational plan for your area. At least two of these specialists should be external to your organisation.

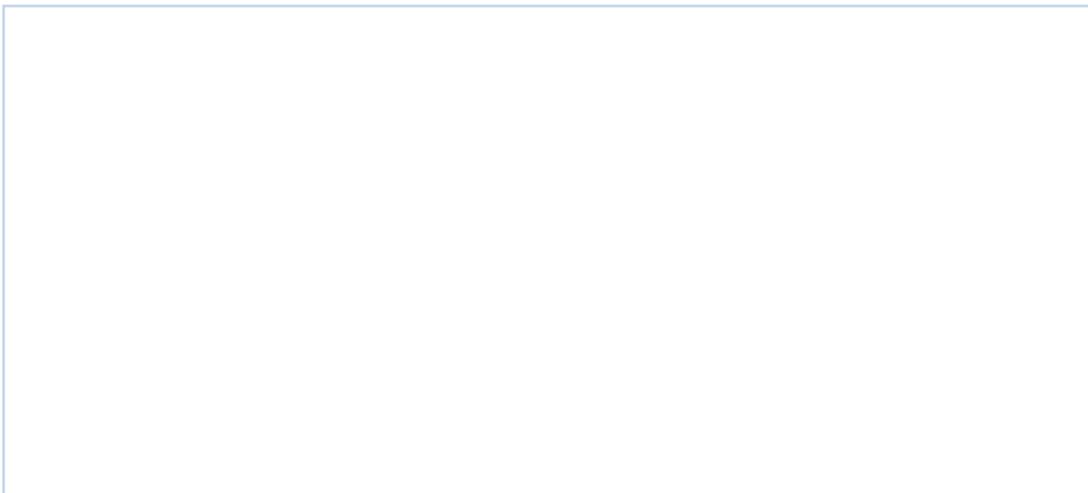




3. Developing and managing operational plans involves relating to people from a cross-section of the organisation and from outside, including contractors, suppliers, clients, staff and government departments. Identify five different groups of people you would need to consult with when developing and managing the operational plan. Briefly explain why their input would be useful.



4. List four different methods you would use to communicate with your staff and other stakeholders regarding the operational plan.

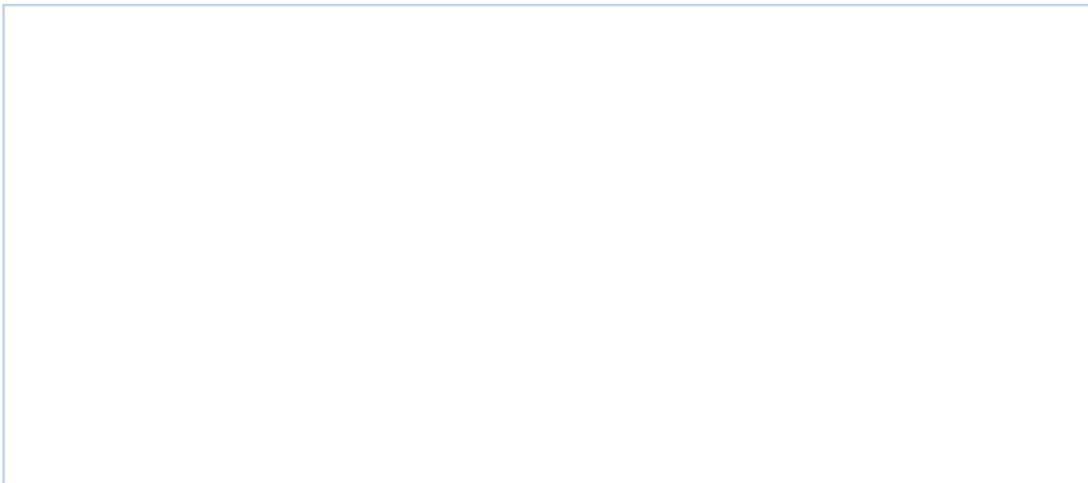


5. Provide a list of KPIs that are used to measure the performance of your organisation.

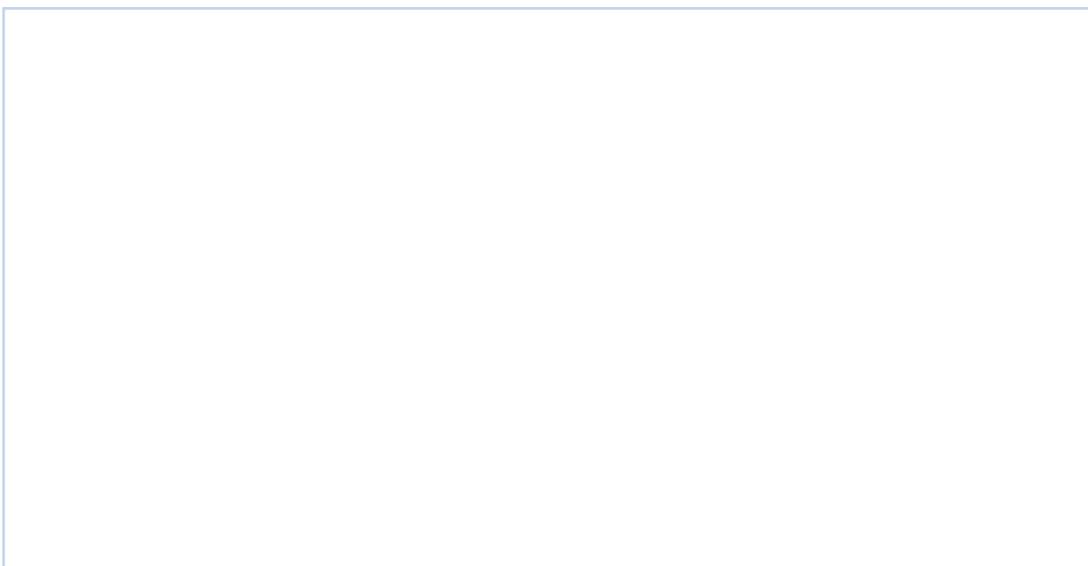
6. Contingency plans require the identification of a potential risk and an assessment of that risk. List five areas of risk facing your organisation and the potential impact of those risks.

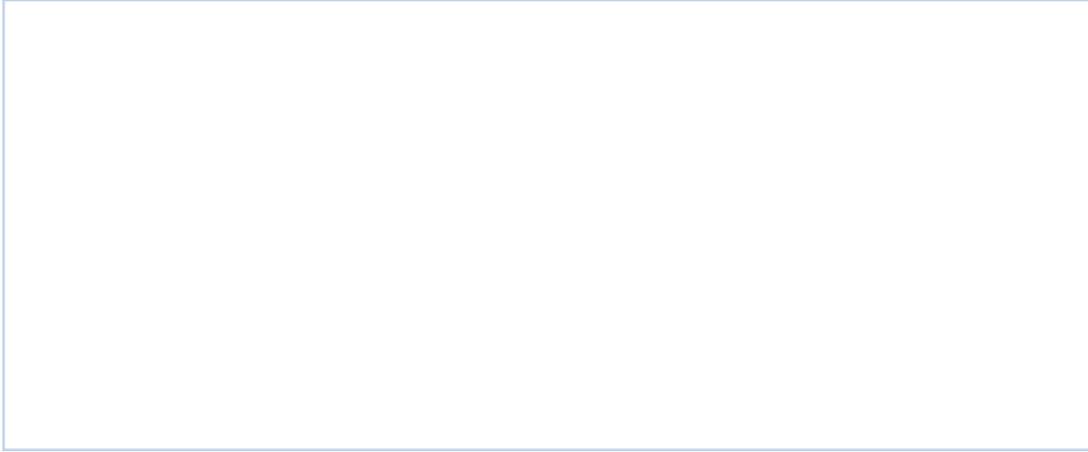


7. Briefly explain what disaster recovery planning means and what it involves.

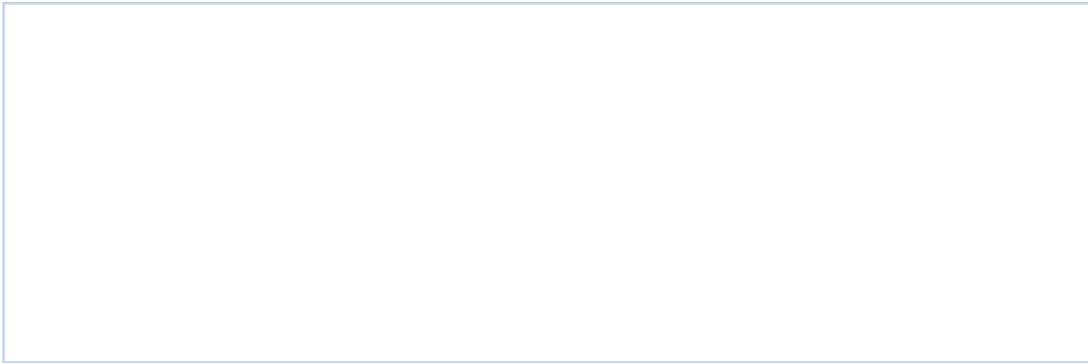


8. Using the internet, source a copy of an annual report for an organisation. Provide a brief overview on the format of the report and how tables, diagrams, colour and page layout are used to make the report attractive and readable.

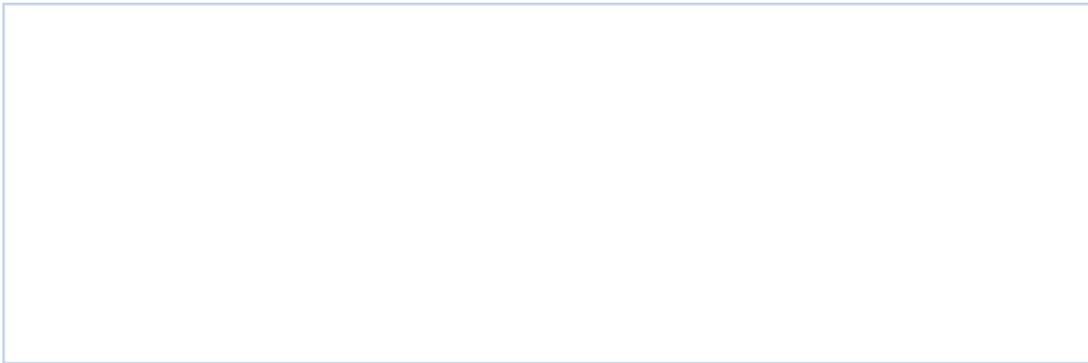




9. Briefly explain why it is important to do the following:
- a) Determine resource requirements



- b) Develop and implement consultation processes



- c) Develop KPIs to measure organisational performance



d) Develop contingency plans

e) Present resource acquisition proposals effectively

f) Obtain approval before implementing the operational plan

Part B

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

Case study

U-Beaut Apparel is a department store that operates across six different sites on the Gold Coast. Senior management allocates the total overheads across each of the different sites based on their proportion of the total company floor area available.

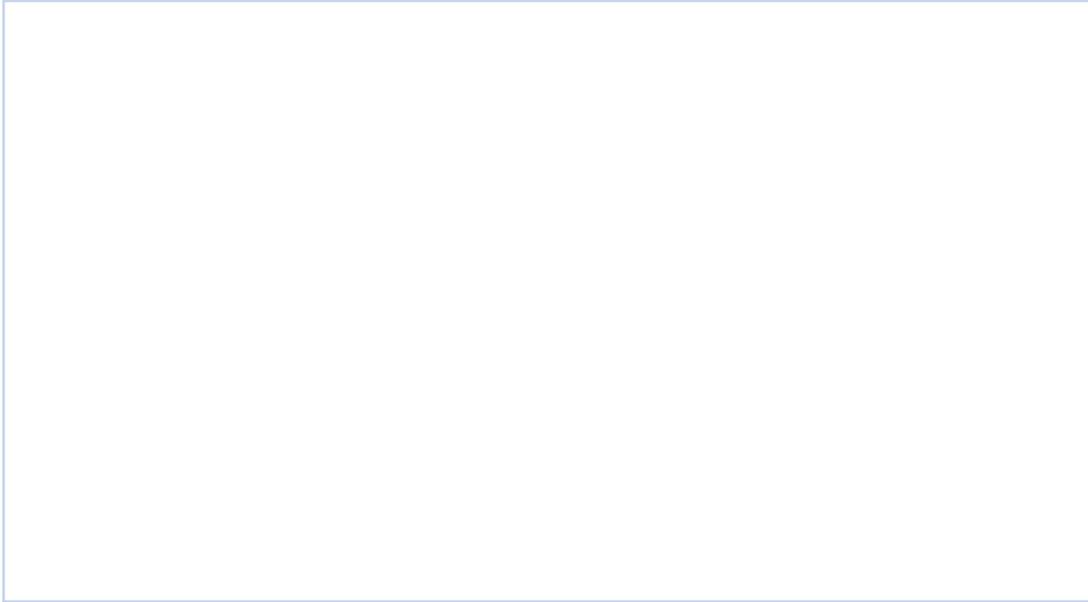
The site at Mermaid Beach has a coffee shop as part of the area used. At the end of 2013, the coffee shop did not achieve the profit target for contributing its proportion to covering the allocated overheads for the Mermaid Beach site. It did cover variable costs of staff wages and other resource inputs. Senior management decided that the coffee shop should be closed.

The coffee shop was located next to the ladies clothing department that occupied 70 per cent of the total floor space. In 2014, the space previously occupied by the coffee shop became an extension of ladies clothing – making it 80 per cent of the total floor space. At the end of 2014, the performance of the ladies clothing area was significantly lower than the previous year and well under the required profit level for contributing to its share of the allocated overheads. Senior management is now considering closure of the Mermaid Beach site altogether.

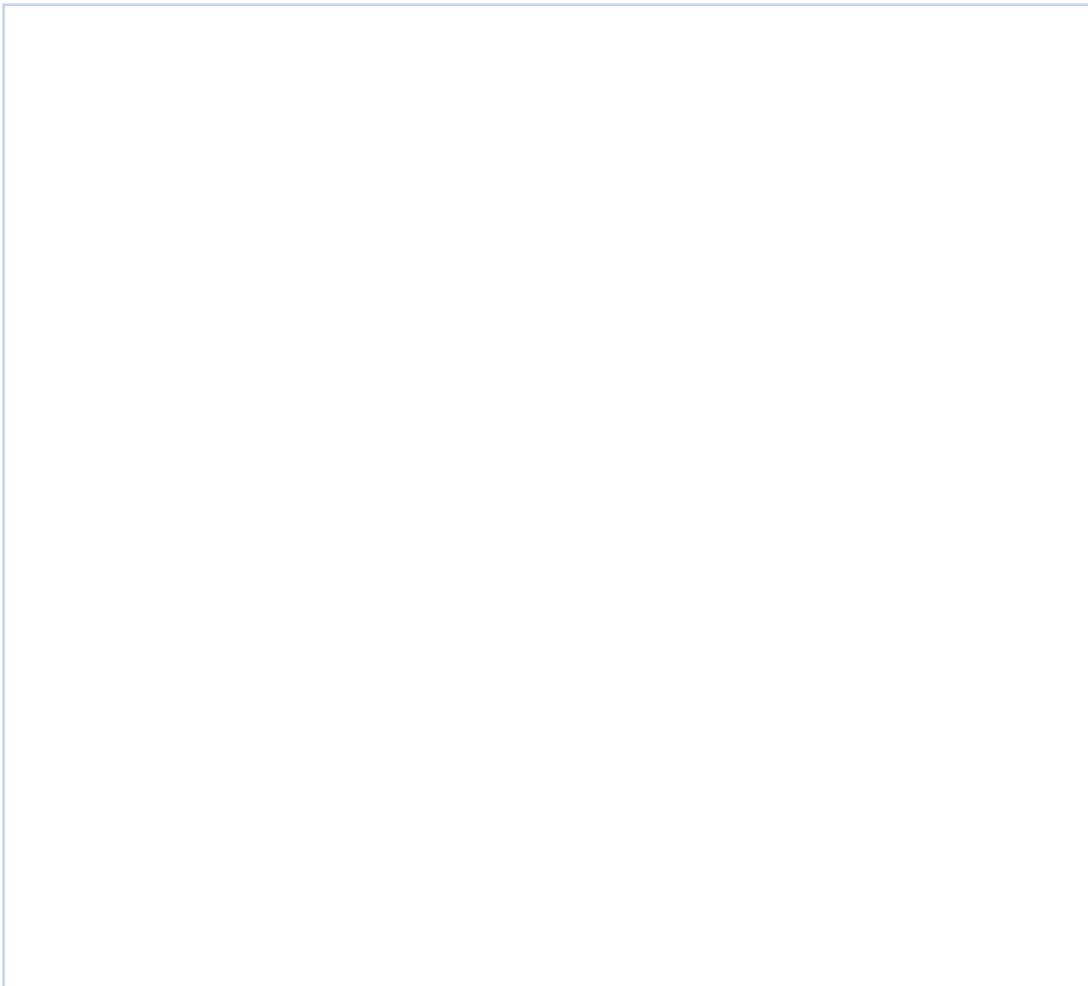
1. Based on the case study, identify the people who should have been consulted in developing the operational plan for 2014 and the issues you would raise with them.

2. What reports or documentation would you consider relevant in relation to the activities at Mermaid Beach?

3. What KPIs would you use to assess the performance of the coffee shop and the ladies department in 2013?



4. Imagine you have to provide a brief report (one page) to U-Beaut Apparel senior management. Provide at least three recommendations for consideration and approval in developing the 2015 operational plan.





Topic 2

Plan and manage resource acquisition

Resources can be classified as human resources, physical resources and services. Human resource management generally includes the recruitment of people to work in the organisation.

In this topic you will learn how to:

- 2A Develop and implement strategies for employee recruitment and induction
- 2B Ensure physical resources and services are acquired appropriately
- 2C Recognise and incorporate requirements for intellectual property rights and responsibilities

2A

Develop and implement strategies for employee recruitment and induction

Effective human resources are fundamental to achieving a successful outcome for an operational plan. Recruiting the right staff with the required knowledge, skills and attitude to carry out the tasks is important. The recruitment and induction of staff must comply with organisational policies and procedures and with legislative requirements.

You should also be aware of any state or territory laws, regulations and standards that relate to human resource management. Remember, wherever you are in Australia, it is against the law to discriminate against an individual on the grounds of age, gender, marital status or parental status including pregnancy or possible future pregnancy, religion, disability, sexuality or sexual preference.

Some of the key federal legislation relating to human resource management and recruiting are outlined here.

Work Health and Safety Act 2011

What this means:

Workplace safety is extremely important. Every workplace is responsible for the health and safety of its employees and the business must not create health and safety problems for customers or the public.

Understanding workplace health and safety (WHS) laws will help your business:

- prevent workplace injury and illness
- avoid the unnecessary costs
- avoid damage to your business's reputation.

Australian Human Rights Commission Act 1986

What this means:

This legislation set up the Australian Human Rights Commission and the state and territory equal opportunity or antidiscrimination commissions. The Commission investigates complaints about discrimination and advises governments on the compliance of legislation with international standards and on human rights policy in Australia.

Age Discrimination Act 2004

What this means:

This law is an important tool for preventing age discrimination in the workplace. It also helps to promote positive workplace attitudes in this area.

Disability Discrimination Act 1992

What this means:

The objectives of this legislation are to:

- prevent discrimination against people with disabilities
- ensure people with disabilities have the same rights as others in the community.

Racial Discrimination Act 1975

What this means:

This legislation makes it unlawful for a person to be discriminated against based on their race, colour, descent or ethnic origin.

Sex Discrimination Act 1984

What this means:

This legislation aims to prevent discrimination and sexual harassment and to ensure equality for both genders.

Privacy Act 1988

What this means:

This legislation protects all personal information handled by businesses. Attached to this legislation are the 13 Australian Privacy Principles, which set the standard for handling personal information.

These Australian Privacy Principles relate to:

- open and transparent management of personal information
- anonymity and pseudonymity
- collection of solicited personal information
- dealing with unsolicited personal information
- notification of the collection of personal information
- use or disclosure of personal information
- direct marketing
- cross-border disclosure of personal information
- adoption, use or disclosure of government related identifiers
- quality of personal information
- security of personal information
- access to personal information
- correction of personal information.

Advertise a recruitment position

When appointing a person to a new position, you need to have a clearly written position description (job description or duty statement) and then gain authorisation to fill the position through completion of the relevant documentation. Some organisations have transfer options for existing staff in other areas so you may not need to, or be allowed to advertise further afield.

A key strategy for any organisation when recruiting employees is to have an appropriate checklist or checklists as part of the standard operating procedures for the process. For example, such a checklist can ensure the documentation developed for the position has been checked for compliance with all legislative and organisational requirements. Often an appropriate sign-off by a member of the human resource department may be required.

To simply advertise for particular positions may result in few, if any, appropriately qualified and/or experienced people.

Identifying suitable job applicants may require research with:

- recruitment agencies ('head-hunters') or consultants
- educational institutions such as universities and colleges
- professional bodies such as the Certified Practising Accountants (CPA) or Australian Institute of Management (AIM)
- industry connections and competitors.

Position descriptions

You should check with your human resources department for specific guidelines, but generally a position description should cover a range of requirements.

What position descriptions should do:

- Reflect the needs of the work area and accurately describe the position, not the current incumbent
- Include the relevant selection criteria such as the required knowledge, skills and experience
- Not assume the reader has knowledge of the position – hence the organisational structure and reporting lines for that position should be outlined
- Be written in an active voice with language and content that is up to date
- Reflect the level of responsibility and outcomes expected (including standards and KPIs if applicable)
- Not contain gender-specific language or use jargon and acronyms
- Be in a concise and summarised format
- Include details on wages/salary and conditions or references so that the reader can access that information

Advertise

Advertising should be targeted at attracting the best-possible applicants for the position and placed in the appropriate media. The advertisement should clearly outline what the job entails and the responsibilities of the position. It should also provide information on the application process and where to obtain further information if required.

Always conduct checks on the documentation when seeking sign-off and approval from the human resources department or authority in an organisation. You can ask a colleague to carefully read the documentation, check it for errors and ensure compliance with the organisational requirements. Any advertisements that have been developed and subsequently processed for printing in hard copy or publication via the internet or intranet should be proofed to check for errors before receiving final approval.

A clear statement about what information and format you require in an application can help with assessing the submissions at a later date.

Suggested inclusions for an application information statement:

- Personal details
- Personal qualities and background
- Qualifications and experience
- Knowledge and skills
- A comment against each of the selection criteria

The selection process and interviews

Selection processes are often dictated by the policies and procedures of the organisation. Applications are usually considered and compared against an initial short list of KPIs or a set of criteria for consideration. If the short listing of applicants results in a manageable number to interview, then these people are called in for a face-to-face interview, which may be preceded by reference checks.

Interviews may be conducted by a single person or by a panel of people with a designated chairperson to ensure an unbiased and fair interview. This is the norm for medium to large organisations – particularly government entities.



Interview questions

Questions asked of candidates should generally be open questions so the candidate has the opportunity to discuss and demonstrate their knowledge and experience. The questions should relate to the requirements of the position as documented in the position description and the same questions should be asked of each interview candidate.

A copy of the interview questions should be kept on file and a report on the suitability of the candidates kept. Such reports should be written in a form that is factual and reflects the views of the selection panel as a whole. They should not allocate any specific comments about a candidate to a particular member of the panel. These reports should be signed by the chair of the panel and approved by the nominated person in the human resources department. A copy of the report is usually kept on file with confidential access only.



Induction

Induction programs vary substantially across organisations and industries. A person may start work with an initial induction (briefing) from their supervisor and ongoing informal training as required through work-based communication and learning and use of a coach or buddy. Another person may not be allowed on-site until they have completed an induction program of several days and assessed as competent in specific areas such as work health and safety.

A record of attendance at an induction program should be kept and included in the employee's file. If any assessment of competency is undertaken during the induction process, the assessment records should be retained and the employee's file duly annotated to advise they have been deemed competent in particular skills, are entitled to operate specific machinery or have access to restricted areas.



Example: induction of a new staff member

Ron has been appointed as an administrative assistant to the general administration pool for a large academic department in a university. The supervisor of the administration pool, Dianne, meets Ron on his first day and shows him where his work station is. She provides an initial induction to the work area and procedures for his job, including documents required for his role such as leave applications and time sheets. Dianne gives Ron a small folder containing policy and procedure documents and a set of forms for him to complete so his pay and superannuation can be processed.

As Dianne is also the personal assistant to the head of department and not always available, Jeanette (who has three years' experience in the department) is allocated as Ron's buddy and first point of contact. Jeanette takes Ron around the department and introduces him to all other staff.

Five weeks after Ron started work, an induction day is held for all new staff that have commenced in the past three months. This induction day provides details about the overall structure of the institution, brief presentations from senior staff, an overview of policies and procedures for the whole organisation, a full tour of the organisation and late afternoon drinks and nibbles with the vice-chancellor.



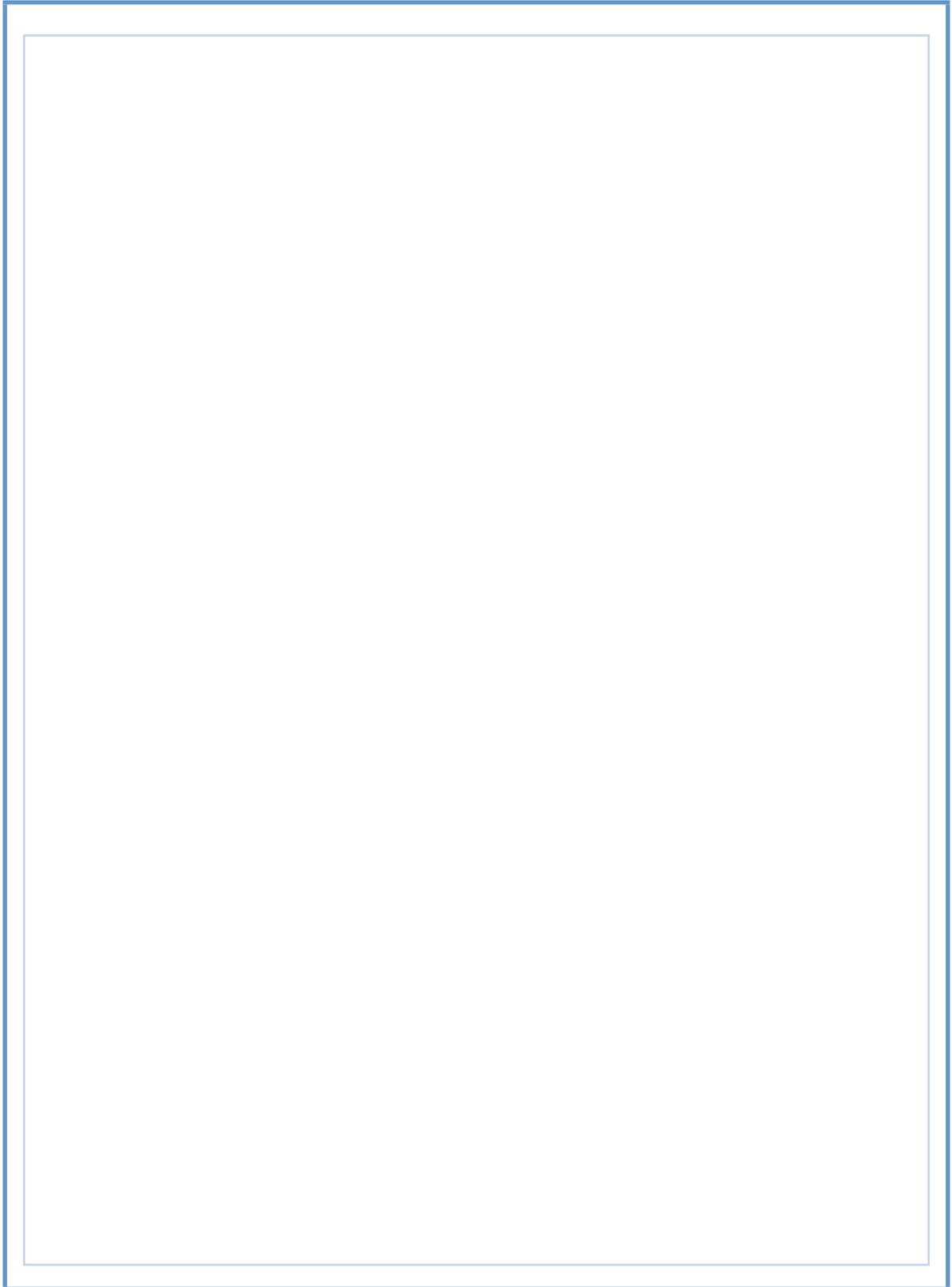
Practice task 7

Obtain a copy of your current position description (or obtain a description for a position you would like to have). Imagine you have advertised this position, shortlisted a number of applicants and are preparing to interview them. Think about what you – as an employer – need the incumbent to achieve in the role, as well as what skills they should have.

Prepare a list of questions you would ask each candidate in the interview. Remember that your questions need to ascertain not only whether the candidate has a particular skill set, but also whether they have performed a similar role elsewhere and have the experience and capability to fulfil your organisation's needs.

continued ...

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2B Ensure physical resources and services are acquired appropriately

As a manager with responsibility for the implementation of operational plans, you need to acquire the necessary resources so that plan outcomes can be achieved. Some organisations require a wide range of resources and others may need relatively few. The types of resources are determined by the nature of the business, the size of the organisation, the strategic objectives and the corresponding targeted outcomes of the operational plan.

The acquisition of resources for many organisations occurs in accordance with defined policies, practices and procedures. Such policies, practices and procedures may consider the aspects shown below.

Standard operating procedures

Standard operating procedures (SOPs) clearly define the process of acquiring resources and employees are required to follow the procedures. The SOPs may vary depending on the specific size or value of the resources to be obtained. A distinct advantage of having SOPs is that all tasks are well-documented and readily available for managers to use. Following SOPs will generate standard records and thus make the acquisition of resources a consistent process with reliable outcomes.

Organisational culture

Organisational culture is defined as the attitudes, experiences, beliefs and values of an organisation that have developed over time and are shared by the employees and people within it. Good organisational culture can benefit an organisation with cooperation and communication supporting the acquisition of resources – which can occur in an efficient and effective manner rather than one that is detailed and lengthy. For example, loaning several reams of paper from another department, instead of formally obtaining paper through the supply department (which takes two days).

Organisational guidelines

Organisational guidelines for acquiring human and physical resources are generally well-documented and are part of the standard procedures that managers must follow. The level of delegated authority held by a manager may determine the level of commitment they can make in acquiring resources.

Categorise general resources

Resources vary considerably, but can be broadly categorised as follows:

- Human resources (people), who may be employed on a full-time or part-time, permanent or temporary, casual or seasonal basis
- Physical resources, such as equipment, machinery, vehicles, land and buildings, stock (input materials)

- Financial resources, such as income from sales, loans and drawdown facilities, investor funds, owner's funds or budget allocations
- Services and systems, such as energy, oil, gas, fuels, electricity and water, information and data, telephone and communication
- Intangible assets, such as goodwill, intellectual property (patents, trademarks, copyrights, business methodologies and trade secrets) and brand recognition
- Time

You might like to refer to a book by Cornelius (2001) which contains information about a line manager's responsibilities in human resourcing issues. It covers the core curriculum of mainstream human resource management topics along with specific applications such as international and smallbusiness contexts. Recruitment processes are discussed on pages 36 to 59:

Cornelius, N (ed) 2001, *Human resource management: a managerial perspective*, 2nd edn, Thomson Learning, London.

The website Investopedia provides a definition, examples and explanations of intangible assets at: www.investopedia.com/terms/i/intangibleasset.asp.

For a range of useful time management techniques that can be applied to your role as a manager, refer to:

Mancini, M 2007, *Time management – 24 techniques to make each minute count at work*, McGraw-Hill, NY.

Specialist resources

Depending on the size and structure of an organisation, there may be specialist resource managers who are responsible for specific resource categories and the development and implementation of operational plans. Some of these areas may be combined depending on the organisation's structure.

Such resource specialist areas may be physically located in different parts of the country. These areas are often responsible for determining the organisation's policies, practices and procedures that other managers are required to follow. They may also provide advisory services and support to the local managers who are actually responsible for achieving the outcomes of the operational plan for their area. Such expertise may be found in the form of specialist managers in the departments shown below.

Departments where specialist expertise may be located

- Financial services, including taxation, accounting, finance
- Facilities, such as property, buildings and assets
- Production
- Purchasing and contract management
- Workplace health and safety (WHS)
- Human resources
- Training and development

Human resources

In managing human resources you need to analyse organisational requirements, considering the number of staff needed to achieve the required production output; that is, meet growth expectations, produce new products or supply services. You will need to know your staff capabilities, their availability and mobility to operate in different locations. Scheduling options such as rosters, extended hours and overtime implications are all useful ways of managing workloads and working with staff numbers, as is the management of shift work. The cost of employing staff versus outsourcing or contracting staff for specific functions needs to be investigated and noted. Finally, the legislative requirements such as the ratio of carers to children in a childcare centre and WHS considerations will need to be addressed.

After determining the staff requirements and following the relevant policy and procedures for acquiring staff, you will probably have a role in managing the staff, both new and existing.

Staff management aspects that may need consideration:

- The structure of your work area, the creation of teams and allocation of resources to work teams
- Allocation and use of the organisation's assets by staff
- Contract management of contracted staff
- Performance management, identification of training and development needs, provision of learning opportunities, discipline and possible termination
- Legislative and industrial issues such as terms of employment, working conditions, WHS considerations, equal opportunity, dispute resolution

Physical resources

When considering options for equipment, land and buildings, you may need to spend time researching and discussing options with real estate agents or brokers. When considering raw materials and inputs you also need to consider the storage requirements including space, equipment (chillers or freezers), perishable status (fresh food for a restaurant or café), consumables and specialist storage needs such as for fuel and hazardous substances.

Whether it is your direct responsibility or that of a centralised purchasing department, the relevant purchasing or procurement policies, practices and procedures should always be followed.

Determining equipment, land and buildings also requires analysis of requirements and consideration of other aspects/items. This could include maintenance needs, asset life expectancy and preferred turnover periods for vehicles, computers or other technological equipment based on age, depreciation value, tax deduction and depreciation, and general advances in technology.

Here are aspects of physical resource analysis and monitoring that could be considered.

Aspects of physical resource analysis and monitoring
Products to be produced and the quantities of each
Cost including financing options of lease versus purchase, availability and location
Storage requirements for raw materials and finished products (on-site or off-site)
Transportation needs for personnel, raw materials and finished products
New versus secondhand with consideration of age and warranties

Financial resources

Acquiring and managing financial resources can be quite demanding. For large organisations, specialist resource managers and staff often do most of the work relating to loans, dealing with banks and other financial institutions. This may include line of credit, drawdown facilities and overdrafts, negotiating investment funds and so on.

In managing finances associated with your area of responsibility, you may need to consider:

- cashflow – expected timing of income and expenditure and demands for future purchasing of physical resources and payments to staff and contractors
- options for loans and overdraft to cover commitments when ‘cash on hand’ is not sufficient
- credit check on customers before granting credit
- bad debt management and debt recovery
- short-term investment opportunities for excess funds.

Services, systems and time

Ensuring appropriate services are in place and negotiating their timely provision can make a positive contribution to achieving the goals in an operational plan. For example, supplies of inputs and services such as water, electricity and waste disposal may be available at reduced rates at certain times.

Obtaining and interpreting information or data in a timely fashion needs to be planned and managed so that decisions can be made about the broader use of resources.

Information and data can be generated internally or externally and their quality should be verified so that appropriate types and quantities of products are produced.



Time is also considered a resource and time management is a skill that managers should have and improve. Time management involves streamlining procedures, setting deadlines, delegating authority, timely communication of expectations and requirements through appropriate channels, following up on deliverables from others and training your staff.

Manage resources

A manager can use a variety of systems to organise themselves and assist in planning and controlling resources. Time can be managed through the use of diaries (written or electronic), calendars and planners, setting of priority lists and designating 'work time' where you are not available unless it is an emergency. This can help you focus on the strategies for acquiring and monitoring the resources and services needed. Delegating work to others such as a secretary or personal assistant can also help you focus on your management role instead of spending time on matters that can be addressed by others.



Computer-based systems and software can also be used in the planning and management of resources. Computer programs and databases such as email, spreadsheets, electronic notice boards, industry information, supplier listings and market research may similarly be used as effective management tools.

Example: how a human resource department recruits and inducts new employees

Raylene recently applied for a position as an operator at an inbound call centre on the Gold Coast and is one of 20 successful applicants. As it is an inbound call centre, an induction and training program must be completed satisfactorily before an operator can take any real calls. The induction and training program has taken six weeks to complete. During this time, Raylene has been paid the basic wage for her role. She is now eligible to get bonuses based on meeting KPIs.

Example: re-evaluation of resource usage

Jenna is the manager of a product assembly plant situated west of Sydney. The plant is ideally situated because it has good road access for delivery of the various components for making the products and the finished products can be shipped up and down the eastern seaboard. When the plant was first built, land was not at a premium and the philosophy was to protect against part shortages and supply issues by having a substantial storage area and significant levels of supply stock. However, the cost of maintaining the huge storage area is increasing and the systems need updating. Furthermore, there is additional pressure from senior management to increase the production area for some new products and for increased volume of output.

Jenna addresses the reduced storage space by implementing two new strategies: issuing tighter supply contracts for all major input resources and requiring the trucks that deliver containers of raw materials to also take containers of finished products to customers.



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Practice task 8

1. The acquisition of resources for many organisations occurs in accordance with defined policies, practices and procedures and may include:
 - standard operating procedures (SOPs)
 - organisational culture
 - organisational guidelines.

Describe what is meant by each of these and why they are important.

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2. List the key types of resources that can be utilised in an operational plan. Give some examples of each.



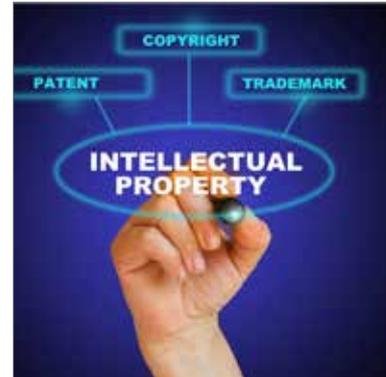
2C

Recognise and incorporate requirements for intellectual property rights and responsibilities

Intellectual property (IP) is a term that describes the ownership of original work in a tangible form that has arisen from creative or inventive activities or through processes of research and development. IP can exist in a range of forms such as a new invention, development of a brand, artistic creation, development of a manufacturing process or development of software.

IP is normally protected through a series of mechanisms such as registered designs, trademarks, patents, copyright, plant breeders' rights or licensing agreements.

It is necessary to incorporate processes in resource acquisition and recruitment to ensure that another party's IP rights are not violated. In doing this it is important to recognise that IP has many of the same ownership rights as physical property.



Intellectual property infringement

Possible avenues of IP infringement should be considered in the planning phase of an operational plan. Without such consideration it is possible for either unintentional or intentional infringement to occur. An operational plan should consider the risks of IP infringement occurring through a number of possible scenarios, such as:

- allocation of insufficient resources for purchasing of licensed or copyrighted resources
- allocation of insufficient time for researching IP on patents and trademarks
- modelling product and service delivery on competitor products or services
- contractual and employment arrangements that can lead to disputes in IP ownership.

IP considerations

There are several areas where consideration of IP may be required in the management and implementation of operational plans. These will vary depending on the nature of the industry, but there are some fundamental areas where failure to consider IP issues could lead to either an intentional or unintentional breach of IP. Considerations may also extend to how an organisation protects its IP. Here are some essential IP issues for an operational manager.

Purchasing

Licence agreements can apply to many products and services that are purchased. Under a licence agreement, the purchaser does not own the product but has a licence to use it. For example, software purchases typically come under a licence agreement. The agreement may define the end use of the application, how many computers it can be installed on, how many users are allowed, how long the licence lasts, the updates required and licence transfers.

It is also important to consider protecting purchasing decisions by seeking warranties from contractors and suppliers. Breaches of IP by suppliers and contractors can have significant legal implications for the end user. For example, a video produced by a contractor for a marketing campaign cannot be used if the contractor has not obtained appropriate copyright releases from all of the actors used in making the video.

Human resources

Human resource and recruitment policies need to provide clear guidance on the organisation's IP ownership and that of its employed staff. Issues to consider include:

- defining IP ownership of work performed by staff for the organisation
- defining IP ownership of work performed by staff in their own time while working for the organisation
- setting policy on recruited staff bringing IP from a previous workplace where they do not have ownership
- setting policy on recruiting staff from a directly competing organisation
- setting policy on staff leaving the organisation and taking IP with them that is not theirs.

Patented processes

A patent is a mechanism which provides some legal protection for an inventor of a product or process. Patents are registered, and provide a legal standpoint to exclude others from making, using, selling or trading the invention for the term of the patent. Legal recourse for a breach of a patent can usually only be achieved through a civil lawsuit. Patents generally expire after a period of time.

In terms of managing operational plans, it is important to ensure that any processes used in the manufacturing of products or delivery of services do not breach any current patents.

Copyrighted material

Under Australian law, copyright is granted automatically, which means the owner has automatic ownership rights. Many resources used in business are subject to copyright restrictions. These include:

- Creative digital and non-digital works such as art, photos, videos and music. This can also include obscure items such as proprietary fonts used by computer software.
- Technical drawings and specifications.
- Data collected and stored by an organisation. This may also be covered by privacy legislation depending on the nature of the data.
- Design work such as architectural drawings, fashion drawings, landscape design and industrial design.

Contractors

Copyright law must also be considered in terms of work performed by independent contractors. Copyright ownership of a creative work produced by an employee will rest with the employing organisation, but in the case of an independent contractor, this ownership will automatically rest with the contractor unless a specific clause is inserted in the contract that assigns ownership of copyright to the hirer.

For example, an architect who is preparing plans for a new building as part of a contract will automatically retain ownership of the copyright on these drawings.

Trademarks

These are protected under the *Trade Marks Act 1995*, which requires an application for a right to be granted. The legislation provides a range of protections for the owner of the registered mark such as preventing competitors from using a similar name for a product or service that are also alike.

Example: patenting a process

A widely publicised example of how patents can protect IP concern the 1996 patents of WiFi technology by the CSIRO. This particular invention was widely adopted by information technology (IT) designers and manufacturers and has been used in billions of IT products worldwide since 2001.

In 2012, the CSIRO won a law suite in the United States, which allowed it to seek compensation for the value of the contribution of its patents. This amounted to approximately \$430 million. In late 2013, the CSIRO confirmed that all of its WiFi patents had finally expired.

(Source: www.ipaustralia.gov.au/understanding-intellectual-property/case-studies/csiro-wlan-patent)



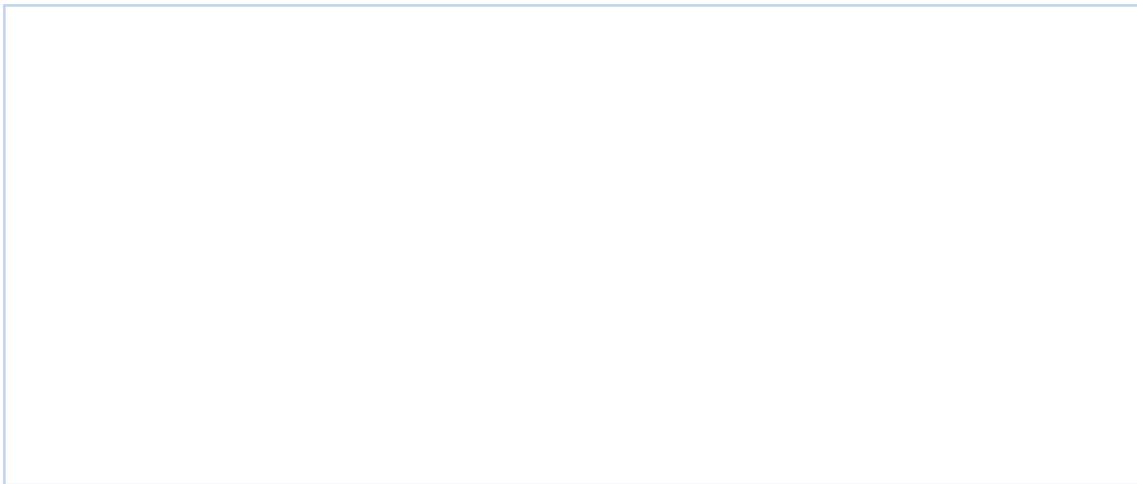
Practice task 9

Read the case study, then complete the task that follows.

Case study

Johan is an operations manager for a wholesaling organisation. The organisation is currently upgrading its computer systems to allow integration of stock handling across all warehouse sites. This program requires replacement of 50 old computers with 65 new ones. After the warehousing software has been set up, Johan asks the computer technicians to install on the computers the generic word-processing and spreadsheet software that had previously been purchased.

Provide some advice for Johan about what information he should have researched before making the software installation request.



Summary

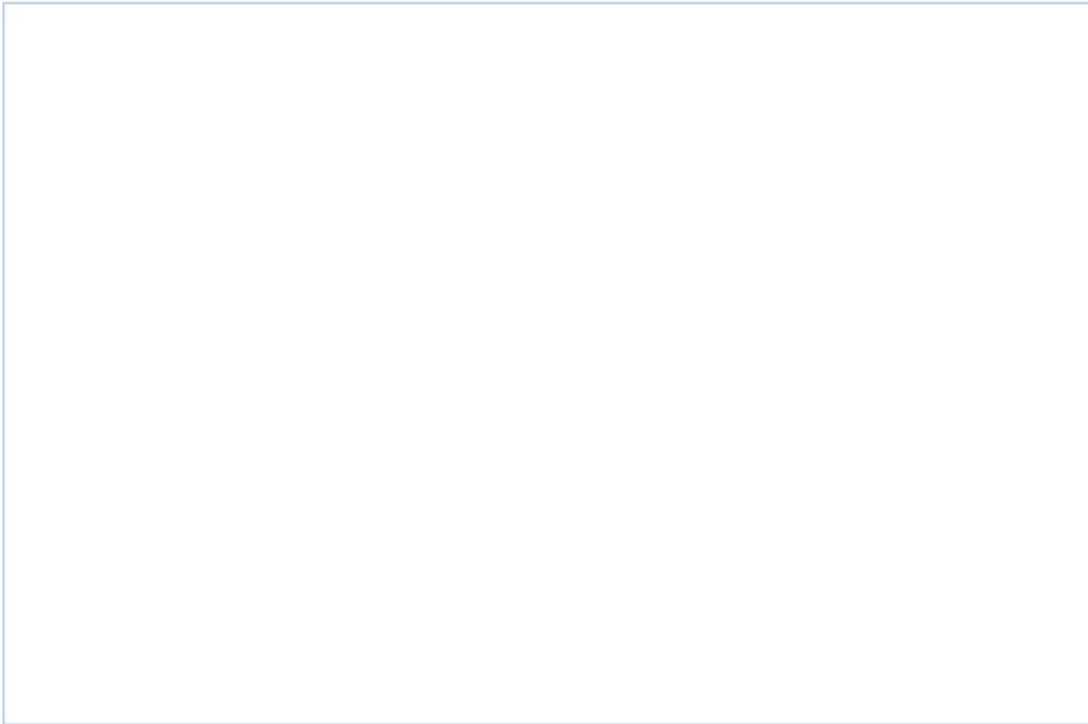
1. Recruitment and selection of the right staff is critical to implementing the operational plan.
2. An accurate position description and a well-defined interview process will help with selecting the right staff.
3. All new staff must be appropriately inducted into the position.
4. All required resources should be identified and appropriate lead times considered so that resources are available when needed for use.
5. Management systems should be used in planning and controlling resource acquisition.

Learning checkpoint 2 Plan and manage resource acquisition

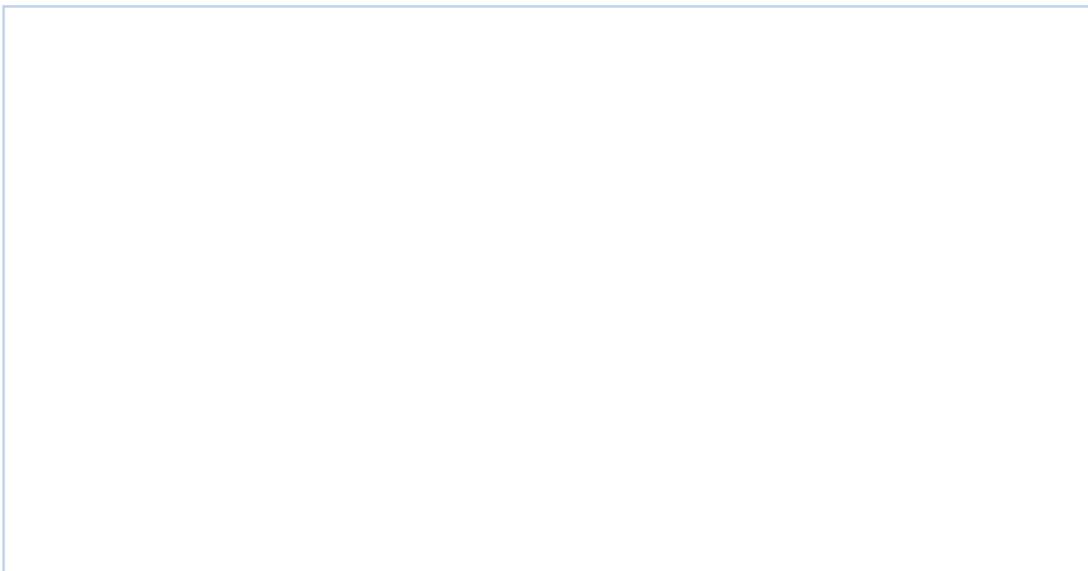
This learning checkpoint allows you to review your skills and knowledge in planning and managing resource acquisition.

Part A

1. List five pieces of information that should be included in a well-written position description.



2. Select an employment position that is relevant to your area of responsibility and draft an advertisement that might be placed in the local newspaper.

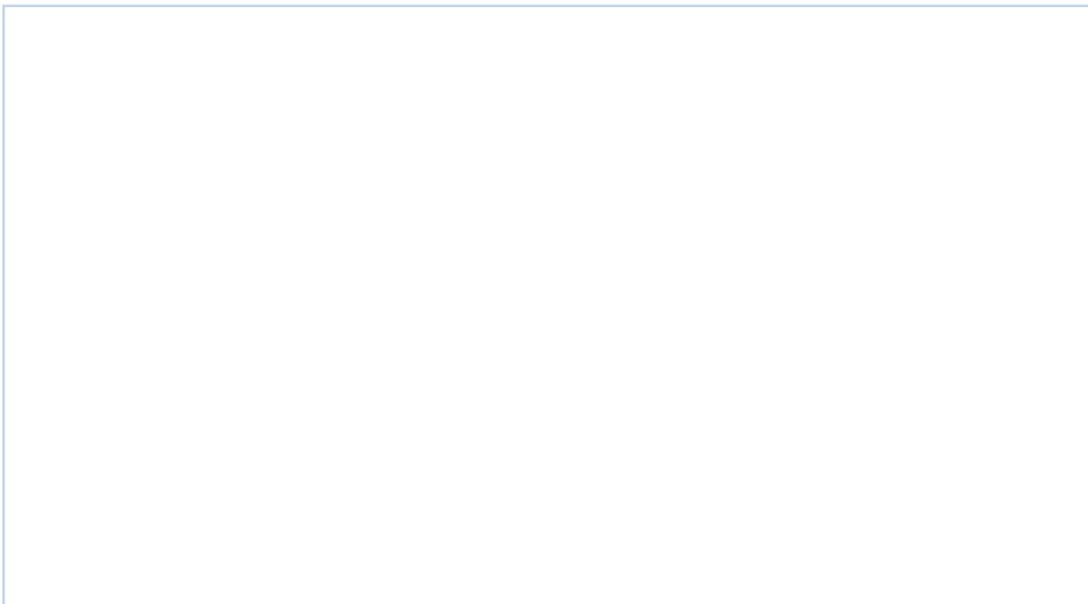


3. Briefly explain what standard operating procedures are and how they are used by organisations.

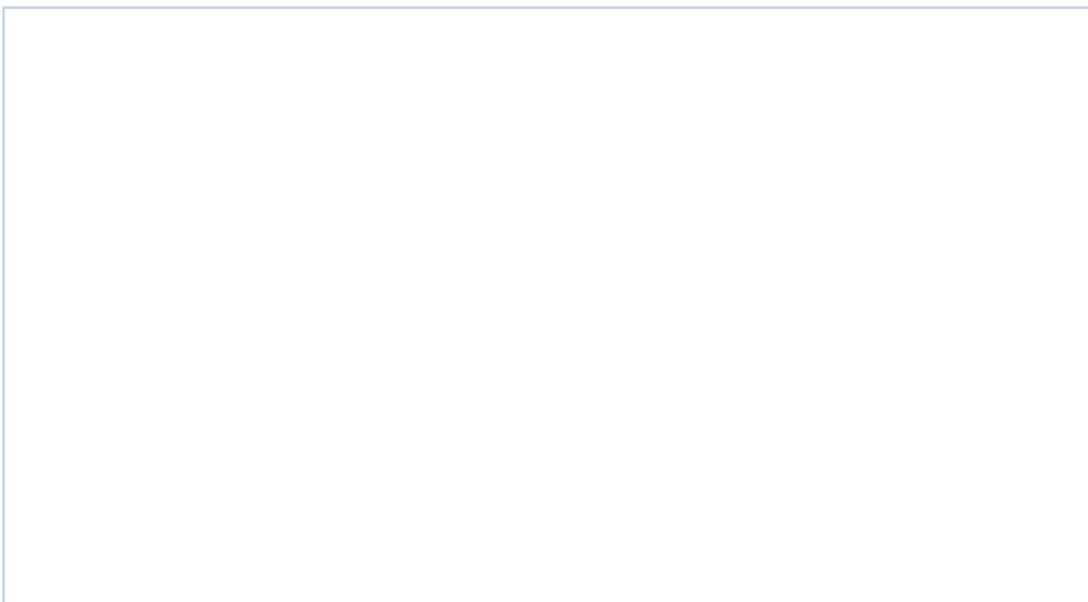
4. For the above position or another position in your area of responsibility, develop two checklists:
- a) A list of the items or documents that would be included in an information pack for a new employee



b) A list of the issues that you would cover in a face-to-face induction program



5. Briefly explain why it is important to recruit and/or induct employees according to organisational policies and procedures.



6. Briefly explain why it is important to acquire resources according to organisational policies and procedures.

7. Provide a brief description of the following terms:

a) Intellectual property

b) Copyright

c) Trade name

d) Overdraft

e) Business line of credit

f) Drawdown facility

g) Intangible asset

h) Goodwill

i) Organisational culture

Part B

Read the case study, then complete the task that follows.

Scenario

You have just been advised that two of your key staff must take time off work. The mother of one staff member has passed away unexpectedly; the other requires urgent surgery that will see them off work for six weeks, followed by half-time work for a further six weeks before being able to return to full duties. To make matters worse, a key piece of equipment has been declared dangerous and cannot be used until it is repaired and a key raw material has just doubled in price due to a factory fire and is thus in short supply.

Describe the strategies you will implement to resolve these resource issues.



Topic 3

Monitor and review operational performance

Development and implementation are only part of the overall process of managing operational plans. Monitoring and reviewing operational performance is also vital to ensure progress is being made towards the organisation's goals, contingency plans are in place and information is being documented properly.

In this topic you will learn how to:

- 3A Develop, monitor and review performance systems and processes
- 3B Use financial information to monitor and review profit and productivity performance
- 3C Identify under-performance, recommend solutions and rectify the situation
- 3D Ensure mentoring and coaching are provided to support the effective, economical and safe use of resources
- 3E Negotiate recommendations for variations to operational plans
- 3F Ensure procedures and records associated with performance documentation are managed appropriately

3A

Develop, monitor and review performance systems and processes

Once KPIs have been determined, ongoing monitoring and review of the operational performance against the targets in the plan is important. Identification of areas that are under-performing, developing solutions and taking appropriate action is often critical if the targets are to be achieved for your area of responsibility and the organisation as a whole. In other words, monitor the performance and report appropriately.

A performance system effectively outlines what can or needs to be measured in terms of quantifying the outcomes that can be compared against the targets and goals set. The process of comparing the measured achievements against the goals and targets will determine how well the organisation has performed.

Skills and knowledge are required to negotiate with suppliers, coach and mentor underperforming staff, vary the operational plan to deal with unforeseen events, eliminate or reduce resource inefficiencies and waste, and to keep the required records and documentation.



Monitor business performance

It is necessary to monitor business performance changes to implement adjustments through corrective action. Where negative impacts are identified, you may need to adjust plans, designs, resources, procurements and operations to counter the changes. Some of the factors that may cause problems are shown below.

Factors that can affect performance or results

- New technology and equipment that works more effectively and efficiently
- New inputs such as raw materials that reduce environmental impact
- Changing consumer tastes and demands that may influence types of products
- Staff changes such as loss of experienced staff, with new staff having a lower level of knowledge and a reduced skill base
- New products and services such as competitors producing a 'better' or 'cheaper' product or service

Variance analysis

A common financial control approach is the use of variance analysis. Variance analysis is a tool that is used in controlling budgets. It can be used for expenditures (inputs) where the planned amounts of resource consumption are compared against the actual amount required. Similarly, variance analysis can be used for income (outputs) by comparing the quantity produced and sold (income) against the planned amount of sales. The difference between the planned value and actual values is called the variance.

In effect, budgeted amounts are compared against actual income and expenditure. The following table is used to consider if the variances are favourable (F), unfavourable (U) or within expectations (OK).

Area	Budget (\$)	Actual (\$)	Variance result
Income (sales)	X	> X	F
	X	close to X	OK
	X	< X	U
Expenditure (costs)	Y	> Y	U
	Y	close to Y	OK
	Y	< Y	F

Acceptable levels of variation

Generally there is an acceptable level of variation, either a fixed amount or (more commonly) a percentage. Variance analysis is usually reported on a monthly basis. Care should also be taken to ensure that annual expenditure patterns are taken into account.

In considering the variance, it is important to determine the reason for the variations. Look for an explanation and determine if action needs to be taken. Simply shifting savings (low expenditure – money not spent) or additional income (excessive income – extra money received) to overruns on costs or to offset a lower-than-expected income area is not addressing the cause. It has the potential to mask the true position which, if left unaddressed, will get worse. In this case, you should analyse the budget and financial information and initiate remedies.

Examples of variance status along with questions to clarify each situation are shown below.

Favourable excessive sales	Unfavourable low sales
<p>Variance status: Excessive sales income is considered favourable</p> <p>Questions to clarify information: Does it suggest that demand is up and that you may need to increase production since stocks of finished products for sale are getting low?</p>	<p>Variance status: Low sales income is considered unfavourable</p> <p>Questions to clarify information: Does it suggest a trend and potential that you won't shift product at current prices or is there a seasonal impact to consider? For example, you will not sell many overcoats in summer.</p>
Unfavourable excessive expenditure	Favourable low expenditure
<p>Variance status: Excessive expenditure is considered unfavourable</p> <p>Questions to clarify information: Is this due to a seasonal issue? Have resources been bought in bulk and kept in stock or has the input price risen?</p>	<p>Variance status: Low expenditure is considered favourable</p> <p>Questions to clarify information: Are there seasonal or irregular patterns of expenditure involved? Has there been a reduction in the price of the inputs or is less of the input required due to some other factor?</p>

Example: large variance result is not a problem after analysis

A monthly variance analysis in August indicated that insurance costs were markedly different to what was expected for a small business. On closer inspection, it was revealed that the annual expenditure patterns easily explained the variance.

The insurance cost is \$2,400 for the year, so the expected monthly expenditure is listed as \$200 per month. However, the insurance is paid annually in August (the second month of the financial year), so the budgeted amount read \$400 but the actual value showed \$2,400: an unfavourable position.

In reality, it is not unfavourable since the business has paid the insurance for the whole year and barring any changes in premiums, the end of financial year result will balance.



Monitor employee performance

Employees respond to incentives and rewards. Reward might be in the form of profit sharing in addition to a salary and wage. It might also be recognition of effort, achievement, responsibility or other contributions to the organisation such as assisting junior staff as a coach or mentor – sharing knowledge and experience. The provision of an appropriate work environment, good working and pay conditions, flexible working hours, leave entitlements, training and development opportunities, and career advancement all influence employee behaviour and commitment to the organisation.

A good manager will have knowledge and understanding of the factors that influence employee behaviour and will address performance and workplace issues promptly and fairly. For employees who violate rules and regulations, there should be a range of disciplinary actions including termination of employment. There should also be grievance policies and procedures in place to provide guidance to employers and employees. Observation, feedback and open, honest communication is required to identify, address and manage workplace issues effectively.



Performance appraisal

Performance appraisal is an important tool in managing your staff and achieving the targets and goals of an operational plan. KPIs and organisational targets should be negotiated with employees during performance appraisal interviews. Methods of determining whether these targets have been met involve the collection of information for comparison against those targets. Questionnaires, interviews, observation, third-party feedback and performance data are examples of information you might use to determine whether or not the objectives have been achieved.

You may also need to determine:

- knowledge and skills through a training needs analysis (TNA)
- attitude, safety awareness, approach to work and motivation
- quality, accuracy and quantity of work
- communication with colleagues and customer/client interactions.

Triple bottom line reporting

The concept of the triple bottom line (TBL) was introduced in the late 1980s and early 1990s and is based on the idea that business activity can simultaneously deliver financial, social and environmental benefits.

The process and reporting deals with the three areas: financial/economic, social and environmental. These three areas are constantly changing given contemporary political, economic and public pressures. For example, consider the global financial crisis of the late 2000s and the issue of carbon emissions.

It is true that many organisations report on the social impact of their business, while others report on the environmental impact of their activities and initiatives to support the environment. The TBL attempts to bring all aspects together.

You may like to look at the NSW Government's *Small business tool kit* available on the internet. This resource provides information on operating a small business. It is free to join and allows access to a range of instructional material, tests, templates and examples at: <http://toolkit.smallbiz.nsw.gov.au/>.

The balanced scorecard

Another performance reporting system is the balanced scorecard approach, which adds to the financial measures of past performance by considering measurement of other factors and the issues that influence them. The three areas are listed below.

- Customer- and client-related performance – What should be provided to our customers/clients to achieve the corporate vision?
- Business processes – What business process must the organisation excel at in order to satisfy our stakeholders?
- Learning and growth – How will the organisation sustain its ability to change and improve to achieve its mission?



Example: the National Library of Australia uses the balanced scorecard

The Balanced Scorecard is a strategically focused performance management system. It provides a framework that translates the library's vision and strategy, as outlined in their Directions 2012–2015 statement, into a comprehensive set of performance measures. Performance is measured in the areas of:

- customer
- stakeholder
- financial
- process
- learning and growth.

continued ...

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The Balanced Scorecard moves the library beyond the traditional performance measures of cost, accuracy and timeliness. Consistent with the full range of efficiency and effectiveness measures, it enables assessment of indicators such as customer and stakeholder satisfaction, relevance of the library's services and staff skill levels.

Through the balanced scorecard the library is better able to:

- focus on implementation of strategic directions
- focus on achieving long-term objectives
- link strategic directions with the budget process
- measure achievement of strategic directions.

As such, it is the primary tool used to inform the library's council on performance and is paramount in enabling library managers to identify areas where resources should be focused. It provides a consistent measure of the library's success in meeting strategic goals.

(Reproduced with permission of the National Library of Australia)

For more information visit the National Library of Australia website at:
www.nla.gov.au/policy/bsc.html

Practice task 10

Describe and justify the performance management system that you would consider using for your organisation (or your area of it) for the targets detailed in your operational plan.

3B

Use financial information to monitor and review profit and productivity performance

To effectively assess profit and productivity performance, you will need to interpret budgets and analyse other financial information. Financial analysis refers to an assessment of the viability, stability and profitability of an organisation or component of it.

Budgeting is a planning process where organisations consider all income areas and expenditures over a specified future time period. This process is usually done for the organisation as a whole and all its components. Consideration needs to be given to assets, liabilities and cashflow (the timing of receiving income versus expenditure).



Why budgets are prepared

Budgets are prepared to provide a baseline for measurement of performance. Budgetary information is usually a significant input into various plans. Budgets can assist in:

- planning operational activities
- estimating profit levels
- determining cashflow and the need to consolidate borrowings or the opportunity for investment
- allocating resources
- determining targets such as breakeven sales required
- evaluating performance against targets.

Moreton Bay Regional Council produces a Budget and Operational Plan each financial year, which you may like to read as an example of this type of report. Use the search engine to locate the Budget and Operational Plan for the current financial year on the council's website at: www.moretonbay.qld.gov.au/.

What budgets include

At one extreme, large organisations can spend many months developing budgets that involve a process of negotiation with senior management. Each area needs to finalise their own budget for implementation and operation, yet this cannot be done in isolation as the plans in one area often impact on another. Small organisations may develop a budget in a relatively short time as the complete business sits with a single person (owner/manager).

The budget is a plan of future operations, usually for a year, although it is common to draft budgets for two, three or five years in advance. These drafts are later reviewed and refined closer to the required time for approval and implementation. Budgets for each area of responsibility are combined for the whole organisation.

Budgets for each organisational area would include forecast income, expenditure for all resources and timing of expected income and expenditure as shown below.

Forecast income

Forecast income for each product and service produced and other income such as bank interest or returns on invested short-term funds.

Expenditure for all resources in the area

- Wages and salaries, including on-costs such as leave accrual provision, superannuation or long service leave
- Raw materials and consumable inputs
- Capital items such as land, buildings, equipment and machinery
- Administration extras including travel, services such as telephone, insurance
- Contractor fees
- Rental or leasing outgoings for land, building, equipment

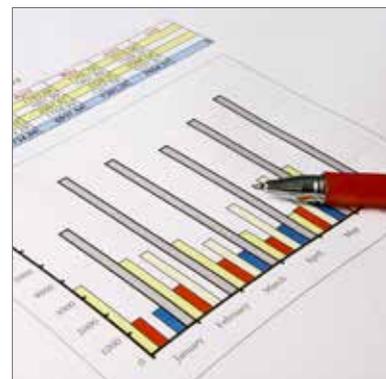
Timing of expected income and expenditure

Timing of expected income and expenditure so as to determine cashflow and the need for borrowings (an extra cost) or opportunity for investment (additional income).

Impact of uncontrollable factors on budgets

An organisation needs to look at its capacity to produce the products and services and the pricing of these. A comparison of previous production levels, price variations and industry trends, including potential changes in supply from competitors, will all affect the budget.

In forecasting sales, due consideration needs to be given to seasonal factors, uncontrollable influences such as government policy changes, legislation or legal changes, political relationships, changes in exchange rates, planned advertising or promotion campaigns, release of new product lines and so on. Consequently many budgets are broken down into smaller time lines: four-weekly (13 periods of four weeks), monthly, quarterly or, in some cases, weekly or daily budgets.



Financial analysis

Financial analysis is the process of determining whether a business, component of the business or a project is viable, stable and profitable. Professional analysts, often accountants and business managers, make use of information and ratios reflecting performance to prepare reports on the success and health of a business or a project.

Financial reports are used to determine the financial health of an organisation (or an area of it). These reports can be used to provide evidence to address a range of issues and questions about the organisation. Often, it is useful to consider a range of relevant questions, the answers to which will form the basis of a financial analysis. Examples of these questions are shown below.

You may like to read a book on financial analysis tools and techniques by Helfert, which provides a detailed overview of methods for assessing business performance:

Helfert, E 2001, *Financial analysis tools and techniques: a guide for managers*, McGraw-Hill, New York.

Financial questions that may form the basis of financial decisions

- Should we continue or discontinue with the business, a part of the business or a component such as a particular product or service?
- Should we adjust the range of products we produce or services we offer?
- Do we need to acquire machinery or equipment for the production process?
- Do we need to borrow capital or is there capital to invest?
- Are stock levels appropriate or are storage costs for inputs and/or finished products too high?
- Is the organisation profitable and is it solvent?

Financial reports

Accurate, timely reports and records play an important part in supporting and/or questioning the outcomes of a financial analysis. Anomalies or radically high or low figures should always be questioned and checked. Discrepancies between the outcomes of a financial analysis and other sources need to be investigated since financial reports are only as good as the information entered and the correct operation of the software and systems used to produce the reports. There are many reports, analyses and documentation that need to be considered when making financial decisions.

Reports that may need to be considered when making financial decisions:

- Trend analysis, market research, industry trends and competitor analysis
- Customer feedback and analysis
- Timing of operations and activities such as issuance of invoices, advice to customers and clients
- Asset use versus capacity
- Industry standards and quality standards

Example: plan the acquisition of required resources

Nico has recently been promoted to the position of events manager for a hotel in Sydney. In developing the budget for his area of responsibility, he notes that the income is directly related to the number of events and the size and style of the events booked in over the 12 months. He develops a budget based on historical bookings with contingencies in the event of additional bookings or a fall in bookings.

He has a small group of permanent staff dedicated to the events area and a group of casual staff that are directly linked to the events budget. This enables the budget to be developed so that most costs are directly related to the income. These are variable costs such as casual staff and consumables associated with the event.

Nico carefully monitors the bookings and details for each event to ensure he can plan acquisition of the required resources. These resources include calling on other casual staff in the hotel to serve people at his events.



Practice task 11

Provide a dot-point list of the procedures you would follow and documentation you would access if you were preparing a budget for the operational plan you developed.

3C

Identify under-performance, recommend solutions and rectify the situation

Managing operational plans involves identifying, addressing and managing problems that arise. Financial analysis reports, production and product rejection reports, feedback from suppliers, customer complaints analysis, accident reports, equipment failure advice and analysis, observation in the workplace and informal discussions can bring problems to your attention.

How you determine a solution to a problem depends on the severity of the issue and potential impact if an identified problem is not addressed. The solution to some problems is obvious, such as a simple repair to a piece of equipment.

Being proactive in pre-empting a problem, considering solutions and taking appropriate action will, in most cases, have the least impact on the organisation. In general, a reactive approach in responding to a failure or an incident will cost the most in terms of disrupted production, lost time and money. An incident can even have fatal consequences if it relates to serious equipment failure that could have been foreseen.

Some examples of methods that can be used to identify problems are provided below.

Methods of identifying problems

- Routine service and maintenance reports on equipment including vehicles and machinery
- Workplace inspections or audits by a WHS officer or representative
- Variation in production reports
- Number of customer complaints and the area of those complaints
- Customer feedback or requests
- Plant or equipment failure and breakdown, including computer systems or communications such as telephone or internet
- Analysis of incidents/accident reports
- Backlog of orders being fulfilled
- Emergencies such as fire and chemical spills
- Conflict in the workplace between workers
- Reports on breaches of compliance (legislative or codes of practice)
- Staff performance appraisals

Decision-making approach

In dealing with physical or financial resources, you can look at replacing the physical resources by buying equipment, repairing the resources or potentially outsourcing their provision. In dealing with matters that have a human resource component, you have a much greater set of issues to consider. Solutions can include training and development thorough formal courses; work-based training; use of a coach or mentor; and other formal or informal sharing of learning, knowledge and skills. Alternatively, acquiring more staff from other areas or outside such as contractors, and/or transferring staff from other functions, are ways to rebalance staffing levels.

Obtaining a solution to a problem involves following a process. In following these eight steps, you need to consider the human resource issues versus the physical and financial resource issues and the organisational policies that apply.

First step	Identify the problem
Second step	Work out the extent of the problem
Third step	Analyse the cause and any contributing factors
Fourth step	Investigate and seek specialist advice if required
Fifth step	Generate possible solutions for resolving the problem
Sixth step	Determine impact and outcome of each potential solution
Seventh step	Apply selection criteria to solution options
Eighth step	Determine preferred option and implement it

Staff performance issues

Staff performance issues need to be dealt with according to organisational policy and procedures and in a manner that is fair and equitable. When considering whether an employee's conduct warrants dismissal, ensure that you do not act illegally. For example, it is illegal to terminate employment if an employee has been absent from work because of genuine illness or injury. It is also illegal to terminate employment because an employee has filed a complaint against the employer or is appearing as a witness in matters being investigated as a legal violation. An additional circumstance where it is illegal to terminate employment is by discriminating against the employee based on race, nationality, colour, age, sex, disability (physical or mental), marital status or family responsibilities, pregnancy or potential of being pregnant, religion or political beliefs.

Employment may be terminated with immediate effect if an employee has been found to have behaved in a manner defined as serious misconduct.

Serious misconduct includes:

- violence or harassment
- theft, fraud or disclosure of trade secrets
- gross violation of or failure to comply with safety procedures
- serious negligence.

Disciplinary action

Your organisation will have guidelines, policies and procedures about disciplinary action that can be taken, including notification in writing and relevant documentation being placed in the employee's file. The popular saying 'three strikes and you're out' is in relation to misconduct or unsatisfactory performance. In addressing misconduct or unsatisfactory performance and implementing solutions, you can support an employee by providing a coach/mentor, training and guidance, and regular monitoring or assessment of performance so that issues are addressed early.



Continued misconduct or unsatisfactory performance or failure to improve performance can also result in termination of employment through implementation of the relevant process.

Disciplinary action may be required for unsatisfactory performance or conduct by an employee. Such conduct or unsatisfactory work performance may include:

- absence without permission or just cause
- noncompliance with WHS procedures excluding gross violation or serious non-compliance
- failure to follow procedures or breach of discipline
- neglect of duties and function.

Example: implement disciplinary action

Billy works for a large accounting firm in Melbourne. He applies for leave on Monday for the forthcoming Friday. He wants to travel to Perth to attend a football match as his Melbourne-based side is playing the High River Reds. He is an avid fan and if they win, they will be guaranteed a place in the finals. But his request for leave is denied on the grounds that the firm has deadlines to meet and he is required at work.

On Friday, Billy leaves a phone message for his supervisor saying he is ill and has a medical certificate for that day. However, the game in Perth is televised and a close-up of the crowd clearly shows Billy cheering his team on. His supervisor calls him into his office the following Monday and Billy admits he was at the football in Perth. His supervisor terminates his employment on the spot.

Billy appeals the decision and takes the issue to court for wrongful dismissal. The court reasons that the medical certificate was obtained through deception and is not valid. If Billy had been genuinely ill on that Friday, he should not have travelled from Melbourne to Perth. On top of this, he booked and paid for the tickets on the Wednesday. It was therefore obvious the illness was false and he had refused to comply with the reasonable expectation that he be at work.

Practice task 12

1. It has been reported that a member of your team has not been wearing the required personal protective equipment (PPE) in the workplace. From a distance, you observe this person operating a grinder without protective eyewear. You know that you must address the issue. Explain how you will manage this situation.



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2. The productivity of one of your team members is falling below required output quotas. Records show the equipment they use at their workstation is inactive for 1 hour and 15 minutes around the lunch hour and for 15 to 20 minutes around the 10-minute morning and afternoon tea breaks. Explain what you will do to remedy this situation.



3D

Ensure mentoring and coaching are provided to support the effective, economical and safe use of resources

It is likely you and your staff will need training and professional development to support reaching the targets in your operational plan. In developing the operational plan, you will have considered the knowledge and skills required and those that already exist within your human resource capital. This skills gap analysis determines what training is needed or what additional staff may need to be appointed. Training and development for individuals and teams should be included in your budget.

Many sources of information and support are available to you and your staff to help you manage the operational plan. Ongoing face-to-face support can be found in the form of mentoring and coaching that can be sourced either internally or externally.



Sources of information, advice and support

Help, information and advice are crucial for you and your work team but you should consider the quality and accuracy of what you obtain. Wrong, ambiguous or incomplete information/advice or excessive amounts of information can lead to misinterpretation, poor decisions, incorrect actions and ultimately failure to meet your targets and objectives.

Below you will find potential sources of information for advice, support or training.

Potential sources of information listed by category

1

Government departments: federal, state, territory and local

- Australian Taxation Office for tax information and training that is often provided at no charge
- Australian Competition and Consumer Commission for information on trade practices
- Australian Customs and Border Protection Service for importing and exporting
- Australian Securities and Investments Commission on company law
- State government departments (for example Department of Justice and Attorney-General – Qld) on workplace health and safety
- State government on state taxes such as stamp duty, land tax and payroll tax
- Local councils on local services (for example waste disposal) and fees and charges
- Department of Industry for vocational training and education and qualifications and standards (see <http://training.gov.au>).

2**Government centres**

Business Enterprise Centres offer assistance and support (again generally at no charge) on:

- starting a business and business planning
- market research
- regulations, licences or relevant referrals
- importing and exporting
- finance (also see accountants, banks and financial institutions)
- referrals direct to appropriate government departments
- referrals to specialists (for example consultants, lawyers).

3**Accountants**

Advice on:

- accounting systems for setting up and running a business
- compliance with account reporting and tax
- registration requirements
- internal financial control
- financial/accounting policy.

4**Banks and financial institutions**

Provision of and advice on:

- loan products and investment
- account creation and linking
- credit facilities (for example overdraft).

5**Consultants**

Advice on:

- recruitment
- work flow
- safety
- policy development
- procedural analysis
- market opportunities
- staff management
- computer systems.

6

Educational institutions

Universities, registered training organisations (RTOs) including TAFEs for:

- courses leading to formal qualifications
- short courses and specialised training
- research and consulting.

7

Industry groups, unions, employer associations

Advice on:

- your business
- policies and best practice procedures
- health and safety
- knowledge and skills required.

8

Lawyers and solicitors

Advice on:

- contract development and implementation
- compliance with legislation and regulatory requirements
- patents, trademarks and intellectual property
- legal defence against others (for example claims from customers or other businesses) or internally (for example unfair dismissal claim).

9

Professional associations

Advice on a range of matters plus training and development courses.

Examples of professional associations include:

- Association for Tertiary Education Management
- Australian Institute of Management
- Australian Marketing Institute
- Certified Practising Accountants
- Governance Institute of Australia

10

Publications, the internet

Advice is available on many areas of business that could relate to operational planning and the implementation of operational plans. Use a search engine to find information on any topic.

Coaching

In an educational sense, coaching generally refers to a one-on-one relationship but can also apply to a team, such as a coach for a sales team. The coaching can be facilitated by you, a designated staff member or contracted to an external person. This person engages with employees, provides training, observes performance and provides feedback to achieve the desired outcomes.

Some tactics used by coaches of sporting teams are also useful for managers in the workplace. Assuming a coaching role can be an effective strategy at both an individual and team level. The sports arena is similar to the workplace in that a team needs to be selected and trained well, there is always a goal and a plan of attack, and there is a lot to be learned along the way.

Helping individuals perform at their best and motivating them to succeed and achieve their goals is what sporting coaches do every day. Yet coaching also works well in the workplace and many managers and team leaders would do well to think of themselves as sporting coaches, striving for their team to achieve their goals.

A comprehensive book on coaching and mentoring by Nigro, which includes case studies, may be of interest:

Nigro, N 2008, *The everything coaching and mentoring book: increase productivity, foster talent, and encourage success*, F+W Publications Inc., Avon, MA, USA.

Techniques used by sports coaches that may be useful in the workplace include:

- helping and encouraging team members to be an expert or 'pro' at what they do
- setting goals for individuals that are unique to that person and reflect their abilities and personal aspirations
- using collaborative techniques that give team members some control over the way things are done and a sense of ownership in the process
- coming up with new, different and better ways of doing things
- having an open mind when suggestions are made (and encouraging team members to do the same).

Mentor

A mentoring relationship involves two people. One, the mentor, is usually a more-senior staff member or someone who has considerable skills and experience. The person being mentored (mentoree) is usually someone in a more-junior role who is keen to learn and capable of achieving more than they are currently. Nevertheless, anyone can benefit from being mentored by more-experienced people. The process can be formal, by having a specific agreement or system in place, or informal, where people seek help and guidance from others with whom they have a professional affinity.

Being a manager does not oblige you to mentor all team members. More senior or experienced team members might mentor their less-experienced counterparts, or people external to the team within your organisation or industry might mentor you or members of your team. Formal and informal mentoring may differ, as shown below.

This information is from the Management Mentors website at: www.managementmentors.com.

Formal

- Goals being defined and established at the outset
- Desired outcomes being specified and monitored over time
- Anyone who is eligible being included in the formal program
- Mentors and mentorees being paired based on their personalities
- Mentoring, training and support being provided

Informal

- Goals are less defined and may be unspecified
- No measureable outcomes
- Limited access to mentor partnership
- Mentors and mentorees are attracted to each other because of personal chemistry
- The mentoring happens over a very long period of time

Example: appoint a coach to a work team to improve communication and client relations

A sales and support team for medical scanning equipment consists of four people:

- Mary is responsible for identifying potential buyers and making initial contact.
- Mike is the sales representative and follows up on the leads that Mary provides.
- David is the post-sales installer and provides technical support.
- Peter provides post-sales training and operational support.

Feedback from clients identifies that confusing and conflicting information has been provided throughout the process of initial contact, agreements to purchase the medical scanning equipment and the post-sales support and training.

The managing director appoints a team coach to the group. The coach focuses on communication issues between the team members and provides input into regular debriefing meetings about each of their clients.



Practice task 13

Read the case study, then complete the task that follows.

Case study

Ingrid works as an administrative assistant and has to produce a range of documents, letters and reports for various people who work in the department. Ingrid is often given various pieces of documentation, either in print or electronically, and instructions from the staff member who requires the report or letter to be written. The quality of Ingrid's work is not up to standard. It has been noted she has issues with spelling and grammar and complying with the corporate style for presentation of reports and correspondence in general. Ingrid is exhibiting signs of stress and frustration with the number of documents being returned to her for correction.

Write a succinct and practical plan using a coaching or mentoring approach to address Ingrid's skill deficits.

3E Negotiate recommendations for variations to operational plans

There are many things that can influence the operational plan between its approval, implementation and finalisation. Such influences do not necessarily lead to a negative impact; for example, a significant drop in the price of raw materials would have a positive impact. However, you may need to consider the flow-on in terms of the possible reduction in price of the final product, changes in demand and the need for increased production.

Some impacts may be minor and handled through day-to-day management of the operational plan. Other issues may have a major impact such that the plan cannot be achieved within the budget that accompanies it. In effect, the actual performance is at variance to the expected performance documented in the budget. Issues that may significantly affect budgets due to changes in the costs of resources are shown below.

Six issues that can have a significant impact on the cost of resources

Significant price increases for raw materials/input resources due to short supply or changes in exchange rates

A need for additional resources to meet unexpected increases in product demand with resultant higher input costs due to input material shortages or need to purchase at less than ideal time

Higher staff costs due to unexpected wage rises, increased costs due to staff shortages

Higher staff turnover than expected and the costs of recruitment and induction

Product price changes with change in demand or competitors

New technology and equipment that must be acquired and installed

Manage negative variances

When an event occurs that results in a manageable negative variance, adjustments need to be made to the operational plan. These can be done without significant variations to your plan through minor reallocations within your budget. Where this negative variance means you cannot meet the targets without going over-budget, a formal variation in your plan may be required to address the situation.



When you become aware of a problem, you should inform your supervisor or senior managers that you have operational budget issues and that you are addressing them. As a manager, you will need to determine what options to consider for varying your operational plan. This may include the implementation of appropriate contingency plans you developed previously.



Consultation and communication

Consultation with your staff, teams, departments and relevant entities should occur when preparing a variation to your plan. Once you have decided on the appropriate action, vary your operational plan accordingly.

Communicate the changes to all stakeholders through the appropriate communication channels. A formal document or submission to your supervisor or senior management is likely to be required for approval. This is often done by submitting a formal report or, more commonly, a completed variation to operational plan form available within your organisation.

Be sure to obtain formal approval through your immediate supervisor, senior management or the board of directors if required.

You will need to address the following in a submission to vary your operational plan:

- Details of your areas, the activities affected, the date and the person responsible
- The reason a change is required
- A description of the change(s)
- Impact on the operational plan and associated budget
- Details of any additional risks that have been identified as a result of the change and how these are going to be managed
- A list of affected stakeholders and communication strategies to be implemented

Example: how two managers made adjustments and gained approval for variations to their operational plans

Sam Supplier had key orders with Bob Buyer, the purchasing officer for resources to develop a 50-storey high-rise building. Unfortunately Bob was informed by his superiors that a significant number of 'off-the-plan' purchasers had withdrawn their offers. This was due to knock-backs on finance as a result of an economic downturn.

Bob Buyer had to reduce his contracted builders (human resources) and raw materials input, which involved a major variation to the operational plan. Similarly, when he advised Sam Supplier that he would be cancelling future orders of raw materials, Sam had to readjust his operational plan to include reductions in staff and production of materials.

Both Sam and Bob had to redraft their operational plans and have them approved by their respective supervisors.



Practice task 14

The federal government has asked that Australian organisations contribute to the reduction in greenhouse gases by reducing their requirement for non-renewable energy sources and fossil fuels by 15 per cent over the next three years. The board of directors at the organisation you work for has supported the government's request. They have asked that you reduce your energy requirements by 3 per cent in the remaining eight months of the current financial year.

Write a brief report on the necessary variations to the current operational plan and the infrastructure required to meet such a target.

[Hint: Consider renewable energy sources such as solar or wind for electricity and hot water. Also consider current operations and behaviours in relation to energy use.]

3F

Ensure procedures and records associated with performance documentation are managed appropriately

Organisations rely on certain systems to support operation of the business on a daily basis. These systems must be relevant to the needs of the business and help it achieve its overall objectives. One objective that is shared by all organisations is compliance. This may involve compliance with legislation and regulations that they must abide by, or codes of practice and industry standards such as Australian/New Zealand Standards (AS/NZS) or International Standards (ISO).

For larger organisations, it is common to have large, integrated systems that encompass a selection of specific subsystems; for example, human resources could include payroll, services and facilities could include security. Generally, systems are linked and rely on policies that accurately reflect what needs to be done to satisfy external and internal compliance requirements and the organisation's objectives. Systems also rely on procedures that support policies in that they indicate how things are to be done.

Some of the systems you might find in an organisation include:

- financial or accounting systems
- security systems
- safety systems
- transport systems
- maintenance systems
- computer and IT systems
- marketing payroll systems
- human resource management systems
- production systems
- services and facilities systems such as lighting, water, heating etc.
- communication systems
- records management and reporting systems.

Policies

A policy states what is to be done in relation to a specific area of the business and sets out the organisation's objectives in relation to that area. A policy should be a clear, easily understood statement of those objectives for that specific area. Furthermore, a policy should conform to any compliance requirements and relevant standards and be based on solid foundations.

The areas in which an organisation would have policies include:

- purchasing
- accounting
- occupational health and safety
- production
- marketing maintenance
- finance
- human resources
- sales.

Procedures

Policies have procedures that relate directly to them. Procedures are the techniques or methods that should be followed to achieve a particular objective or result of the policy. Note that each of these overarching policies and procedures would be divided into subsections with a narrower focus.

Policies and procedures can be in various forms and are made available to employees. They may be available in hard copy – either given directly to staff or stored at each relevant location – or put on an organisation’s intranet or website to be downloaded. Some procedures are diagrammatic such as a pictorial representation or flow chart, which may go on notice boards in poster form. An example of the policies and procedures associated with human resource management is shown below.

Examples of human resource policies and procedures:

- Recruitment
- Leave entitlements such as recreation, long service, sick, maternity and family leave
- Induction
- Code of conduct and breaches of the code
- Salary, wages and work conditions such as overtime or shift work
- Contractors

Record and document performance

Each of the procedures should detail the records and documentation that need to be completed, how the information should be stored and the period of time it should be kept. Performance records relating to an individual or a team of individuals should be kept in accordance with relevant confidentiality and privacy legislation. This information should be incorporated into the policies and procedures of your organisation. Policies and procedures should also clearly state who has authority to access these records and documents.

There is also an Australian and International Standard for records management (AS ISO 15489:2004 – Records management) that may support development of your organisation’s policies and procedures. It provides guidance on creating records, policies, procedures, systems and processes to support the management of records in all formats.

The important issue is that performance should be documented, whether it is staff performance appraisals or the general performance of an area for comparing against the targets that are part of the operational plan.



Example: how performance documentation is managed to ensure operational plans are effective

A team of three recruitment officers, employed to recruit new international students for a university, are supported by a single administrative assistant. The budget allocation for the team of three and the administrative assistant is fixed at the 2014 level, yet a team goal is to recruit as many students as possible, with a target of 10 per cent above the previous year. Fixing the budget to the previous year means the funds available for non-salary expenditure have been reduced, since staff salaries have all increased by 4.5 per cent.

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Attendance at educational fairs throughout Asia is expensive given the cost of registration, travel, accommodation and publication of all the brochures and support documentation. During the first three months of the year, the team attend additional education fairs and have done particularly well with a 38 per cent increase (276 from 200) in student enrolments for the following year compared with the previous year. But they have spent 40 per cent of their non-salary budget in those three months.

In order to stay within budget, the team will have to significantly cut back on the recruitment activities. The cut-backs mean the expected enrolments generated in each of the remaining three quarters of the year will be half of the number recruited in the first quarter. The forecast for the year would therefore be a drop of about 13 per cent.

A report is prepared for management suggesting the team has been successful with recruitment (by attending more events) but cannot sustain the increase without either additional funds or overspending the budget. A revised budget model is developed that provides the team a percentage of the fees paid by each international student to cover the costs incurred in recruiting them.

Example: policy change to address staff performance decline

Mohammed is the manager of the sales team for a pharmaceutical company. The operational plan for this year involves the introduction of technology to enable his staff to spend more hours on the road. This technology will let staff communicate orders and other paperwork without the need to visit head office, which they used to do once a week. The target is to increase the profitability and productivity of the sales representatives since they would spend more time with customers and less time in the office.

The initial results are significantly better than the targets that had been set. However, after several months, there is a steady downturn in the overall performance of his sales team and the orders being achieved. Soon after he notices this downturn, two staff members are diagnosed with fatigue, burnout and depression.

A downside to the change in business process associated with the operational plan has been that his sales representatives are now on the road longer, travelling greater distances and away from their families for more extended periods compared with the previous situation. Mohammed recognises the impact of the change and introduces a new policy. This policy states that staff should spend no more than eight in any 10 working days away from their home/family and that a fortnightly meeting will be held in the office that all sales representatives should attend.



Practice task 15

Provide an outline (one page) of the system used to manage records associated with documenting performance in an organisation you are familiar with. In writing the outline, refer to the relevant policies and procedures of the organisation if they exist. If the organisation does not have appropriate policies and procedures, list the policies and procedures that need to be developed.



Summary

1. You need clearly defined processes to determine if the targets in the operational plan are being achieved.
2. Monitoring performance is critical when deciding what adjustments are needed to achieve the organisation's targets.
3. Budgets play an important role in planning operational activities.
4. Financial analysis of performance by comparing budgeted income expenditure against actual can be used to identify performance issues and problems.
5. Early identification of problems relating to the achievement of the operational plan provides greater opportunity for resolving them and achieving the targets.
6. Coaching and/or mentoring can be useful for management of staff performance and helping with performance improvement.
7. Significant changes in the operational plan should be documented and approved according to the organisation's policies and procedures.
8. Systems and procedures should be in place to ensure performance records are managed in accordance with organisational requirements and any relevant legislation.

Learning checkpoint 3

Monitor and review operational performance

This learning checkpoint allows you to review your skills and knowledge in monitoring and reviewing operational performance.

Part A

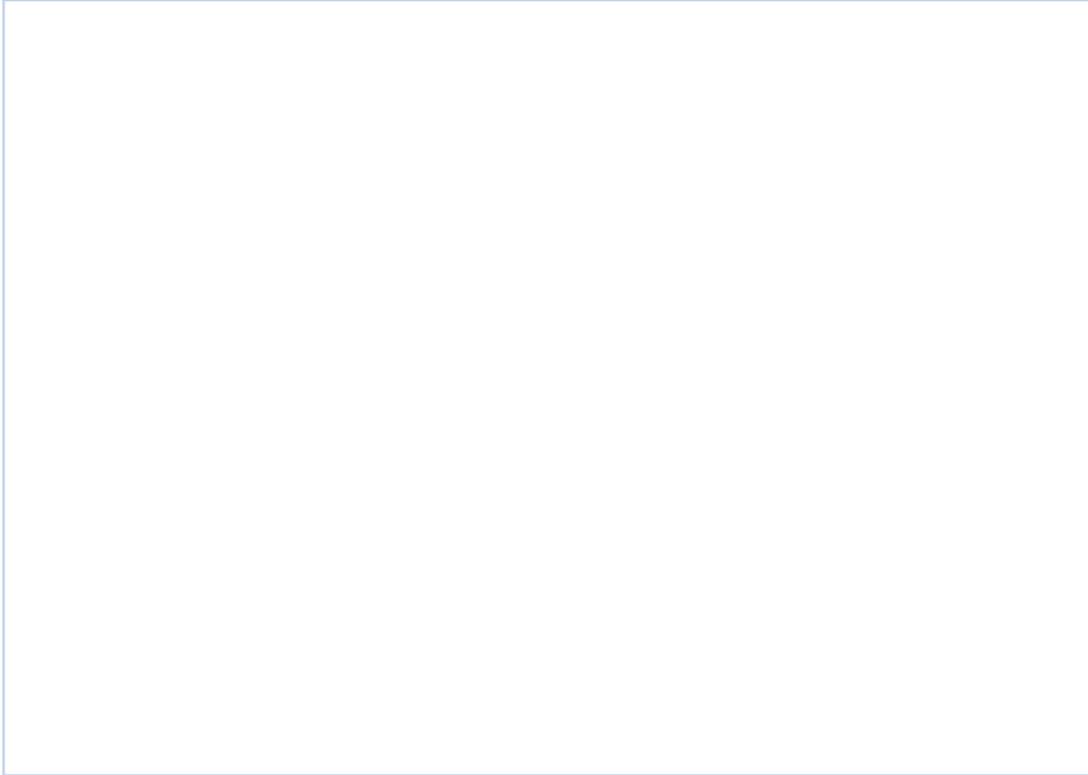
1. A member of your staff who operates various pieces of equipment says, 'I keep hearing people refer to the budget. What is budgeting?' Provide a written summary to explain budgeting to your staff member.



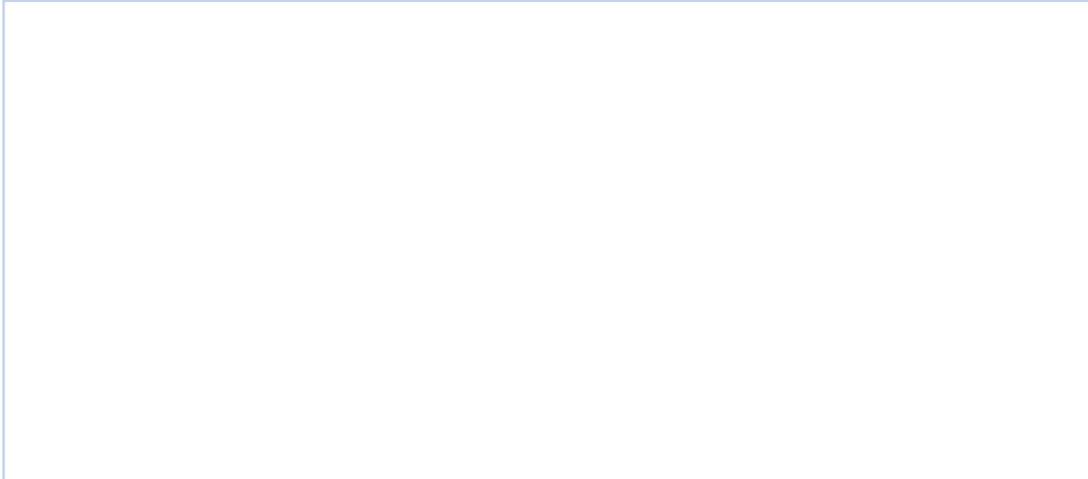
2. Briefly explain why budgets are prepared.

3. Why is performance against budgets monitored?

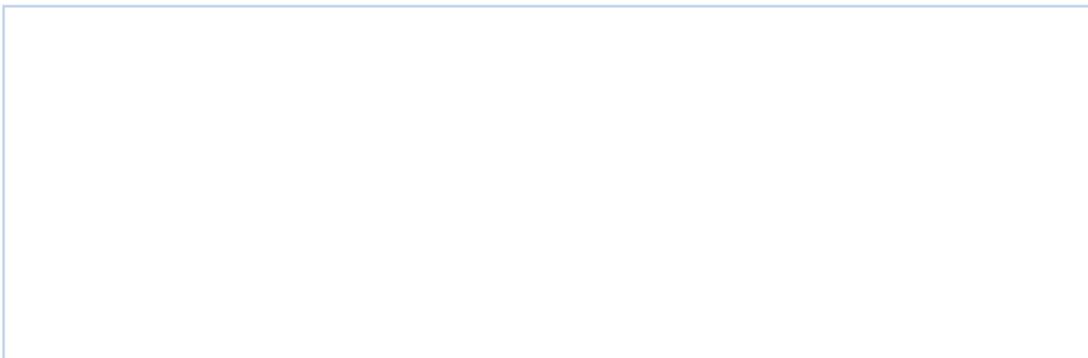
4. Identify two systems that could help you monitor and manage performance more effectively.



5. Provide a description of the following terms:
- a) Balanced scorecard reporting



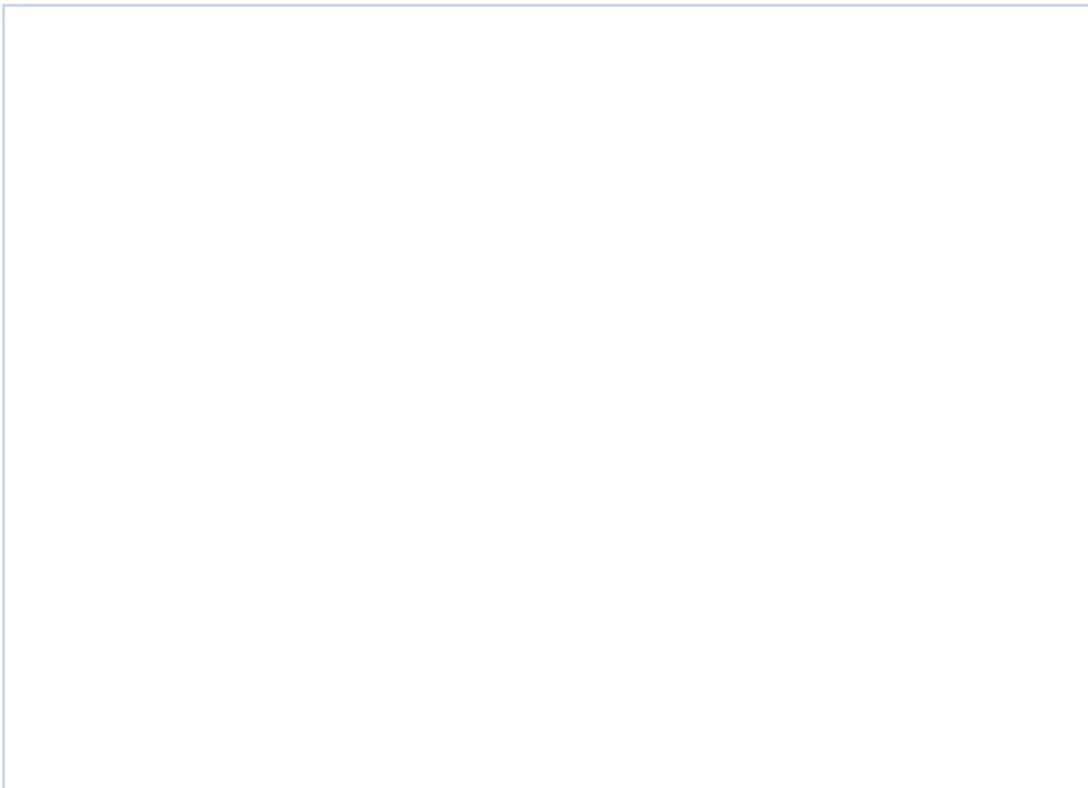
- b) Triple bottom line reporting



6. Provide an explanation of the difference between mentoring and coaching and provide an example of each.



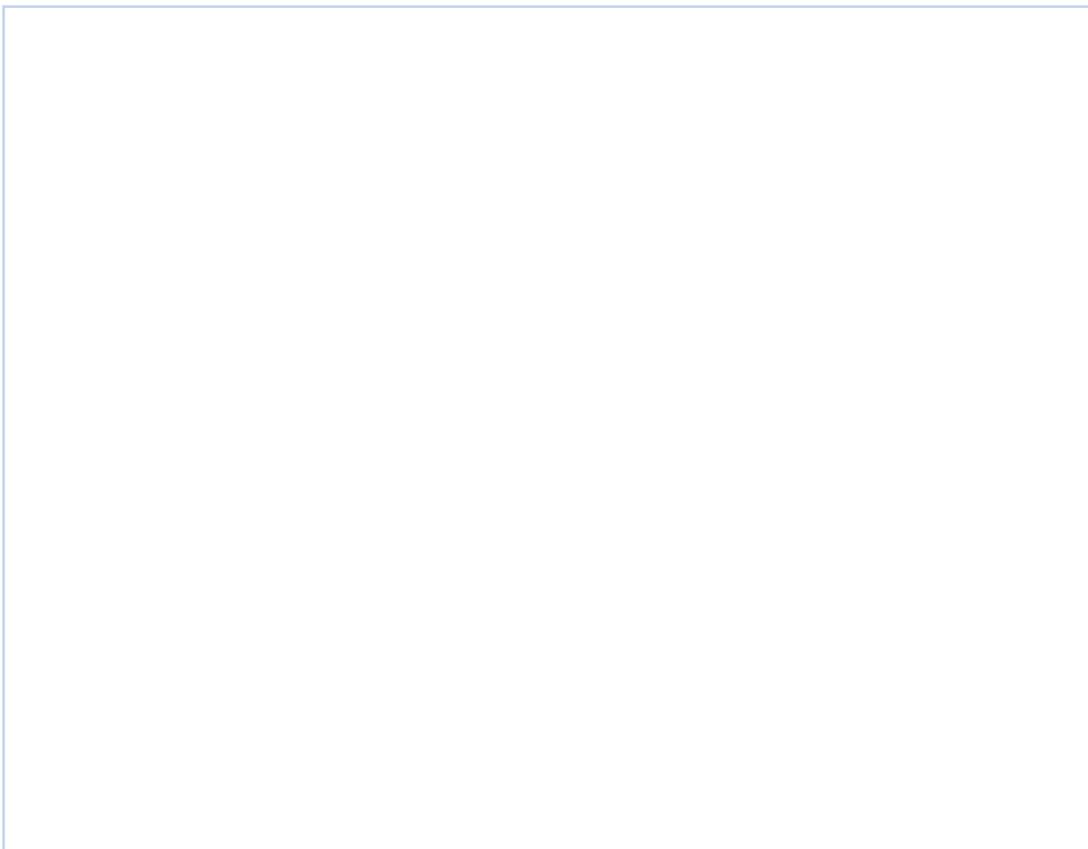
7. Answer the following questions about dealing with problems when managing operational plans:
- a) Why do problems occur in the implementation and management of operational plans?



b) What type of problems may be encountered?



c) How can these problems be addressed?



Part B

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

Case study

Sports Gear for All is a medium-sized company that produces sports clothing for a wide range of sporting clubs. Quiet times during the past few years have seen cut-backs on the hours of operation and some staff losses. Garry, the operations manager of the manufacturing section, has an operational plan in place to handle the current and anticipated orders for this financial year.

The factory runs a single shift of eight hours per day 7.30 am to 4.30 pm, five days a week with a staggered lunch period. Storage for raw materials runs at about 65 per cent of capacity and the holding areas for finished goods fluctuate between 20 and 50 per cent depending on transportation. Garry has two supervisors that report directly to him and each of them has 15 staff with a direct reporting line. Production currently sits at 70 per cent of capacity of the equipment available with the single shift. To achieve higher production, more staff would be required as each current employee is close to their individual production target.

Sports Gear for All has been announced as the sole supplier of supporters' clothing for the Australian Football (Soccer) Team and their next World Cup campaign. Production will need to increase within six weeks to more than double the current level in order to meet the expected demand of the new product line.

Based on the case study, provide Garry with some advice by addressing the following:

1. Identify options for varying the current operational plan to meet demand for the six to nine months of production of the World Cup line of supporters' clothing. This should include staffing, changes to current work arrangements, supply, and storage and distribution considerations.

2. List options that Garry should consider for monitoring performance, the records he should keep and policy options that might be considered for poor staff performance.

3. List options for supporting current staff and new staff through training and development and the use of mentors or coaches.

4. List issues and potential risks for the development of contingency plans.