BSBOPS402

COORDINATE BUSINESS OPERATIONAL PLANS

BSBOPS402

Coordinate business operational plans

Release 1

Learner Guide

Aspire Version 1.1

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Before you begin

This Learner Guide is based on the unit of competency *BSBOPS402 Coordinate business operational plans*, 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	These highlight key 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.
Summaries	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 provides definitions for each foundation skill.

Foundation skill area	Foundation skill description
Reading	• Identifies, interprets, analyses and reviews textual information related to the operational plan and monitoring of operational performance
Writing	• Communicates relationships between ideas and information, matching style of writing to purpose and audience • Researches, plans and prepares workplace documentation for relevant stakeholders using organisational formats
Oral communication	• Participates in a variety of spoken exchanges with a range of audiences varying structure and language to suit the audience
Numeracy	• Selects and uses familiar mathematical techniques to organise timely supply of adequate resources for the operational plan and to use budgetary information to monitor performance
Enterprise and initiative	• Monitors adherence to organisational policies and procedures and considers own role in terms of its contribution to broader goals of the work environment
Teamwork	• Selects and uses appropriate conventions and protocols when communicating with diverse individuals to build rapport, seek or present information • Collaborates with others to achieve joint outcomes, playing an active role in facilitating effective group communication, influencing direction and taking a leadership role on occasion
Planning and organising	• Takes responsibility for planning, organising, implementing and monitoring tasks required to achieve required outcomes • Evaluates effectiveness of decisions in terms of how well they met stated goals • Identifies and addresses an increasing range of familiar problems by implementing contingency plans

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: Prepare to implement operational plan	1A Consult with stakeholders to identify resource requirements	❑ Confident ❑ Basic understanding ❑ Not confident
	1B Prepare documentation of resource requirements	❑ Confident ❑ Basic understanding ❑ Not confident
	1C Plan for implementation	❑ Confident ❑ Basic understanding ❑ Not confident
	1D Plan for contingencies	❑ Confident ❑ Basic understanding ❑ Not confident
	1E Develop and present resource proposals	❑ Confident ❑ Basic understanding ❑ Not confident
Topic 2: Implement operational plan	2A Assist in recruiting and onboarding	❑ Confident ❑ Basic understanding ❑ Not confident
	2B Acquire and support efficient use of resources and services	❑ Confident ❑ Basic understanding ❑ Not confident
	2C Adjust implementation of operational plan	❑ Confident ❑ Basic understanding ❑ Not confident

Topic	Key outcome	Rate your confidence in each section
Topic 3: Monitor operational performance	3A Collate financial information about performance	❏ Confident ❏ Basic understanding ❏ Not confident
	3B Identify and use key performance indicators	❏ Confident ❏ Basic understanding ❏ Not confident
	3C Identify and rectify unsatisfactory operational performance	❏ Confident ❏ Basic understanding ❏ Not confident
Topic 4: Review operations based on performance	4A Develop recommendations to vary operational plans	❏ Confident ❏ Basic understanding ❏ Not confident
	4B Present recommendations for approval	❏ Confident ❏ Basic understanding ❏ Not confident
	4C Maintain records and report operational performance	❏ Confident ❏ Basic understanding ❏ Not confident

Topic 1 | Prepare to implement operational plan

1A   Consult with stakeholders to identify resource requirements

1B   Prepare documentation for resource requirements

1C   Plan for implementation

1D   Plan for contingencies

1E   Develop and present resource proposals

1A Consult with stakeholders to identify resource requirements

Successful operation plans depend upon good data for decision making and planning and consultation with the right people. You will need to understand what an operational plan is in order to successfully consult with affected stakeholders.

Developing an operational plan involves a number of steps that identify what the team needs to do to achieve its goals, the resources needed to successfully carry out the tasks and the processes that will be followed to monitor and measure performance. Frontline staff play an important role in planning the tasks, supporting the team and providing ongoing progress reports. They need to follow project planning principles and use appropriate tools such as Gantt charts and critical pathways.

You will need to understand how to consult with stakeholders to first identify resource requirements, then collate, analyse and organise the relevant details.

Most organisations develop long-term strategic or corporate plans that outline future directions and the strategies they will use to achieve their goals and objectives. From these broad plans, each department, section or team sets its own goals and develops plans to show what they will do to help achieve the organisation's goals.

These plans, known as operational or action plans, are quite specific in content and generally cover a medium- to short-term period. Consultation covers a broad range of activities to assist with setting the goals and targets systematically for each department. This consultation includes:

- breaking down major goals into smaller, manageable activities
- identifying the personnel needed to carry out activities
- identifying timelines for activities
- allocating a budget for activities
- developing strategies to counter problems that arise
- devising processes that will be used to monitor and measure performance.

What is an operational plan?

An operational plan is a document created to give clear direction on how the various segments in a business will work to meet the business's overall strategic goals.

An operational plan is a work plan prepared for all routine business operations. They can also be used for one-off large-scale projects. The plans usually cover a short reporting period, such as one month or a quarter, or the length of the project. A monitoring process helps the persons responsible to know if plans need to be revised during the course of the activity. Otherwise, plans are revised on an annual basis. Regular reports are prepared to investigate and/or demonstrate the organisation's level of achievement. Plans and reports often include critical operational activities and processes such as financial expenditure, budgets, revenue, stocks and inventory, customer or sales targets, staffing and HR issues, physical resources, IT and internal and external factors that may affect the business operations.

In addition to the organisation's strategic plan, operational plans are derived from and closely linked with other important organisational statements and documents. These plans and documents detail the type of business the organisation is in and what it is trying to achieve. They often include mission and vision statements, annual reports and key performance indicators.

There are just as many ways of implementing and measuring the success of a plan as there are types of operational plans in existence. This is partially due to different organisations having unique cultures and operating in very different industries and markets.

Types of business plans

Resource plans must be in place to achieve the success that the organisation requires.

Resource planning and business operations go hand in hand. There are three main levels of planning in business that you need to consider when identifying the business's resource needs:

Level 1 – Strategic plans

These explain the long-term objectives and direction of the organisation.

Level 2 – Organisational plans

These explain the structure and key objectives for the next 12 months (fiscal year).

Level 3 – Operational plans

These explain the day-to-day objectives, resources, budgets and short-term methods needed to achieve milestones written in organisational and strategic plans.

Resource requirements

A resource is something that is of value to a person or organisation, and which helps in the achievement of goals. Within business management practices, you will acquire and rely upon a range of resources to achieve your organisation's goals.

To be effective, you will need to be instrumental in assisting the business to achieve organisational goals and objectives. To do this, you must review the capacity of existing resources and pre-empt the resources required to complete projects, tasks or activities. Part of this process involves acquiring resources, establishing budgets and ensuring effective communication between all stakeholders.

You should understand the organisation's strategic goals, the needs of clients/customers, the budgets and the timelines before you can accurately outline resource requirements.

The four main types of resources needed to fulfil the requirements of a day-to-day operational plan are described below.

Human resources

- Subject matter experts (SMEs)
- Skilled workers and specialised staff
- Technicians
- Managers and supervisors
- Labourers and front-line workers
- Support staff
- Contractors and consultants

Physical resources

- Tools and equipment
- Stock/ products that will be on-sold to customers
- Stationery items
- Machinery
- Facilities and buildings
- Infrastructure
- Materials and consumables

Financial resources

- Money to purchase or acquire information, people, physical equipment or systems

Systems resources

- Software applications
- Management systems

Sources of information

It is necessary to invest the time to review internal sources of information, in order to identify resource requirements for the operational plan.

Obtaining accurate information about internal resources is crucial. It not only requires research and analysis, but also consultation with relevant personnel who are involved in the day-to-day operations of the business. It is a key component in resource planning due to the impacts on team budgets, productivity and performance.

When planning for a business's resource needs, you should review existing business plans and review additional organisational documents.

Examples of key sources of information are shown below.

Information sources for resource requirements
• Operational plans • Annual business plans • Strategic plans • Policies and procedures • Resource and acquisition plans • Budgets • Marketing documents, such as briefs and marketing strategies

Consultation with stakeholders

Consulting and communicating with stakeholders is a critical skill in operational planning. There are various methods, processes and legal requirements that require good communication, input and feedback to establish and maintain the operational plan.

Decisions affecting budgets, resourcing, stocks, logistics will be more accurate when the right people are involved from the beginning of planning. Most large companies, and many smaller ones, have specialist groups and/or divisions you may need to consult with. People in these areas can advise you on company policies, procedures, safety issues and legislative requirements. They can also assist in planning your resources and may even offer some creative solutions if your budget is tight.

Relevant personnel you may need to consult about resource requirements can include:

- colleagues
- specialist resource managers, such as HR managers
- other managers and supervisors, such as purchasing department managers
- other people with specialist responsibilities, such as those involved in workplace health and safety committees
- other employees.

The consultation process

Consultation is an important part of developing healthy relationships with stakeholders and ensuring that their opinions are considered in the decision-making process.

Consultation is a two-way process involving the staff involved and the organisation's stakeholders. An effective consultation process should encourage stakeholders to participate in developing resource plans that meet the needs and limitations of the organisation.

The standard four-step framework for a consultation process is provided here.

Step 1: Talk to each other about resource requirements

Step 2: Listen to each other's concerns

Step 3: Seek and share views and information

Step 4: Consider what the other party says before making decisions
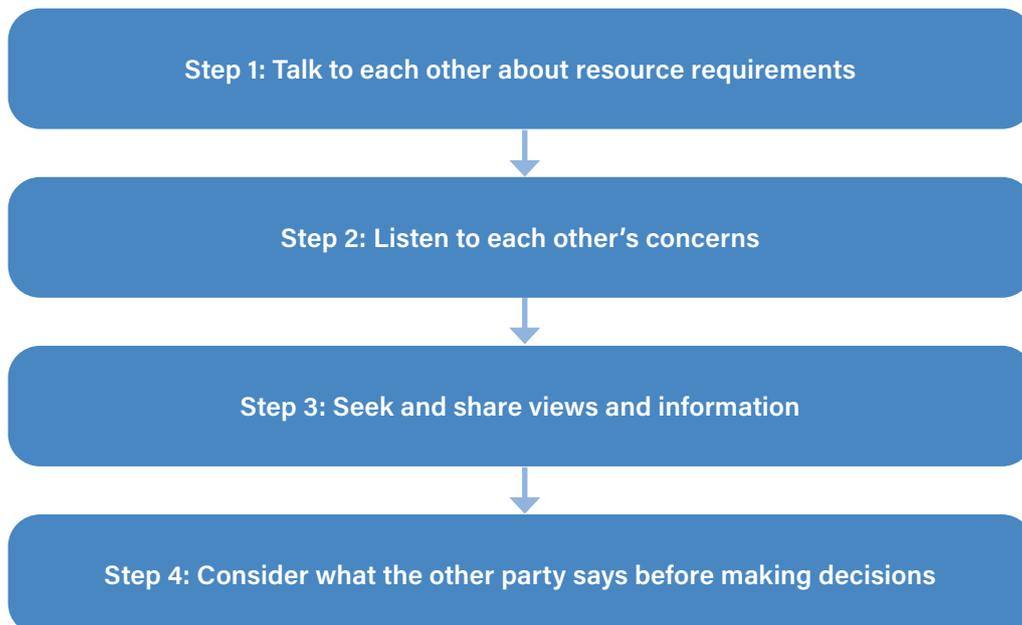
Consultation methods

The timing and format of your consultation methods should be specific to the needs and constraints of each stakeholder within the resource planning process.

Consultation methods must be appropriate to the level of priority of your resource plans, the nature of the resources, timing and the needs of the organisation based on other business plans. For resource requirements that are a high priority, in most cases a formal meeting involving management will be the appropriate method to facilitate a stakeholder consultation session.

This may include brainstorming sessions, facilitator-led discussions or open forums.

If the key stakeholders work or reside in different locations, a video webinar or teleconference may be more appropriate.

All stakeholder consultation sessions will need to be scheduled in advance with each attendee to ensure that they are well-prepared and have the time available in their schedule to prepare and participate fully in the consultation process.

Types of consultation methods include meetings, interviews and other types of conferencing, as listed in the table below.

Consultation method	Useful for
Meeting	Meetings can be used where staff feel free to voice concerns or raise issues, in either a formal or informal way.
Interview	Interviews can be used either on a regular basis during operations or at the end of an activity to discuss specific issues on a one-on-one basis.
Brainstorming session	Brainstorming sessions can be used within a group to generate ideas, raise concerns and discuss issues in a direct yet informal setting.
Email	Email/intranet communications can be used when teams are not located at the same site or staff work different shifts, to ensure information is available to all employees.
Newsletter	Newsletters are particularly useful in larger settings or in multi-site operations.
Videoconferencing	Other consultation processes can be also used, such as workshops, noticeboards, suggestion boxes, planning conferences or videoconferencing to link remote teams.

Coordination of a not-for-profit project

Since 1950, the Australian Red Cross has been conducting an annual doorknock appeal called Red Cross Calling. This is a large project and as soon as one year's appeal ends, there is only a short interval before the organisation needs to start planning for the following year.

Perhaps the most complex and critical task is planning and organising the resources required for this nationwide appeal. Because the Red Cross is a not-for-profit organisation, the appeal is run on a very tight budget. All collectors are volunteers. Every year, the organisation has to make sure it has enough volunteers to cover the whole of Australia.

It also has to plan and organise other resources, including:

- a volunteer's collection kit
- collection tins and signage
- permission from local councils and police to collect at intersections
- regular letters and communication to collectors to maintain momentum throughout the campaign.

The resource planning alone for this appeal is an enormous task. Red Cross staff need to liaise with volunteers and goods and service providers while working within a very tight budget. They also need to prepare a back-up plan for collections in case something goes wrong.

Practice Task 1

Question 1

List five stakeholders you will need to consult with when seeking input about resource requirements.

Question 2

Which of the following are examples of consultation processes? Tick all that apply.

○ Intranet announcement

○ Informal discussion over a business lunch

○ Sharing resource plans and proposals for comment

○ Discussion with a team of stakeholders to determine how to address a resource problem

○ Updating a job description

Question 3

Which of the following sources of information about resource requirements are correct?
Tick all that apply.

○ Operational plans

○ Policies and procedures

○ Business legislation

○ Team budgets

○ Marketing materials

1B Prepare documentation of resource requirements

Collecting current and relevant data for decision making is the foundation of a successful resource plan.

Operational plans are tactical plans developed by a department or team for a particular reason, such as to review product or service performance. They include all of the resources needed for the team or department to achieve the objectives set out in the operational plan.

To prepare to implement an operation plan and manage contingencies, staff need to collate, analyse and organise the details of the resource plan.

Collate resource requirements

Document all of the team/department's resources into a professional plan, such as a segment of the operational plan, or a specific resource plan. You will need to document the type of resource, quantities, timelines for when they are required and costs.

Analyse resource requirements

Review organisational and operational plans and objectives and consult with key stakeholders to determine the potential resource requirements for the team/department. Resource needs may include human, physical, systems or financial resources.

Organise resource requirements

Determine the preferred suppliers, including their lead times, costs and availability.

Consider which resources can be sourced internally, without the need to purchase or hire resources from an external source.

Resource plans

Resource plans describe the nature of the resources needed, and the strategies used to acquire and implement resources into the business to meet operational objectives.

A resource plan is a detailed business document that outlines the objectives for acquiring new resources as well as how and when the resources will be acquired and implemented into business operations.

It is the key document for ensuring that the right resources are identified, analysed and organised to ensure the operational needs of the business are achieved.

Prepare documentation for a resource plan

A resource plan will provide staff with a clear picture of what resources are needed and how they will help the business will meet its operational objectives.

A resource plan ensures that resource requirements have been carefully analysed, planned and recorded into a clear document that can be easily followed understood.

Resource plans should be developed in consultation with key stakeholders and with feedback from key decision makers in the business to ensure resource requirements have been analysed correctly. The plan must also be aligned with organisational policies and procedures for resource acquisition.

A resource plan will need to include the following information.

Objectives

These are the key outcomes that the organisation aims to achieve as a result of acquiring and allocating the resources. These should be clear actionable statements, based on the SMART framework:

- **Specific** – Set clear, accurate and detailed objectives.
- **Measurable** – Include metrics that can be used to measure performance, such as percentage increases/decreases, dollar values or other numerical figures.
- **Achievable** – Set objectives that are challenging, yet still attainable.
- **Relevant** – Ensure the objectives support organisational strategic objectives and operational plans.
- **Time-bound** – Set a time frame for when the resources will be allocated and when you expect to achieve the outcomes from the resource plan.

Acquisition strategy

Explain how the resources will be acquired, including methods used to either purchase, hire/lease or borrow resources. Describe the supplier's details for each resource and the processes used to order and receive the resources.

Timelines

Describe the timelines and schedule for purchasing the resources, including placing orders with suppliers, receiving the resources and allocating them to business operations.

Risks and contingency strategy

Describe the risk management process that is to be followed to manage and respond to any threats to the objectives of the resource plan.

The risk management process can include:

- internal and external risks that may impact on the achievement of resource objectives
- risk assessment, including a risk analysis and risk evaluation to determine ratings and priorities for the identified risks
- risk contingency plans, outlining the treatments that are to be used to either avoid, reduce, transfer or retain the risks.

Implementation/allocation strategy

The implementation strategy is an action plan that should explain how the resources will be released, including types, quantity of resources, when they are to be allocated and what level of training, communication and follow-up will be provided to support team members in using the resources. The action plan should also include an outline of responsibilities for allocating resources and providing training and communications to team members.

Example

Resource plan template

Objectives
Objective #1 Objective #2 Objective #3

Acquisition strategy

Resource	Acquisition method	Supplier details	Acquisition date

Timelines

Resource	Order date	Estimated receipt date	Allocation date

Resource plan template continued...

Risks and contingency strategy

Risk	Risk rating	Possible impacts	Risk treatments	Time frame for action	Monitoring and review processes

Implementation/allocation strategy

Resource	Audience impacted	Training/ Communication methods	Responsible person	Timeframes

Practice Task 2

Question 1

Number each step from 1 to 5 in the order you would follow to set out your resource plan.

( ) Timelines

( ) Implementation/allocation strategy

( ) Acquisition strategy

( ) Objectives

( ) Risks and contingency strategy

Question 2

What do you need to consider when analysing, collating and organising the resource requirements for a team or department?

1C Plan for implementation

Implementing an operational plan requires an ongoing cycle of monitoring, review and adjustments to ensure issues are addressed and the goals of the organisation are met.

The activities or tasks detailed in operational plans are linked to outcomes, responsibilities, goals, timelines and regular review processes that reveal whether the activity is being implemented successfully. The feedback you receive from monitoring your activities helps you track how the implementation is going and identify any areas of concern. To do this effectively you need to have a system of measurement in place. In most cases, this will involve setting, measuring and recording progress against goals.

What must be done

The operational plan must reflect the organisation's strategic goals, meet the requirements of the customers, be undertaken within the designated budget and be implemented on time.

In some organisations, the implementation of operational plans is very segmented. Some personnel may prefer to oversee particular aspects of the business, such as customer service, distribution, retail sales, finance or IT. However, in other organisations operational plans may be implemented by one person who is responsible for a broad range of operation processes. A defining factor is often that these individuals have a working knowledge of the day-to-day elements of the business, meaning they are highly in tune with the operational activities that need to be undertaken.

Prior to implementing the operational plan, you should have prepared an outline of the activities and tasks your team is going to undertake. You should also have an understanding of the resource requirements.

The personnel involved are required to:

- examine the strategic plan to identify activities the teams need to do to help the organisation achieve its goals
- list the goals they expect their teams to achieve
- list the activities needed to achieve the goals
- break down the activities into manageable tasks
- split the tasks into a series of chronological steps
- specify start and finish times.

How is an operational plan developed?

Operational plans are essential in ensuring that all personnel have the necessary tools to achieve the organisational requirements for the reporting period.

Operational plans will vary greatly depending on the size and nature of the organisation. Most plans, however, are developed and implemented using the following steps.

Step 1: Review the vision and mission statements

What is our purpose?

A vision statement sets out the very broad and long-term aims of the organisation, often in a market-oriented or community context.

A mission statement describes, briefly and broadly, what an organisation plans to do to reach its vision. Both statements refer to the purpose of the organisation.

Step 2: Review the strategic plan

What do we need to do in order to fulfil our purpose?

Strategic planning involves an understanding of the environment in which the organisation operates and the factors that affect the organisation's success, such as:

- political and economic change
- competitors
- customer needs
- staffing and resources.

By monitoring and analysing trends and likely changes, an organisation can be confident that its strategic plan reflects the nature of the environment.

Step 3: Create the operational plan

What activities do we need to do in order to achieve our major goals?

An operational plan outlines what teams, sections and/or departments need to do in order for the business to meet its strategic goals. The plan sets out the activities that are to occur, the resources that are needed and the milestones that are to be reached.

Step 4: Implement the operational plan

How are activities undertaken?

Everyone has a responsibility towards implementing the organisation's plan. The role of the personnel involved is to help staff implement the parts of the plan that are relevant to their department or group.

Step 5: Reporting and reviewing progress

Did we achieve our goals?

Did the implementation work?

What do we need to do better?

The activities or tasks detailed in the plan are linked to outcomes, responsibilities, timelines and regular reviews that reveal whether the activity is being implemented successfully.

Implement an operational plan

Before going ahead and implementing the operational plan, you need to consider how it can be best introduced into the department or team and what your staff need from you.

Successful implementation of the operational plan requires careful consideration, planning and organisation. You will need to break down the plan into specific tasks and determine the level of communication, resource requirements and support that you need to provide, as it applies to your work team.

Consultation and communication

Effective consultation and communication with team members will ensure everyone understands the team's objectives and what is expected of them. You can also gather feedback on any issues, concerns and improvements to the operational plan when you engage your team members in the implementation process. The process should include a clear explanation to your work team of each the following elements:

- the purpose, objectives and actions of the plan
- how the plan supports the greater organisational goals
- resources that are allocated to support the actions
- time frames for when the objectives need to be achieved.

Training and support

Depending on the outcomes required from the operational plan, team members may require a level of training and physical on-the-job assistance to get under way. On-the-job supervision, mentoring and coaching is crucial if workers have queries or concerns that need to be addressed. Training must be competency-based (outcome-focused) for all workers that are affected by the process.

Resource support

In addition to the resource requirements outlined in your operational plan, you may require additional resources to assist in the implementation of the plan. These may include resources to support training or to deliver a formal presentation to the team to communicate the details of the plan.

Task schedule

Based on the proposed initiatives, a timeline of events may be required, stating when each activity must be implemented, with a deadline date that the team will work towards.

Integration

An important element of implementing an operational plan is integration. It is essential to consider how any changes will fit in with existing systems and processes in your team. Considering impacts on other management systems can help you to simplify the administration of the plan, reduce down-time and errors and support other team objectives.

Assigning roles and responsibilities

An implementation process should confirm the roles and responsibilities of team members. These duties need to be clearly communicated to each person and supported in writing.

Practice Task 3

Question 1

Which of the following statements are correct? Select yes or no for each one.

a) Planning the implementation of the operational plan involves considering the impact on staff. » Yes » No

b) Engaging the team in the process means gathering feedback on any issues, concerns and improvements to the operational plan. » Yes » No

c) Teams will require training and physical on-the-job supervision to implement the operational plan. » Yes » No

d) Some roles and responsibilities of team members may need to change. » Yes » No

e) Not every team member has a responsibility towards implementing the parts of the plan relevant to their group. » Yes » No

Question 2

Number each step from 1 to 5 in the order you would follow to develop and implement an operational plan.

◯ Create the operational plan

◯ Implement the operational plan

◯ Reporting and reviewing progress

◯ Review the vision and mission statements

◯ Review the strategic plan

1D Plan for contingencies

When planning to allocate business resources, you will need to identify and manage risks that can impact on the operations of the business.

Risk is defined as any potential threat to the organisation achieving its operational goals. No matter what resource you want to implement and how much you plan, there are always risks associated with all resource plans and business operations.

Every business faces a range of threats that make it uncertain as to whether organisational goals will be achieved. The systematic management of workplace risk using contingency plans is essential to all businesses, regardless of resource type or operations.

Every risk has a source; therefore, risks can be identified by reviewing the internal and external environment of your business.

External risk context
• **Social and cultural factors:** population growth rate, lifestyle trends, age distribution, consumer trends, attitudes toward domestic and foreign products and services, community health and attitudes towards work health and safety and the environment
• **Political factors:** political stability, changes in government priorities and funding, requirements and expectations of industry regulatory authorities, environmental protection laws and regulations, taxation laws, consumer laws, trade laws and Import and export law
• **Legal factors:** impacts of legislation and regulations at a state and national level; e.g. privacy and confidentiality of information, work health and safety, workplace relations, anti-discrimination and environmental laws
• **Technological factors:** advances in technology, communications, product and system development, science and its relative impact on business operations
• **Economic factors:** stability and changes within the economy, such as inflation, unemployment, value of the dollar, interest rates and market cycles and how these forces affect the labour market, internal workforce and consumer behaviours
• **Natural and competitive environment:** performance of local, national, rural or global markets
• **Drivers and trends:** current issues affecting the industry, environment and specific sectors across Australia

Internal risk context
• **Corporate governance:** the structures, polices, plans and accountabilities that govern how the organisation and its activities are directed and controlled • **Capabilities:** what the organisation is equipped to achieve and offer its stakeholders • **Systems:** internal systems and processes for health and safety, environmental protection, quality, production, human resource management, contract management, procurement, service and communication • **Products and services:** the range and quality of product and service offerings and degree of demand from consumers • **Finance and resources:** the budget allocated to developing and maintaining the business and existing resource capabilities • **Suppliers:** relationships with key suppliers including their performance in terms of the provision of goods, their services, prices, quality and reliability of delivery

Assess potential risks

Risks need to be assessed for their impact and the likelihood of their occurrence.

Once you have made a list of the potential risks against each task, you should assess them by identifying a rating according to the impact and likelihood of a negative event occurring. A rating may range from very high to very low, and assesses the potential impact or each risk on your ability to implement the plan. This can then be used as a guide for developing your contingency plan.

Risk impacts can be simple to measure, such as lost sales due to down-time from an IT failure. However, it increases in complexity when addressing less tangible impacts, such as drop in staff morale.

Likelihood can also be easy to measure when it applies to situations that have occurred previously. For example, it would be considered likely that productivity will drop for a period following any major changes to team processes and systems, based on similar circumstances in the past. Probability can equally be very difficult to measure when it applies to unknown situations where no one is sure how likely the risk is to occur.

In the risk assessment process, it is critical to obtain as much information as possible regarding past contingencies and their impact on team operations. This will allow you to concentrate your resources and efforts on the risks that pose the greatest threats and for the highest risks to be prioritised within the contingency plan.

Here is an example of a grid you can use to rate the likelihood and impact of the risk and its potential impact.

Likelihood of event occurring	HIGH (possible)	LOW (unlikely but could happen)
Impact on plan if event occurred	HIGH (would affect task very much)	LOW (would not affect task very much)

Once you have considered all the risk factors for a particular task according to the grid, you are able to prioritise your contingency planning. An event with a HIGH–HIGH probability will need much more attention than an event with a LOW–LOW probability. Some events with a LOW likelihood and a HIGH impact should be placed high on your prioritisation list because, if they occur, recovery would be critical.

Example

Potential risks for a customer mail-out

A planned mail-out to customers consisting of a mail-merged letter, a marketing catalogue (printed by an outsourced printer) and a flyer advertising the month's special offer (developed in-house) may have a range of potential risks.

These potential risks are listed in this likelihood/impact grid. The tasks that appear in both HIGH cells of the grid should be addressed immediately.

Likelihood of event occurring	HIGH ▪ Staff may be away for a day. ▪ The printer may not deliver on time. ▪ There is no supply of envelopes. ▪ The photocopier may break down. ▪ Not enough time is allocated.	LOW ▪ Information needed for the catalogue is not received. ▪ Key people may become ill. ▪ The typesetter may not be skilled enough to format the new design.
Impact on plan if event occurred	HIGH ▪ The typesetter may not be skilled enough to format the new design. ▪ Information needed for the catalogue is not received. ▪ Key people may become ill. ▪ The photocopier may break down.	LOW ▪ Staff may be away for a day. ▪ There is no supply of envelopes. ▪ Not enough time is allocated ▪ The printer may not deliver on time.

Problem-solving techniques

Identifying problems that could emerge is an important component of contingency management.

In the context of contingency planning, problem solving is called risk identification, where possible issues are seen as risks to the successful implementation of an operational plan.

Unlike problem solving in real time, risk management involves identifying problems using either historical data or a variety of predictive tools that try to model how a problem may eventuate.

A potential problem or difficulty may be something that you have personally experienced or observed. This is a good starting point for identifying potential problems that could affect an operational plan.

Common workplace problems include:	
- text work not completed on time - instructions or regulations not followed - breaches of legislation, including WHS and anti-discrimination guidelines - difficulties meeting team or organisational objectives - difficult customers - excessive workloads	- low staff morale - lack of punctuality, absenteeism - poor performance or inadequate work standards - breakdown of communication or cooperation between staff members - equipment failures or inadequacies - budget restrictions.

Examples of problem solving techniques include:
- collaborating with team members to brainstorm solutions to operational problems   - consulting further to obtain information   - sharing resources such as staff with other sites to save money   - gaining approvals before proceeding   - checking equipment, staffing and budget   - communicating with others and keeping all key stakeholders informed and updated on progress   - conducting risk analysis and determining mitigation strategies   - preparing contingencies, such as staff absences of breakdown in equipment.

Risk treatments and contingency plans

Once you have identified and assessed the risks, your goal is to eliminate or avoid risks where possible and control their impacts on resource plans.

There are various options available for controlling or managing risks associated with resource plans. These are called contingency plans.

The goal of a contingency plan is to document appropriate risk treatment options according to the priority of the risk, the level of urgency in addressing the risk, and legal implications. Examples of contingency planning strategies are listed below.

Examples of contingency planning strategies
▪ Outsourcing tasks or functions ▪ Diversifying outcomes ▪ Having back-up resources ▪ Identifying multiple reputable suppliers ▪ Finding cheaper or lower quality raw materials ▪ Increasing sales or production by using recycled materials or minimising waste ▪ Hiring equipment or finding alternative ways of purchasing materials, equipment or stock ▪ Reducing costs through restructuring ▪ Identifying, assessing and managing risks ▪ Seeking more funding ▪ Planning for succession

The following information outlines the four major strategies which can be used to manage risk as part of a contingency plan.

Strategy	Explanation
Avoid	Avoid the risk; for example, don't purchase resources from a supplier who is known to be unreliable.
Reduce	Reduce the likelihood of the risk occurring; for example, ensure supplier contracts are comprehensive.
Transfer	Transfer the risk to another party; for example, take out insurance when purchasing equipment and machinery so that the risk is fully or partly transferred to the insurer for a fee.
Retain	Retain the risk; for example, you may accept and retain some risk where the impact can be handled in normal business operations.

Document your contingency plan

Risks to the implementation of your resource plan can arise for many reasons; therefore, you need to document how these issues will be dealt with, if they arise.

The main purpose of a contingency plan is to describe the actions to be taken should an identified risk be realised so that the impact on business objectives are minimised.

There are a wide range of treatments that can apply to mitigate risks to your operational plans.

Contingency plans include considering actions that mitigate risk, such as:

- modifying the time frames, KPIs or objectives of the resource plan
- implementing initiatives to increase staff support for new resources
- maintaining regular communications with key personnel as part of an implementation process
- having back-up suppliers in place
- having additional resources, such as casual/contractor staff on standby
- restructuring the plan to reduce costs.

Example

Contingency plan

Review the following example, which explains how contingencies are documented and managed.

Event	Consequence	Probability	Proposed action
Sudden increase in staff turnover	High	Possible	- Effective consultation processes with supervisors - Ongoing communications with team members - Develop staff retention strategies - Keep interested candidates on file

Practice Task 4

Question 1

List three common types of risks associated with business operations.

Question 2

Which of the following statements about the contingency planning process are correct? Tick all that apply.

○ Risk is defined as the impacts of legislation and regulations at a state and national level.

○ Risks can be identified by reviewing the risk context of the business.

○ Risk contingency planning is the process of allocating a rating to each risk by determining the likelihood and impact on business operations.

○ In the risk assessment process, it is critical to obtain as much information as possible regarding past risks and contingencies and their impact on team operations.

○ Risk contingency planning includes methods for avoiding, reducing, transferring or retaining the risk.

1E Develop and present resource proposals

The standard way of requesting resources for an operational plan is through a formal business proposal.

A business proposal is a formal document that provides key authorities and stakeholders with all of the relevant information they need to make an informed decision about the organisation's resource needs. In a sense, a business proposal is an internal sales document. By drafting a business proposal, you are trying to sell upper management on the idea of spending money for resources that your business needs, to accomplish the objectives of the operational plan.

Typically, a business proposal will be divided into a number of key sections. Each section should outline a different part of your proposal.

Below is an outline of the sections that a standard business proposal will typically include.

Introduction

Provide a brief overview of the context of the proposal and what you are trying to achieve for the business by acquiring the proposed resources.

Background

This section should aim at discussing the business problem that needs a resolution. Discuss the situation as it stands in simple terms so even those not familiar with all the technical aspects of the problem can understand it. Briefly explain exactly what resources you need, why the resource is required (what issues it addresses), what it will be used for and where it will be acquired from.

Supporting evidence

Explain the quantifiable data that you have gathered to prove that the acquisition of the resource will benefit the organisation's plans. These benefits will be the motivating reason for approving any proposal. Discuss how likely the solution is in resolving the problem and talk about costs versus benefits.

Risks and issues

Outline any risks or opposing conflicts that the acquisition may pose to the organisation, including implementation of the resource and its impact on existing processes.

Budget

Explain how the resource is within budget limitations and any more cost-effective options. This should also cover any requests for changes to the budget to purchase the required resources.

Recommendations

Provide an overview of your recommendations, based on valid evidence and the benefits of implementing the proposal.

Guidelines for writing a resource proposal

A business proposal is a sales document that needs to convince your key decision makers that the organisation will be better off if it acquires the specified resources; it also needs to overcome whatever arguments there might be against spending the money for those resources. Below are some key guidelines to apply when planning out your resource proposal.

Guidelines for writing a resource proposal
• Clearly state that the document is a resource proposal.
• Don't try to impress your stakeholders with elaborate wording; keep it simple and to the point.
• Try to anticipate the questions your stakeholders will have, and prepare an answer in advance.
• Any request to spend money should be supported with a description of the costs and the benefits, such as a CBA (cost-benefit analysis) or ROI (return on investment).
• If you can't show a financial benefit in spending the money, try to show a financial loss for not doing so – which is almost as effective.
• Be clear in stating the problem or need, and the proposed solution. If other solutions were investigated, briefly explain them and why they were not chosen.
• Present your information in an organised manner, which builds up to the conclusion.

Align proposal with business plans

Resource plans must be aligned with each level of the organisation's planning processes.

Throughout the operational planning process, the objectives and targets should be based on a cascading effect, meaning your proposals and plans for resource outputs feed perfectly into the operational and organisational objectives, which feed into the strategic objectives.

This relationship ensures that everything that is done by the team, department and business creates value for the organisation, including its customers and stakeholders.

Example

BizOps business plan (extract)

Target market

BizOps' customers include anyone seeking innovative, high-quality, exclusive products.
Customers seeking a 'green' solution to their needs are especially welcome.

Marketing strategy

BizOps employs a range of marketing tools, including:

- magazine (electronic and print) presence
- an instore/online catalogue
- a corporate website with e-commerce function
- direct marketing to our existing customer base
- a loyalty reward program
- trade fair participation.

Future

BizOps is committed to:

- providing high quality and innovative products and services to customers
- meeting the changing needs of customers
- offering innovative product solutions
- delivering speedy and personalised service
- employing professional and enthusiastic staff
- providing clean and 'green' products and services
- adopting sustainable work practices
- undertaking continuous improvement processes.

> ## BizOps business plan (extract) continued...
>
> BizOps is known for its enthusiastic and inclusive culture. BizOps seeks to maintain professional, well-supported staff.
>
> ### Goals/objectives
>
> In 2020–2025, BizOps will consolidate its position in the market as a lead retailer for green and sustainable solutions with high-quality, exclusive products.
>
> To do this, BizOps will focus on the following business goals:
>
> - financial stability:
>   - increase revenue by 15 per cent (compared to the previous 12 months) by the end of the financial year
>   - maintain annual profit levels of 15 per cent of revenue for all products and services, calculated at the end of each financial year
>   - reinvest 75 per cent of profit back into the business at the end of each financial year.

Obtain approval

It is important to gain approval from relevant parties so that they agree with what is contained in the resource proposal and that it accurately supports operational plans.

Once you have developed the resource proposal, you must submit the document to the relevant authority for formal approval. Check your organisational chart and workplace procedures for obtaining authorisation and approval before implementing your resource plan.

The relevant authority that will sign off on the proposal may include the following personnel:
- **Employer** – Person or partners that own the business
- **Directors** – Members of the board that oversees the management of a company
- **Chief executive officer (CEO)** – Executive of a company, who is responsible for the development and implementation of high-level strategies and decisions. The CEO may also be the chairman of the board
- **Company president** – Person with the highest ranking within a corporation after the chairman of the board. This person may also be the Chief Operating Officer (COO)
- **General manager (GM)** – Person with broad responsibility for strategy, financial and operational performance of a business or business unit

> **Example**
>
> ### Present resource proposals to general manager
>
> Carolyn works as a training supervisor for a small private registered training organisation (RTO). The RTO is looking at purchasing some new power tools and equipment to support its civil construction courses, which will potentially increase the experience to existing students and open up opportunities for new students and employers to study with them.
>
> Carolyn has produced a formal PowerPoint presentation outlining the resource proposal, which she will present to her general manager in a formal meeting. The presentation outlines the summary of the resource needs, the types of resources to be purchased, a background of the resource issue and the benefits to the business, if they move forward and purchase the resources.
>
> The formal presentation sets out Carolyn's formal recommendations, including the specific timelines for purchasing and implementing the new equipment and tools. Carolyn then allows the general manager time to ask questions and clarify some key information, including costs to the business, return on investment and risks. After the presentation, the general manager negotiates some changes to the quantities of equipment Carolyn proposes to reduce the overall cost to the business. Following some healthy discussion, the general manager then formally approves the resource plan.

Practice Task 5

Question 1

Summarise the key sections of a resource proposal.

Question 2

Why is it important that resource requests are aligned with each level of an organisation's planning processes?

Question 3

Number each step from 1 to 5 in the order you would follow to obtain agreement from key decision makers for your resource proposal.

◯   Agree on the most effective way forward.

◯   Formalise your proposal, including your resource objectives, risk processes and acquisition strategies.

◯   Discuss, negotiate and refine the objectives and strategies.

◯   Present your proposal in a formal report or presentation to key stakeholders.

◯   Gain written sign-off on the objectives and strategies from key decision makers.

Summary

- Developing an operational plan involves identifying what the team needs to do to achieve its goals; the resources needed to successfully carry out the tasks and the processes that will be followed to monitor and measure performance.

- Consultation with stakeholders provides key information for a successful operational plan and helps to determine the resource requirements to implement the plan.

- All activities designed to achieve organisational goals must be broken down into manageable tasks, with logical steps and commencement and finish dates and times.

- Operational plans may be organisation-wide or they may be tactical plans developed by a department or section for a particular reason, such as to review product or service performance.

- Contingency planning and risk management activities should be incorporated into operational planning processes to minimise the risk to teams and the organisation.

- A contingency plan can identify the potential impacts of a situation or problem occurring.

- Resource proposals should be developed and submitted to senior management for approval. The proposal must outline the resource needs for the team and explain how the resources support the operational plan.

- Resource proposals must be well-presented and clear, and present a strong case for the resources required, especially if resource requirements mean you need to increase your operating budget.

Learning Checkpoint 1

Prepare to implement operational plan

Part A

1. Explain who you will consult to determine your resource requirements.

2. Number each step from 1 to 4 in the order you would follow when consulting with stakeholders about resource needs.

   ◯   Seek and share views and information.

   ◯   Consider what the other party says before making decisions.

   ◯   Listen to each other's concerns.

   ◯   Talk to each other about resource requirements.

3. Which of the following items should be included in a resource proposal? Tick all that apply.

   ◯ Supporting evidence, such as quantifiable data

   ◯ Introduction and background, including why the resource is required

   ◯ Resource terms of use, such as safe operating procedures

   ◯ Risks or opposing conflicts that the acquisition may pose

   ◯ Budgetary considerations and recommendations

4. List five guidelines you should follow to ensure your resource proposal is approved.

5. Draw a line to match the process you should follow to implement an operational plan.

» Task schedule	» Ensuring every team member understands the team objectives and what is expected of them; gathering feedback about issues, concerns and improvements to the operational plan
» Assigning roles and responsibilities	» Providing coaching, mentoring and other on-the-job assistance to ensure team members have the skills and knowledge to fulfil their requirements under the plan
» Consultation and communication	» Allocating sufficient equipment, tools, materials and finance
» Training and support	» Develop a timeline of events stating when each activity must be implemented, with a deadline date that the team will work towards
» Resource support	» Confirming clear duties for each team member.

6.   Which of the following information sources can be used to verify resource needs for the operational plan? Tick all that apply.

   ○   Operational plans

   ○   Annual business plans

   ○   Strategic plans

   ○   Resource and acquisition plans

   ○   A competitor analysis

Part B

Read and analyse the following information from BizOps.

Document 1: Business plan objectives

Over the coming year, BizOps will consolidate its position in the market as a lead retailer of sustainable, high-quality products. It will expand its reach and presence across Australia and into parts of Asia.

To do this, BizOps will focus on the following business goals:

Financial stability:

▪   Increase revenue by 15 per cent (compared to the previous 12 months) by the end of the financial year.

▪   Maintain annual profit levels of 15 per cent of revenue for all products and services, calculated at the end of each financial year.

▪   Reinvest 75 per cent of profit back into the business at the end of each financial year.

Market position:

▪   Maintain the number one rating in the annual national industry customer service awards.

▪   Launch new, high-quality, exclusive consumer products to meet customer demand ahead of competitors, within budget and by the agreed deadlines.

▪   Increase reach across Australia and into Asia with enhanced online presence and expansion of home shopping TV channels in Australia and parts of Asia.

Right people:

▪   Provide induction training at the commencement of employment to train new employees to be knowledgeable, helpful and enthusiastic.

▪   Provide the physical, human and time resources to support an annual professional development program for all BizOps employees.

▪   Ensure BizOps has the capacity and capability across all its operations to accommodate the aggressive marketing strategy over the coming year.

Document 2: Human resource acquisition plan

Human resources objectives:
- Fulfil 10 vacant roles with highly-skilled and teachable customer service candidates who support the values and vision of the organisation.
- Acquire a healthy balance of age, gender and ethnicity to support our diverse workforce demographic.

Strategy:
- Confirm approval from general manager to recruit
- Advertise internally and externally using Seek.com
- Screen applications
- Arrange interview dates with appropriate personnel
- Conduct 1st interviews
- Conduct 2nd interviews
- Conduct reference checks
- Make selection decision
- Make offer to applicants
- Complete all required administrative paperwork
- Conduct induction
- Commence in role

Time frame:
- Commence advertising process by 1 June. Fill all vacancies by 30 June.

Costs:
- Budget of $35 000 for advertising, recruitment and selection of 10 candidates.

1. Detail four resource requirements that you will need to organise as part of the human resource acquisition plan.

2. Explain five types of risks that you need to plan for as part of the human resources plan.

3. Outline a basic risk management process that management can follow to ensure these risks are addressed throughout the recruitment, selection and induction process.
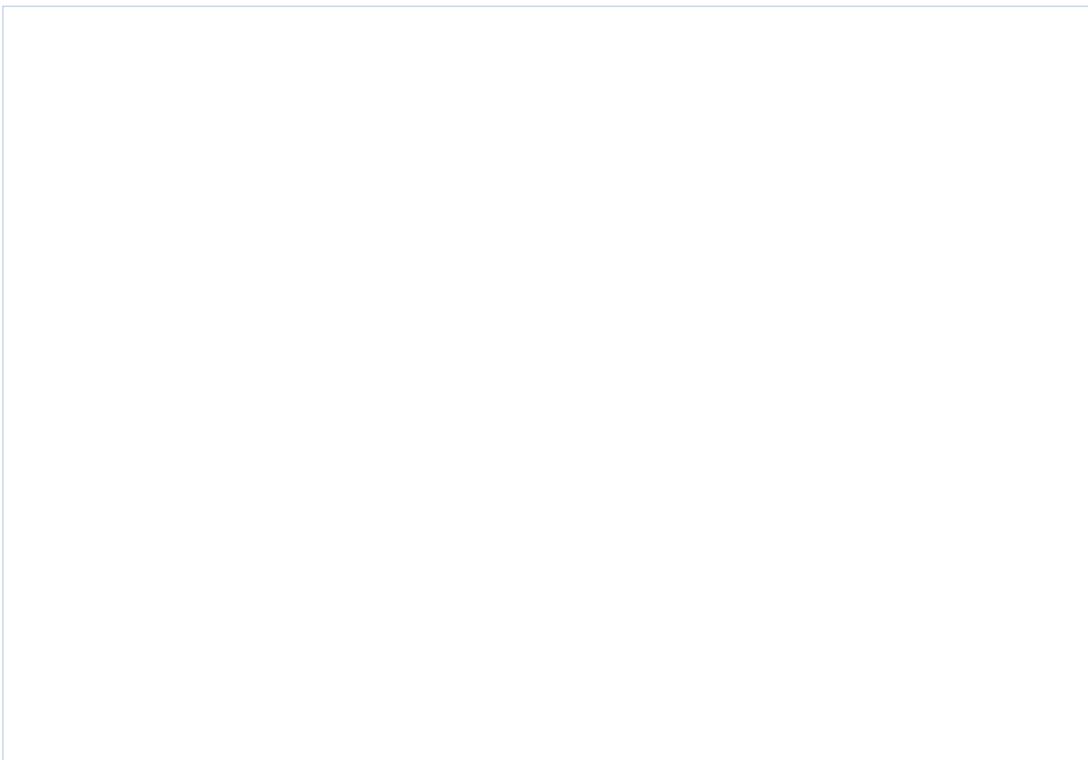
4. Outline your contingency plan for dealing with those risks should they occur.

Topic 2 | Implement operational plan

2A Assist in recruiting and onboarding

2B Acquire and support efficient use of resources and services

2C Adjust implementation of operational plan

2A Assist in recruiting and onboarding

Staff recruitment methods and process

It is a known fact that people are an organisation's most valuable resource. All the equipment, processes and technology available will not make team operations successful if the wrong people are selected for the job.

In many organisations, recruiting staff and purchasing goods and services are specialist functions undertaken by human resources (HR) or purchasing departments. Sometimes, recruitment is outsourced to specialist recruitment agencies.

Staffing levels are closely linked to an organisation's strategic plan. They are governed by the organisation's business activities as well as the size of the workforce needed to achieve the organisation's goals. Existing and future staffing needs are constantly monitored and reviewed, so the need for new staff can be addressed in the organisation's annual budget.

The major tasks that are conducted in a recruitment campaign include:

- Confirm approval from appropriate manager to recruit.
- Consult on job description for position requirements.
- Develop job description.
- Advertise internally or externally.
- Develop interview guides and materials.
- Arrange interview dates with appropriate personnel.
- Arrange location for interviews.
- Conduct 1st interviews.
- Conduct 2nd interviews.
- Conduct reference checks.
- Make selection decision.
- Make an offer to applicant.
- Complete all required administrative paperwork.
- Conduct induction and orientation.
- Commence in role.

Identify staff requirements

Your responsibilities can often include identifying staffing needs and assisting in the hiring of staff.

Maintaining human resources is a critical part of implementing any operational plan. Without employees to do the required work to achieve the organisation's goals, senior staff are unable to implement the part of the organisational plan they are responsible for.

Typical questions when identifying recruitment issues include:
• What skills are needed? • Does the employee need to have any special experience or qualifications? • Is there a position description for the role? • What personal attributes and aptitude are required for this role? • Are new employees needed or can I use existing staff from another team? • How urgently does the role need to be filled? • Do I have a budget available to pay for advertising or any special testing? • What is the salary or wage assigned for this role? • Does my organisation have guidelines I need to work by? • Will HR specialists or recruitment consultants help?

Organisational documents

Recruitment processes must be implemented in accordance with organisational policies, procedures and systems. Recruitment is the process of searching for and identifying, applicants in sufficient quantity and quality to meet organisational or team operational requirements.

Organisational documents that support and guide recruitment are explained below:

Job audits	Job audits determine the type of job the organisation requires now and in the future. They are driven by the business plan.
Skills audits	Skills audits identify the type of skills staff currently have and how they match the work being done.
Job descriptions	Job descriptions describe the context of the position in relation to the organisation, the duties and tasks involved, the skills and knowledge required and key selection criteria or competency profiles.

Recruit new employees

Human resources can be acquired from within the organisation or from external sources. Once you have identified the type of skills required, you need to decide whether you will recruit more staff or use your existing team. You may also need to consider the time frame for your activity, as recruiting more staff may make it easier to meet the deadline.

The way organisations manage the process of implementing their operational plan varies widely, and the recruitment of employees is no exception.

> Key factors that affect the way organisations go about recruiting employees include the:

- cost of recruitment
- time frame or time period in which the employee needs to be appointed
- type of job and the demands it places on the employee
- culture of the organisation
- size of the organisation
- presence of any internal staff or departments who can assist with recruiting and other HR functions
- contracts or policies an organisation may have with external recruitment providers
- recruitment experience and ability of senior staff.

Internal and external recruitment

Internal recruitment is the assessment of the organisation's existing talent pool to identify if any current employees are sufficiently skilled or qualified to perform the required job vacancies. When a business engages in internal recruitment, a current employee might be reassigned to the new position by giving them either a promotion or an internal transfer, return to work from long-term leave (such as parental leave) or re-deployment.

External recruitment means looking outside of the organisation to fill a vacancy. It is the assessment of the current available pool of job candidates in the labour market, other than existing staff, to ascertain if any are sufficiently skilled or qualified to fill and perform existing job vacancies.

The different methods of recruitment are explained below.

Method	Explanation
Human resources or recruitment departments	• Many large companies or government departments have specialised human resources or recruitment departments that act as consultants to frontline managers. • They may assist with writing job descriptions, advertising positions, reviewing applications, and interviewing and appointing candidates.
External recruitment services	• Some organisations outsource the process to external companies who are experts in recruitment services. Frontline managers can consult with these external companies and work with a consultant to find the most appropriate person for the job. • In these instances, frontline managers may brief the consultant, who then works to present them with a short list of potential candidates.
Recruitment by frontline managers	• Other organisations provide frontline managers with guidelines and procedures for staff recruitment. They may also provide some level of specialist training in recruitment. • In smaller companies or those with less formal processes in place, recruitment processes may be more flexible and the manager's own experiences and preferences may form the basis for recruitment.

The selection process

The selection decision as to whether to hire a candidate must be made based upon a set of selection criteria. These are short succinct statements specifying the essential and desired competencies and attributes that you and your organisation are looking for in the new employee.

This task is completed at the start of the recruitment process, as this criterion forms the foundation for job advertisements, resume screening, telephone and face to face interview stages as well as the short-listin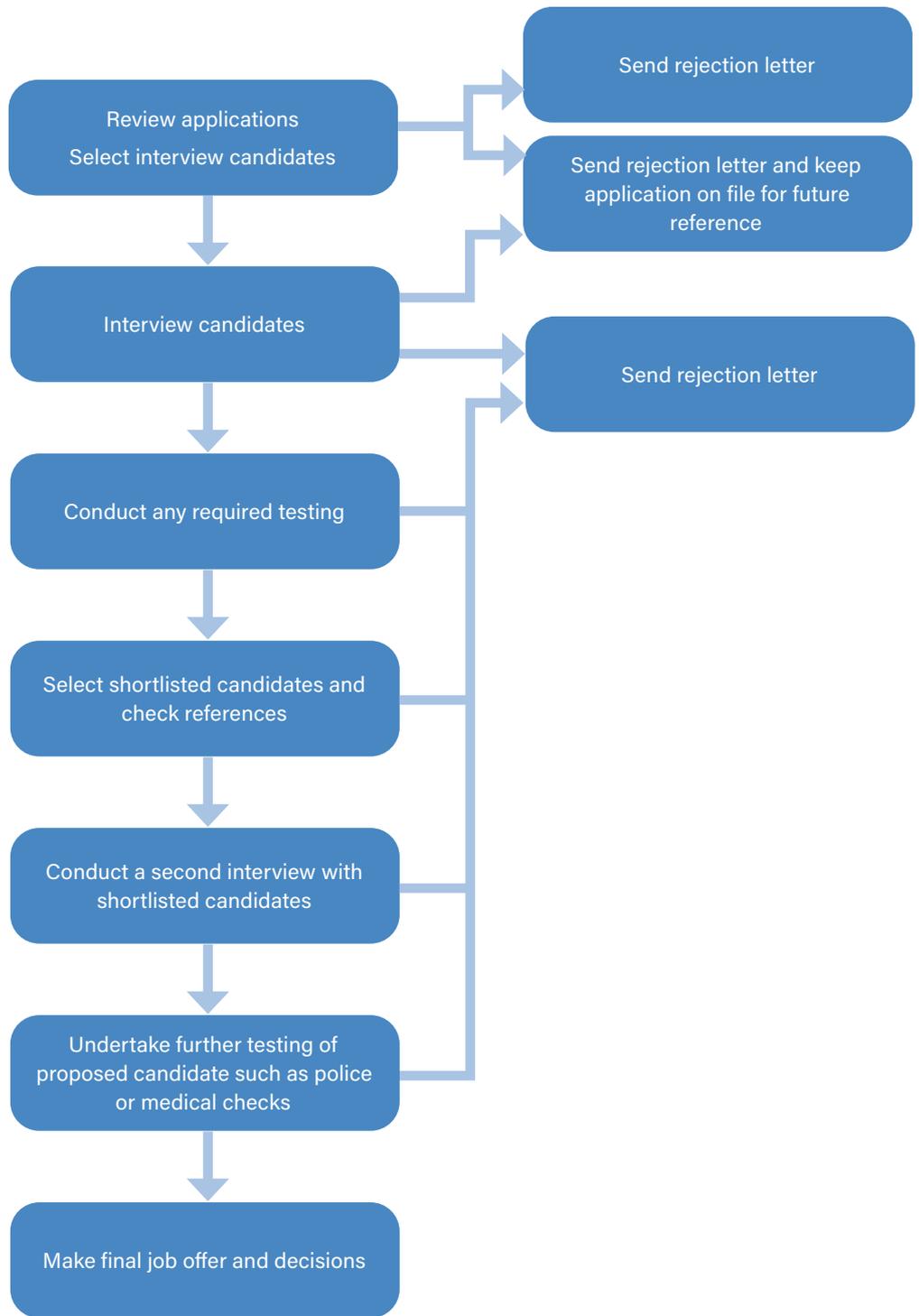g and final decision-making processes. The selection criteria should be taken from the job description, values, policies and procedures and additional short and long-term needs of the business. It must be carefully planned to accurately reflect the requirements of the position.

Here are the steps in a selection process:

Steps to facilitate the selection process	
Screen the applications	• Eliminate applications that indicate the applicant is not qualified. Class the remaining applications as 'Yes' or 'Maybe'. Use a checklist and give applicants a score based on the selection criteria (the key skills or qualities that the employer needs from their employee). • Prioritise your list and select those you will interview. If you are screening by telephone, prepare questions about candidates' qualifications and experiences. Base your decision on their responses to questions. Remember to document each action you take.
Convene a selection panel	• Select the people you need to interview the candidates. This might be dependent on organisational policies. Selection panel members are usually chosen for their experience and familiarity with the requirements of the position. • Identify dates and times for the interviews.
Prepare an interview guide	• Interviews that are planned and prepared for tend to proceed more smoothly than unstructured interviews. • Compile a list of relevant questions to elicit information about the candidate's experience and skills, plus questions appropriate to the position such as how they handle difficulties, their ability to communicate and how they work in a team.
Conduct interviews	• Interviews should start on time. Explain to the candidate how the interview will be conducted. • Use appropriate questioning techniques that encourage participation and confidence and steer clear of jargon. • Comply with legislative requirements; for example, it is illegal to ask candidates about their health or personal lives.
Assess and select applicants	• Judge each candidate against the selection criteria. Confer with the panel members. Use a grading system and score each candidate. • Seek further information by contacting the candidates, asking them in for a second interview or contacting their referees.
Make a selection	• It may be your responsibility to make a decision. Follow organisational procedures; for example, do you have to make a recommendation to your manager first? • Contact the successful applicant and make an offer, followed by a formal letter of appointment and contract if the position is permanent. Notify unsuccessful candidates.
Document the process	• Document the recruitment process by compiling a final report outlining the number of applicants you had, how many you shortlisted and interviewed, the key selection criteria, the interview process and the recommended appointment.

Example

Selection process flow chart

```
Review applications              ───►  Send rejection letter
Select interview candidates
                                 ───►  Send rejection letter and keep
        │                              application on file for future
        ▼                              reference

Interview candidates             ───►  Send rejection letter

        │
        ▼

Conduct any required testing

        │
        ▼

Select shortlisted candidates and
check references

        │
        ▼

Conduct a second interview with
shortlisted candidates

        │
        ▼

Undertake further testing of
proposed candidate such as police
or medical checks

        │
        ▼

Make final job offer and decisions
```

Recruitment processes

Shawn Sumner is the marketing manager at Pferd Australia. Pferd is a German company that manufactures and distributes high technology industrial tools such as abrasive discs, brushes and files. Shawn's role is to oversee and manage all sales and marketing functions, as well as related business units such as customer service.

Shawn's role requires him to recruit frontline staff as he implements the company's operational plan.

'All recruitment follows a process that has been developed because it is cost-effective, quick and enables the company to appoint people who have both the skills and experience required as well as the right attitude and "fit" to complement the organisational culture and unique needs of their clients.

'For non-management roles, we advertise jobs ourselves using an internet careers portal, whereas for management roles, we usually use a recruitment consultant.'

When hiring new customer service or sales staff, Shawn writes the advertisement and posts it on the internet. He reads all resumés that are received, then creates a shortlist of applicants for interviews. The interview process is very important, since in customer service or sales jobs the character and personality of the applicant have a big impact on the customer.

Shawn then re-interviews the most promising of the applicants, who also meet with the company's managing director (MD). Once the MD has met the applicants, Shawn and the MD discuss the suitability of each candidate for the role and make a decision.

'We've had a lot of success doing it this way. It's cheap, you write the ad yourself and it's quick. It does take a bit of time to go through the resumés but we're able to appoint people who have the skill set required as well as the right fit to the culture of the organisation, and the sales environment we have here.'

Organisational requirements

As a manager responsible for implementing your organisation's plan, you'll be working within the organisational constraints which occasionally conflicts with the budgets. Operational requirements can quickly turn into problems if they are not carefully thought through. A common scenario many managers are faced with is the challenge of getting work done on time while working under pressure from senior managers, stakeholders and investors to minimise costs.

Sometimes, staff numbers are determined by specialist or more senior managers. Frontline managers may not be in a position to hire the number of staff they believe they will need in order to get the job done effectively, yet remain under pressure to ensure their team performs. Frontline managers often find their biggest and most constant challenge is to achieve operational goals using the resources available.

Cope with limited human resources

Senior staff often find they need to be creative in order to ensure their limited human resources can meet operational goals. Some are able to appoint staff on a short-term basis to assist, if particular projects need to be completed or if their industry is subject to busy times. In these situations, it is often possible to plan ahead and anticipate the increased demand for staff time by boosting employee numbers – albeit temporarily. The retail sector is an example of an industry that uses more staff at different times throughout the year.

Where tight budgets have affected staff numbers, different solutions are used to resolve staffing issues. For example, larger organisations may offer employees temporary transfer to another role or position.

Usually, the problem of insufficient staff numbers calls for discussion with more senior managers, a rearrangement of priorities and a focusing of team members' time on only the most pressing and important aspects of the operational plan.

Onboard new employees

Once new staff have been appointed or existing staff have been reassigned, they need to undertake onboard training before they start work.

For businesses, appropriate onboard training improves staff retention rates, improves quality outputs and helps staff get up to speed with the processes, standards and expectations.

Effective onboard training brings a range of benefits to both the organisation and the employee. In many industries, such as building and construction, onboard training is vital to ensure the safety of employees while on site.

Induction training includes the following activities:

- showing and discussing job tasks
- showing the necessary documentation and paperwork involved
- illustrating how to use them
- demonstrating how tasks are carried out
- demonstrating and explaining the use of the computer system.

Variations in the approach to onboard training

Every organisation's approach to onboard training varies. Some companies have their own training departments that provide employees with complete training. Others have material on hand for new employees to review, while others still rely on frontline managers and team members to assist new staff in a hands-on approach to learning about their new position and employer.

Ongoing onboard training

Onboard training does not necessarily stop after the employee's first day or week, but rather should continue until the employee is confident in their role. Another employee might be delegated to mentor the new recruit – to support them and offer suggestions about specific policies and procedures.

Onboard training for contractors and temporary staff

Contractors and temporary staff also benefit from a brief introduction to their new workplace, including meeting colleagues, being briefed on key issues (such as work health and safety, company policies and facilities) and understanding why their role is critical to the organisation.

Sharing the company's vision and mission

Onboard training is also an opportunity to share the company's vision and mission, its strategic goals and the specific sections of the operational plan staff are responsible for.

The benefits of onboard training

Businesses benefit from having happy employees who are confident in their roles, have good communication skills and feel that their employer values them.

Employers also report that recruitment costs such as advertising and onboard training are reduced through higher staff retention rates. In addition, staff who are well-trained initially can operate more autonomously, are more efficient, and make fewer mistakes.

Over time, organisations that provide thorough training to their employees see an improvement in financial turnover and a reduction in costs. Staff who are comprehensively trained in all aspects of their role, their employer and their rights, and who understand their obligations, cost their employers less money.

Comprehensively trained employees cost their employers less money because they are:

- able to work effectively within their new team as early as possible
- less likely to waste time and materials because they have been instructed in how to undertake their tasks efficiently
- able to use machinery and equipment properly, resulting in lower maintenance and repair costs
- less likely to cause workplace accidents, as they have been briefed on WHS issues relevant to their roles
- more likely to show up for work each day, as their level of satisfaction with their employer is usually higher.

Practice Task 6

Question 1

Draw a line to match each term about the recruitment and selection process to its definition.

» Make a selection	» Eliminate the candidates from the initial pool or applicants that do not meet the selection criteria based on a checklist or scorecard system
» Conduct interviews	» Select the people you need to interview the candidates. This might be dependent on organisational policies.
» Onboard the successful candidate	» Ask questions based on the selection criteria to identify the candidate's skills, experience and fit for the role
» Convene a selection panel	» Identify the most suitable candidate from the selection process and make a formal offer
» Screen the applications	» Provide sufficient training and information to ensure the new candidate has the right support to get started in their new role.

Question 2

Which of the following statements relate to the recruitment and selection process?
Tick all that apply.

○   Always judge each candidate against the selection criteria.

○   Selection criteria should be developed at the end of the selection process, once a successful candidate has been identified.

○   Document the recruitment and selection process in accordance with organisational policies and procedures.

○   Onboard the successful candidate, using training and induction processes.

○   Onboard training does not necessarily stop after the employee's first day or week, but rather should continue until the employee is confident in their role.

2B Acquire and support efficient use of resources and services

Acquiring resources (employees, goods and services) to help implement the operational plans is an integral aspect of a manager's responsibilities. This includes supporting the efficient and safe use of resources.

Guiding a team to use resources wisely and complete tasks successfully requires more than simply providing training for staff when they begin. Senior staff must provide leadership by mentoring (using their knowledge and experience), coaching (using their expertise) and supervising (observing and supporting) staff to ensure they use resources safely and efficiently in a cost-effective manner.

Physical resources and services

Once you have covered the acquisition of human resources for an operational plan, the second part of the resource acquisition process will be the purchasing of physical resources and services.

Resource acquisition can be the costliest part of any implementation plan, but is also one of the most critical. More than ever, the need to manage all resources efficiently is of paramount importance. Often this type of resource management is the responsibility of senior staff.

Physical resources	Services
- Equipment, tools and machinery - Stationery and other office/administration supplies - Personal protective equipment - IT and communications equipment - Information management systems - Promotional materials/aids - Stock - Payment systems and associated equipment	- Use of contracted third parties to outsource labour - Consultative/specialist advice - Staff training and development - Audits - Development of rewards/incentives programs - Cleaning and maintenance services - Installation of equipment/goods sold - Use of external recruitment and selection services - Customer delivery services

Procurement policies, procedures and practices

The term 'procurement' means to plan for and acquire (or purchase) resources such as products, services or contracts, in line with organisational budgets and plans.

An organisation will generally establish policies and procedures to outline how physical resources and services are purchased. These policies guide those responsible for acquiring resources, to ensure the purchases meet the organisational requirements including quality, time, cost, quantity, selection, use of preferred suppliers, methods of payment and any associated risk.

Some organisations may also implement a policy limiting the total number of vendors, as this can deliver cost savings and enhance the vendor relationship by increasing business with fewer preferred vendors.

> **Be aware of your organisation's purchasing policies and procedures by asking:**
>
> - Does the organisation order in advance and store items, or is it more likely to do just-in-time ordering?
> - Does the organisation buy in bulk?
> - Does the organisation have a procedure for obtaining quotes?
> - Can staff members order resources or must an order go through a frontline manager or a purchasing officer?
> - Is purchasing done by a tender arrangement?
> - Do you need to understand an inventory system to know if something is in stock?
> - Are there policies about the type of item purchased, such as only buying recycled paper or Australian-made goods?
> - Are there procedures for when the item arrives to ensure the required quantity has arrived and that it is in good order?
> - Who is responsible for specific purchasing procedures?

Key considerations

Organisations implement procedures for purchasing and acquiring resources, from staffing to supplies and equipment and services from outside organisations and contractors.

Acquisition of resources should take into consideration best practice in efficiency, sustainability and financial budgeting.

Here are some key considerations when acquiring and using resources:

Purchasing process and use of resources

All staff should be familiar with the organisation's purchasing guidelines. These guidelines help to purchase goods or services effectively while ensuring that suppliers meet relevant standards, costs are minimised and purchases are made in a consistent manner across the organisation.

Guidelines on the use of resources need to be provided. Staff need to be aware of budgetary spending constraints and the necessity to make efficient use of resources. Some organisations have less formal processes in place. Many companies simply have an order book. Senior members of staff have authority to sign off or provide approval for purchases of goods and services up to a nominated level. Each request is assessed based on need and the cost of the item. Larger items may need to receive multiple sign-offs or approval from a board of management or directors.

Purchasing criteria

While many purchasing practices and policies are focused on ensuring an organisation gets good value for money, many organisations consider other criteria when purchasing goods and services. In these situations, the method of purchasing may help to achieve a goal or reflect the company's vision or mission; for example, to promote environmentally sustainable products or use Australian-owned suppliers wherever possible. These criteria often include quality considerations as well as ethical considerations, such as only buying from environmentally friendly suppliers or purchasing from organisations that support particular social causes.

Selecting providers

The procurement officer needs to make well-informed choices and decisions on what resources they procure. The organisation should be assured of obtaining high-quality, value-for-money products and services that meet their needs and are delivered on time and to the requested standard. You should develop sound business relationships with all providers so you can be confident of receiving excellent customer service. Good providers are those that:

- listen to and understand your needs
- deliver when requested
- deal only in high-quality goods
- are competitive in terms of prices
- deal promptly and efficiently with any problems
- are reliable.

Once a relationship has been established, good providers give their customers extras, such as special offers, discounts and complimentary goods.

Managing expenditure

Budgets must be identified and followed when acquiring and allocating resources as part of the operational plan.

The importance of managing expenditure within a business cannot be overstated. Businesses essentially operate under three core principles:

1. Minimise and control expenditure.

2. Minimise and control waste.

3. Increase profits.

Every function and output of management and team performance will have an impact on at least one of the principles listed above. Therefore, the way in which you plan and acquire human and physical resources and services will ultimately affect your team's overall performance and the profitability of the organisation.

Purchase wisely

When purchasing resources and services for your team it is important to think of what they will be used for, how often they will be used and their life expectancy.

It can be a challenge to secure approval for purchases of replacement equipment. Therefore, always look for quality and value for money over and above costs. Most organisations that go for the cheapest option tend to lose out in the long run by having to pay more for repairs, replacement parts and down-time.

Ensure safe use of resources

Use of resources, be they physical components and objects or human resources, must always meet work health and safety (WHS) standards.

Physical resources and services must be allocated out in a way that ensures the team is able to implement its operational plan safely without causing harm to people.

Under the WHS laws, every manager has a general duty of care to:

- recognise the hazards on the worksite; and
- take reasonable steps to eliminate or minimise the harm that these hazards could cause to people.

Your role as a supervisor or team leader is fundamental in supporting the WHS requirements of your organisation and ensuring your team works safely with appropriate strategies to manage any risks or hazards.

The specific responsibilities of supervisors include:

- providing information to team members about WHS policies, procedures and programs
- implementing and monitoring procedures for identifying hazards, assessing and controlling risks
- consulting with team members about hazards and risks relating to the use of resources
- analysing and solving problems arising from identification of risks and hazards associated with resource use
- providing sufficient information, instructions and documentation about the safe use of equipment, tools and materials
- training, supervision and guidance of team members to ensure they have the skills required to use resources safely
- assessing the skills of workers to ensure they have the ability to use resources safely and efficiently
- interpreting and applying WHS policy, procedures and programs to your work team.

Communicate WHS information

It is critical that supervisors communicate effectively with team members to explain the relevant provisions of WHS Acts, regulations and codes of practice.

As a leader in your workplace, you have a responsibility to ensure your work team is informed and skilled to use resources correctly in order to work safely.

When you communicate WHS information with the team, ensure you adapt your communication to reflect the team's diversity and needs. English may not be the first language of all workers and it is vital that any signage or communication methods are adapted appropriately. Language, literacy, learning challenges and disability are all considerations you must address when designing communications, signage and guidelines for the team. You must ensure the information is presented in an appropriate manner and is easy for all to understand.

Resources for new office employees

Here is an example of the way resources could be allocated for new employees:

Resource	Quantity	Needed by	Source	Procedures	Budget
Footrest and document holder	One of each	1 Sept	Watson's Office Supplies	Complete purchase order form	$50
Training	One onboard session	3 Sept	In-house	Discuss with team	
Workstation, bookcase, paper recycling bin, rubbish bin	One of each	1 Sept	In-house	Arrange for furniture to be installed in office	$450
Stock (writing pad, set of pens, stapler)	One of each	1 Sept	Storeroom	Arrange with administration assistant to supply stock	

Practice Task 7

Question 1

Draw a line to match each of the items on the left to either physical resources or services.

>> Promotional materials/aids   >> Physical resource

>> Use of contracted third parties to outsource labour   >> Physical resource

>> Staff training and development   >> Physical resource

>> Installation of equipment/goods sold   >> Service

>> IT and communications equipment   >> Service

>> Payment systems   >> Service

Question 2

How can you ensure that resources are allocated and used in an efficient and a cost-effective way that is in accordance with workplace policies and procedures?

Question 3

How can you effectively communicate information about the safe use of resources to workers? Explain your answer.

2C Adjust implementation of operational plan

Implementation of an operation plan requires constant monitoring and adjustments to address changes in the internal and external environment.

When implementing an operational plan, a number of risks will emerge that may have an impact on your objectives. When risks affect operational objectives, the various stakeholders should be consulted, the operational plan may need to be adjusted and changes implemented. This is known as 'contingency management'.

Risk factors must have solutions developed or alternative operational actives devised to reduce the risk. The greater the priority, the more comprehensive your contingency plan will need to be.

A contingency plan should state:
- a rationale for the contingency plan; that is, what it sets out to achieve   - a description of the risk, and how it can affect the progress of the activity   - what can be done to prevent or minimise the chance of the event occurring   - what you will do if the risk eventuates (list actions, resources and time frames)   - the expected outcome of initiating the contingency plan   - resources required to implement the plan   - how you can rectify the situation as swiftly as possible   - monitoring processes and when the plan will be reviewed   - procedures for implementing the plan.

Steps in implementing change

Implementing changes to operational plans must follow a set process to ensure the best outcomes are achieved.

Adjusting an operational plan involves both identifying the risks associated with failing to make adjustments and consulting with stakeholders both internally and externally before implementing the changes.

Sometimes these changes are brought about by process improvement practices, where a better way of doing things has been identified; or it might be a risk imposed by factors beyond the organisation's control. However, the issue is not just that a change needs to be made, but 'how' the change will be implemented and 'who' needs to be consulted or possibly negotiated with to implement the change.

Steps in rolling out changes to the operational plan	
What?	• Ensure changes are only made once the current process or status quo is understood. Always know 'where you currently are' and where you need to be. It could be that technology has changed or improved and you have identified a need to upgrade. It could be that a quality standard (ISO standard) has changed and must be implemented. It could be that a law has changed regarding labelling regulations, or a new reporting requirement has been introduced by a government department. Ensure you can clearly identify and communicate where you are and where you need to be, by when and what will be required.
Why?	• Clearly and concisely communicate the change needed. • This is not identifying the 'risk': this is presenting the solution. • This may be in the form of a text-based document, a flow chart or other appropriate form of documentation.
When?	• Time factors for a change can be critical. • There is potential for organisations to be subject to legal risks, revenue risks or even safety risks if the timing of a required change is not paramount in the reposting and negotiations for change.
Consultation	• Obtain input from relevant stakeholders before presenting a case. • The new process should be expressed to all stakeholders who are affected by the change. • This includes stakeholders who provide an input to the process as well as those who receive an output from the process.
Collate accurate data	• Make doubly sure the data being used to make operational plan changes are accurate. • Previously we discussed qualitative and quantitative data. Ensure you have both, and that the quality and quantity warrant the case for change.
Identify training	• Many organisations are unsuccessful in implementing changes due to a failure to 'ready' staff. • Identify in your case for change both the types of training that are needed and the staff who will be affected.
Use resources	• Use project management tools to ensure a clean flow of project tasks, resources and timelines. • Use a flow chart or Gantt chart to communicate and model the project requirements.
Review	• Changes to operational plans are an opportunity to learn and do things better. • After implementation provide feedback and consultation opportunities for stakeholders to give feedback. • Use this data to make adjustments but also to learn for future operational changes.

Contingency planning checklist

A contingency planning checklist can be used by staff to identify the potential impacts of a situation or problem occurring.

Here is an extract of a checklist that can be used for a variety of situations. The activities shown are operational activities frequently found in many organisations.

Activity	Risk and impact involved	Contingencies
Procure required materials	Not enough raw materials can result in no product being manufactured for distribution to customers, leading to unhappy customers and an opportunity for competitors to supply.	- Identify alternate suppliers. - Maintain adequate stock levels of raw materials to last for a reasonable time. - Implement stock warning triggers when stock reach certain levels.
Repair or replace faulty equipment	If equipment is not returned to service or replaced quickly enough after a breakdown, it will bring manufacturing to a stop.	- Identify alternate equipment providers. - Train staff to repair equipment. - Switch to readily available equipment providers.

Consultation and approvals

It is important that changes to the way in which you implement your operational plans are carried out in consultation with key stakeholders.

Senior staff need to seek feedback and approval for before changes to operational plans can be made. Consultation about resource requirements and allocations with business stakeholders is an integral part of the implementation and monitoring process.

A stakeholder is any person or group who has a 'stake' in the organisation. A stake refers to a degree of influence on the company, or someone that is affected by the operations. Stakeholders can be internal or external, and may have a direct or indirect influence on the strategic planning process.

Examples of stakeholders that you may need to consult with about changes to operational plans can include:

Internal stakeholders	External stakeholders
▪ Assets manager ▪ Storeman/warehouse manager ▪ Departments managers ▪ Business owner/s ▪ General manager ▪ Chief executive officer (CEO) ▪ Chief financial officer (CFO)	▪ Suppliers ▪ Manufacturer and producers ▪ Labour hire companies ▪ Delivery and logistics companies ▪ Customers/ clients ▪ Technical advisors ▪ Consultants

Example

National contingency planning

Emergency Management Australia (EMA) is a federal government body whose role is to plan for emergencies and implement contingency plans.

EMA is responsible for the day-to-day management of this coordination function. It also coordinates the federal government's physical assistance to states and territories, upon request, during major disasters.

The organisation promotes a national approach to emergency management in Australia through comprehensive measures that embrace prevention, preparedness, response and recovery activities. EMA works closely with a wide range of Australian authorities, state and territory agencies, local governments and industry bodies. It also maintains close links with similar agencies throughout the world.

EMA conducts extensive training on emergency management and has a large library of brochures and publications for the general public that raise awareness and offer information on how to minimise risk if a disaster should occur. This specialist training and public awareness are key factors in lessening the effect of any emergency situation.

Practice Task 8

Question 1

Which of the following statements relate to contingency plans? Tick all that apply.

○ A description of the risk and how it can affect the progress of the activity

○ What can be done to prevent or minimise the chance of the event occurring

○ Resources required to implement the plan

○ How you can rectify the situation as swiftly as possible

○ Sales targets and operational budgets that need to be achieved

Question 2

List five types of stakeholders you may need to consult with on changes to implementation plans and resource allocations.

Summary

- The responsibilities of senior staff include identifying staffing needs and hiring staff in accordance with organisational policies and procedures.
- Hiring staff with the right skills, knowledge and experience is an important part of implementing operational plans.
- Interviews that are planned and prepared for tend to proceed more smoothly than unstructured interviews.
- Onboard training does not necessarily stop after the employee's first day or week. It should continue until the employee is confident in their role.
- Senior staff must make well-informed, sustainable choices and decisions on what resources they procure.
- Efficient and safe use of resources and allocation of work must be integrated into all decision making.
- The organisation must be assured of obtaining high-quality, value-for-money physical resources and services that meet their needs and are delivered on time and to the requested standard.
- Adjustment to the operational plan must involve risk and contingency planning, consultation and communication.

Learning Checkpoint 2
Implement operational plan

Part A

1. Which of the following aspects of resource management will be covered by organisational policies and procedures? Tick all that apply.

    ◯ Preferred suppliers and vendors

    ◯ Resource allocation and implementation methods

    ◯ Quality and cost standards for purchasing resources

    ◯ Information privacy requirements

    ◯ Resource approval procedures and authorised officers

2. Which of the following statements relating to safe and efficient resource usage are correct? Tick all that apply.

    ◯ Provide workers with the manufacturers' instructions on how to use equipment, then give them at least a week to learn how to use it correctly.

    ◯ Provide structured training for the safe and correct use of equipment in accordance with organisational policies.

    ◯ Supervise workers as they use the equipment and offer feedback to improve work practices.

    ◯ Ensure workers have access to the internet so they can Google the correct ways to use the equipment.

    ◯ Assess workers' skills in using the equipment safely.

3. Which of the following statements relate to consultation and approvals of operational plans? Tick all that apply.

    ◯ Risks and contingency plans need to be identified in consultation with key stakeholders.

    ◯ Operational plans should not be adjusted, even if there are significant risks that may impact on its objectives.

    ◯ Staff must seek formal approval before making any changes to implementation processes.

    ◯ Consultation with stakeholders requires you to discuss the implementation plan, seek feedback and gain approval for any amendments to the plan.

    ◯ Contingencies are the plans that are put in place to address risks to operational objectives.

Part B

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

Case study

You are the senior salesperson of a retail store called Lollipops. It is one a chain of 30 stores selling children's clothing and is fully supported by a central office. The chain has been marketing itself very heavily and has developed a new range of clothing for this season and future seasons. Customers love the new range and have been buying up, which means you've exceeded your revenue targets for the past three months.

However, there is a problem. Your team has been very busy lately and many members have been working overtime and extra shifts. Some customers have been getting visibly annoyed as long queues form at the counter – especially when some staff are helping customers choose clothes, restocking and organising lay-bys and gift wrapping.

You decide you need another full-time staff member. One additional staff member will cost you $38 500 per annum; however, you have been adding up the overtime and extra shifts you've been paying existing staff and have calculated that continuing in this way will end up costing you $17 000 per annum in unbudgeted payroll costs. Each new staff member is trained (cost: $1500) and receives a uniform ($200 twice a year).

The retail chain has a range of standard operating procedures in place for the recruitment and selection of new staff that must be followed. When it comes to the recruitment of additional (not replacement) staff members, you must complete a business case that clearly states why additional staff are required. The business case must be submitted to the human resources manager at head office, who will then review it, discuss the issues with you and either approve or reject the request after consulting with the finance manager.

Business case – New staff request
Name of manager: (Name of the learner) **Date:** (Date the business case was prepared/submitted)
Summary/purpose of this business case It is recommended that an additional sales assistant/customer service representative be employed at the (location of the store) at a cost of $38 500 per annum to cope with increased customer demand and retail sales.
Issue/reason for adding new staff Over the past quarter there has been an increase in customer demand of approximately 15 per cent. This is reflected in increased retail sales of 19.5 per cent. Current permanent staffing levels do not have the capacity to satisfy increased demand.
Could existing staff be reassigned or used in other ways to fill the need? We have been coping with the increased customer demand by implementing temporary changes to rosters and overtime. This has led to an increased cost to the payroll of $17 000. Existing staff members have stated that they do not wish to continue working extra shifts and overtime in the long term.

Business case – New staff request

Anticipated benefits to company (short term/long term)
• Increased levels of customer satisfaction • Increased retail sales • Enhanced team morale • Flexibility in rosters

Total cost if approved (per annum)	$38 900
Salary: Uniform:	$38 500 (full-time salary per year) $400 ($200 twice a year)
Other costs	One-off training cost of $1 500
Cost if not approved (per annum)	$17 000

List any anticipated challenges/problems you foresee if:

- the business case is approved:
  - the immediate challenge to the business will be absorbing the cost and time involved in the recruitment process
  - on-the-job training/coaching will need to be undertaken for approximately three months.
- the business case is not approved:
  - there will be negative impacts on retail sales and customer satisfaction
  - there may be lower morale in team members, potentially with increased absenteeism.

Benefits versus costs summary

The long-term benefits to the store in terms of increased retail sales, customer satisfaction and flexibility in rostering to cope with changing demand levels will increase the competitiveness and profitability of the store.

1. List at least eight steps you need take to recruit and select a new staff member.

2. Outline the onboarding process that you will implement for the new staff member.
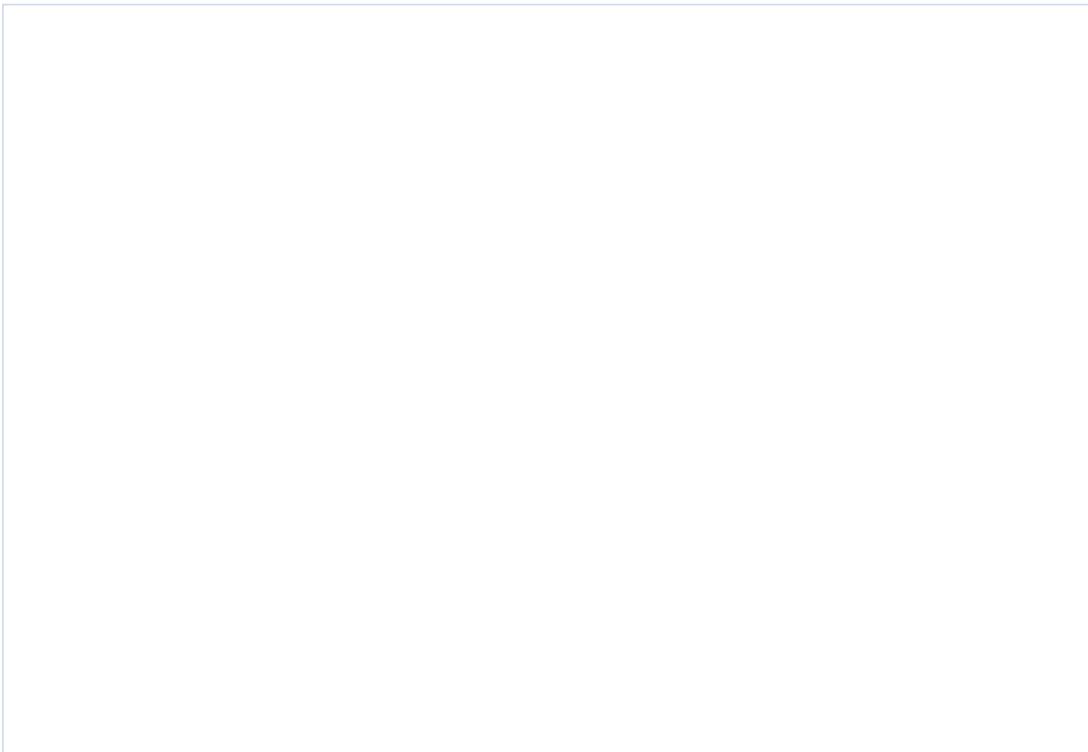
3. Describe the process you will follow to ensure the budget for training ($1500) and uniform costs ($200) for the new employee are not exceeded.
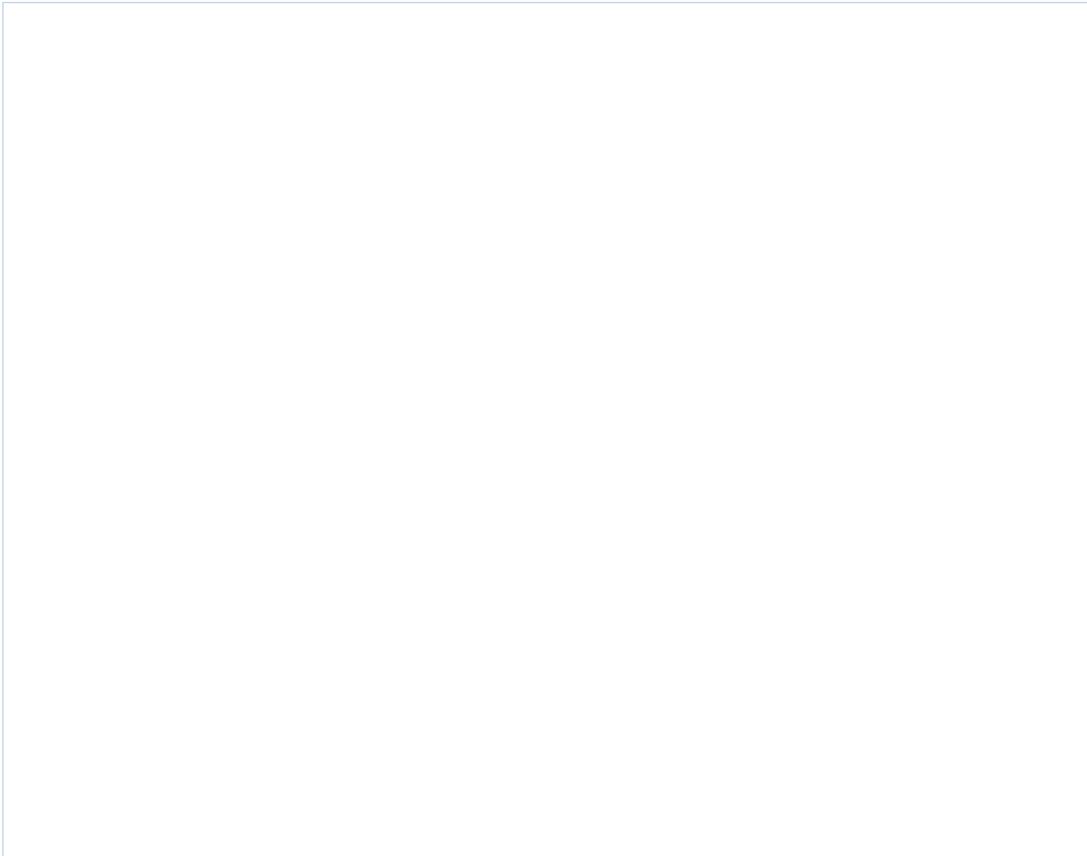
Topic 3 | Monitor operational performance

3A   Collate financial information about performance

3B   Identify and use key performance indicators

3C   Identify and rectify unsatisfactory operational performance

3A Collate financial information about performance

It is the team leader's role to monitor and assess progress of the team, including productivity and profit performance. This requires the use of various financial reports and measuring tools.

Operational plans must be regularly reviewed against both the organisational goals and the goals set for each activity. Monitoring financial performance indicates how well the activities are progressing, if the team is keeping to timelines and budgets, and where there is a need to implement contingency plans. An operational plan should be a 'living' document, which means it can be adjusted when necessary to improve performance.

Budgets are used in almost every organisation to help staff manage their money. Team leaders and managers at all levels (frontline, middle and senior) provide information used to construct an organisation-wide budget.

Each department, team or project is assigned a set amount of money to spend for a given period, usually a financial year. This money is then split into smaller amounts as team leaders create a budget specific to their area of responsibility. Money is allocated to various areas linked to the implementation of the operational plan. For example, a sales team may split its total budget between wages, staff training, holding an annual sales conference, upgrading computer systems, telephone calls and office supplies. Other teams and organisations will have budgets that reflect their work.

Collate information to determine profit and productivity

One of the most important parts of resource management is that of monitoring and controlling expenditure against the budget.

Operational management must ensure that all activities are being accomplished according to the targets outlined in the budget. It requires that any deviations are identified early and corrected with minimal disruption to the operational objectives.

Resource allocation, including wages, acquisition of equipment, tools and materials and productivity monitoring are largely about maintaining control over the costs associated with implementing the operational plan, ensuring it is aligned with budget constraints.

Monitor expenditure

Team resources an associated expenditure must be monitored to ensure costs are controlled and budgets are achieved.

Monitoring finances involves tracking spending against budgets and reporting on how money has been spent on resource allocation. You will need to gather reliable information about resource expenditure, prepare regular financial reports and present the actual expenditure to the key stakeholders.

You need to ensure all financial records, such as invoices, financial statements, purchase orders and petty cash slips, are obtained when required, checked for accuracy and filed appropriately. This information can be used to produce a budget versus actual report which is distributed to the stakeholders.

To monitor resource expenditure, you need to gather information about:
the estimated and actual expenditure (or number of labour hours) for each resource
the amount spent to date against the total program or project costs as well as against budget breakdowns
the estimated remaining costs to complete the program or project, both in total and by budget
issues that are causing the program or project to cost more (if applicable) and what is being done to contain expenditure.

Budget versus actual report

The most common type of report used to identify expenditure is the budget versus actual report.

A budget versus actual report is a simple method for monitoring and reporting on spending, by focussing on the outcomes of actual and budgeted expenses.

A budget versus actual report consists of four columns
• The first column shows the budgeted amounts.
• The second column shows actual performance.
• The third and fourth columns show the variance between actual results and budget expectations.
Variances are identified as 'black' for favourable or 'red' for unfavourable and are shown as a dollar figure and a percentage figure.

Profit and loss statement

Team leaders need to be familiar with the various reports and forms used in financial reporting, such as profit and loss reporting, cash flow reporting and balance sheet reporting. The following example shows the balance of revenue versus expenses (profit and loss statement). There is a surplus of $2073, indicating a better performance than the budget with a positive variance of $25866.

	Budget $	Actual $	Variance $
REVENUES	156 117	181 816	25 699
Product sales	146 956	171 541	24 585
Distribution recovery	6 061	6 512	451
Others/Sundry	2 000	2 563	563
Interest income	1 100	1 200	100
TOTAL EXPENSES	179 910	179 743	167
Personnel costs	82 996	81 176	1 820
External consultant costs	10 750	10 111	639
Production expenses	34 916	36 958	(2 042)
Marketing and sales expenses	12 443	15 012	(2 569)
Administrative and office costs	20 983	21 887	(904)
Company overheads	4 285	4 431	(146)
Depreciation and amortisation	2 370	2 371	(1)
Research and development	3 167	1 622	1 545
Other expenses	8 000	6 175	1 825
SURPLUS/(DEFICIT)	(23 793)	2 073	25 866

Collect and maintain financial records

Monitoring expenditure requires team leaders to store, secure and keep track of the financial records.

Information is vital in order for everyone in the organisation to do their job effectively. Team leaders must invest the time in ensuring the right information is captured, stored and communicated to the right people, using the most reliable and efficient methods possible.

Records and documents relating to resource purchases must be retained according to organisational policies and procedures. Furthermore, the operational plan should have an established procedure for recording and storing financial information and reporting outcomes to key stakeholders. This function is primarily associated with information and communication management.

Examples of financial records include:
- purchase orders   - supplier tax invoices   - supplier receipts   - memoranda   - bank account statements   - payroll records   - credit card statements   - cheque butts   - ATM or EFTPOS receipts   - petty cash vouchers.

Cost variance analysis

Cost variance (CV) is a measure of cost performance for a reporting period.

The purpose of cost variance analysis is to detect and correct variances (deviations) from the budget. The cost variance at the end of the reporting period will be the difference between the budget at completion and the actual amount spent. The process helps to improve cost control methods, correct errors and manage your resources more effectively.

The standard cost analysis process involves the following five steps:

Specific	Collect reliable data about actual costs as they become available.
Measurable	Calculate the difference between an actual cost and an estimated cost.
Attainable	Investigate the reasons for the difference.
Relevant	Report issues to stakeholders.
Time-framed	Take corrective action to bring the actual cost into closer alignment with the expected cost, according to the changed management plan

Practice Task 9

Question 1

Describe how you will gather valid information to monitor expenditure for a reporting period.

Question 2

Which of the following reports can you use when monitoring resource expenditure and team financial performance? Tick all that apply.

◯ Project report

◯ Status and progress report

◯ Budget versus actual report

◯ Profit and loss statement

◯ Issue report

Question 3

How can team leaders make corrective changes to resource allocations, to ensure budgets are achieved? Explain your answer.

3B Identify and use key performance indicators

To ensure the successful implementation of the operational plan, team leaders must indicate the key performance measures in relation to the quantitative elements of job performance.

Prior to the implementation of any operational plan, you will need to ensure the parameters set for performance are accurate and within the required standards. Team member performance standards need to be clear, achievable and time-bound, in order for them to be effective.

Key performance measures must be based on the function of the role and must support operational plan objectives. The number of performance measures depends on the technical complexity of the role, the professional expectations within the given industry, organisational culture and the personal requirements of the team leader or supervisor. In all cases, the measures should directly apply to the job requirements as outlined in the work plan and their position description.

Quantitative performance measures

Performance standards refer to the level of performance sought from an individual or group and may be expressed either quantitatively or qualitatively.

Quantitative performance metrics involve an evidence-based method of collection and analysis of work-related data. Workplace data can be generated automatically from existing information systems and extracted from observations and reporting systems. A combination of the two sources provides the most holistic measurement of performance.

Quantitative performance can be thought of as 'how much' a person does in their job. Here are some examples of some quantitative performance measures.

Quantitative performance measures
• Production or sales volumes year on year
• Increased deliveries or sales to new clients, indicating individual efforts and production market focus
• Net profitability, creating accountability for cost savings and margin maintenance
• Unit production year on year, emphasising performance efficiencies or technological advances that have been adopted
• Market coverage, providing feedback to marketing executives regarding overall capture in certain geographic or demographic segments

> ## Example
>
> ### Quantitative KPIs for traditional business services functions
>
> | Position | Key performance measures |
> |---|---|
> | Receptionist | • Number of rings before answering incoming calls
• Time on calls
• Number of errors when directing calls |
> | Technical service assistant | • Time taken to allocate jobs to service agent
• Number of complaints received/handled
• Customer feedback rating (for example, out of five stars) |
> | Accountant | • Actual versus forecast billable hours
• Number of clients seen per month
• Percentage of new clients versus existing clients |

Qualitative performance measures

Qualitative usually refers to how well the job is completed, in particular the aspects that determine the quality standards of a task.

A typical set of criteria for qualitative performance assessment might include number of errors in a work task, knowledge, desire to learn, initiative, reliability, teamwork and attitude. These should be discussed with each staff member when their work plan is developed so they understand the organisation's expectations of the way they perform their job role and behave in the workplace.

Effective leaders provide ongoing qualitative feedback so that any problems are corrected as soon as they are observed, rather than waiting for a formal performance appraisal. It is important that this type of measurement is consistent, reliable and effective.

> ## Example

Qualitative KPIs

Performance measures	Unsatisfactory	Satisfactory	Excellent	Superior
Quality	Produces unnecessary work	Completes necessary work	Produces value-added work	Maximises value-added work
Knowledge	Knows very little about job	Has good working knowledge of job	Has detailed knowledge of job	Is a recognised expert
Desire to learn	Shows no desire to learn	Is willing to learn more	Wants to learn more	Has a strong desire to learn more
Initiative	Shows no initiative	Shows some initiative	Shows considerable initiative (self-starter)	Shows extraordinary initiative
Reliability	Is completely unreliable	Is generally reliable but needs supervision at times	Is very reliable	Is always reliable
Attitude	Negative	Positive	Shows enthusiasm	Creates excitement

Use of KPIs to monitor financial performance

A key factor in the creation of a work plan is the development of clear performance standards and indicators.

Performance standards must set out the required level of performance that explains, in non-quantifiable terms, what is needed from an individual or group to support business objectives. A performance standard should be based on key results areas (KRAs), or key elements of the operational plan.

When deciding what the performance standards will be for a particular task, you should always determine which actions will be a minimum standard of acceptable performance for the task. Consult with key personnel and consider what has been achieved in the past, to ensure your standards are reasonable and achievable. Take the time to gather the data in order to make an informed decision about what measures to set for your team.

In most cases, you should set your performance standards based on the following three steps.

Step 1: Identify the Key Results Areas (KRAs)

Key results areas are the areas of responsibility for team members and are generally described in the person's job description or your performance standards. If KRAs are not pre-determined, you will need to analyse the job role of your team members to identify what areas of the business they are responsible for.

The KRAs will change significantly depending on the nature of work operations and job roles of your team.

They may be based on achievement of:
- sales
- customer service
- safety
- team participation
- innovation
- quality
- general store maintenance
- administration and support
- learning and development
- leadership.

Step 2: Confirm the performance standard

Based on each KRA, confirm the standards of performance that need to be achieved. Given that 'what you measure is what you get', it is critical that the KPIs support the outcomes you want to achieve. (If you get these wrong, everything that follows will be out of alignment.)

For example:
- external: improving service levels to customers
- internal: reducing operating costs to international benchmark levels.

Step 3: Determine how you will measure performance standards
and achievement of KRAs

By establishing the KRAs and performance standards in the previous steps, you will
now focus on how to measure a team member's output, to determine whether the
standard and area of responsibility is fulfilled.

The most effective way of determining individual KPIs is to review your performance
standards and break them down into team and individual measures.

KPIs should:

- reflect and feed into the organisation's goals
- be quantifiable where possible; for example, they should be explained in financial
  terms, numbers, raw data, percentages, rates etc.
- be fair and achievable under regular operating conditions
- be clear, concise and simple.

KPIs for measuring performance

Once a performance outcome is developed and agreed to, it must be worded
so that employees and team leader are clear on the objectives to be achieved.

To be clear and unambiguous, KPIs need to be specific and link with the financial
objective. For example, a 'SMART' objective (specific, measureable, achievable, realistic
and time-framed) 'To achieve $1 million profit per financial year' could be monitored and
measured by the KPI to 'Attain $1000 in sales for the day'. Assuming that $1000 in sales is
supported by the required production capacity, marketing and competitive pricing, the
KPI is realistic and achievable.

KPIs should be written concisely to avoid being misunderstood and need to be agreed
to by the employee.

Example

KRAs and KPIs

Barry works in a customer contact centre called Jet Setters. He has just finished putting together the work plan for his team for the next four weeks. The KRAs and KPIs that Barry has set are described in the table below.

Key result area	Performance standards	Key performance indicator
Customer service excellence	Achieve a high level of customer satisfaction	90% customer satisfaction rate based on feedback surveys six hours of customer contact talk time per day
Sales	Generate revenue for the business	10 closed sales per day $10 000 revenue per week
Health, safety and wellbeing	Ensure the health and safety of self and others	Less than 5% annual injury rate within own team Hazard inspections conducted every two weeks in own work area
Quality outcomes	Maintain quality standards in own work produced	Less than 2% error rate on customer transactions
Personal excellence and development	Maintain professional development and continuous improvement standards	38 hours of logged professional development per half-year Attendance at one training course and three networking conferences per quarter

Organisational monitoring processes

To monitor how well your team or organisation is tracking, you will need to compare actual performance to the performance indicators, using valid information and data.

Assessing the performance of individual staff members requires a systematic approach to provide reliable, consistent, fair and valid evaluation of results and behaviours. Performance management by definition is not a one-off system for success. It requires a program of continual monitoring and evaluation of a person's progress. Progress is measured against agreed outcomes (KPIs) over a set period, at which time a review is conducted and a new set of KPIs is agreed to, to support continuous improvement.

Four steps are usually completed in the monitoring process:

1. Confirm areas where monitoring is needed	Concentrate on what is important in terms of standards of behaviour and KRAs.
2. Confirm specific measures	These are the KPIs that must be achieved in a set period of time.
3. Compare what is happening with what should be happening	Once steps 1 and 2 have occurred, it should be relatively simple to complete a comparison.
4. Take action as necessary	Identify the source of any variations and what needs the most attention. Implement contingency plans or performance development plans immediately.

Evaluate outcomes

One of the primary roles of a team leader is to gather data to evaluate the outcomes of each team member, and then take appropriate action to reinforce positive behaviours or improve poor behaviours.

Once you have observed and evaluated a behaviour against the required standards, you must communicate the feedback to staff.

If staff do not know they are doing something that is below the required standards, they cannot change what they are doing. With regular, timely and specific feedback, they will be able to put improved work practices into action.

Performance evaluation methods can be formal or informal as described here.

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Informal evaluation

- Informal evaluation is usually conducted in the workplace by the team leader, staff member and their peers on an ongoing basis through observation, third-party feedback and analysis of performance results.
- Variation from the set standards should be identified immediately and corrected.
- 'Correction' in this context can require as little as a demonstration of the correct practice.
- This is a more efficient and effective approach to evaluation and correction than waiting 12 months and trying to remember all the small errors that occurred during the year.

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Formal evaluation

- Formal evaluation is conducted during the face-to-face performance appraisal or during cyclical reporting periods such as monthly progress reports.
- The purpose of a formal evaluation is to provide written or clear verbal feedback to the employee of their progress against the agreed standards.
- Additionally, it is the time to reset the goals and objectives for the coming period.

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Practice Task 10

Question 1

Which of the following are examples of quantitative performance measures? Tick all that apply.

◯ Sales volumes year on year

◯ Net profitability

◯ Customer feedback survey

◯ Unit production year on year

◯ Increased deliveries or sales to new clients

◯ Team leader's opinion

Question 2

What three steps should you follow when setting team performance standards or KPIs?

Question 3

Number each step from 1 to 4 in the order you would follow to monitor employee performance against KPIs.

◯ Take action as necessary.

◯ Confirm areas where monitoring is needed.

◯ Compare what is happening with what should be happening.

◯ Confirm specific measures.

3C Identify and rectify unsatisfactory operational performance

A decline in operational performance means the team members' outputs have been assessed as not meeting the required performance standards and KPIs set out in the operational plan.

Monitoring profit and productivity KPIs would enable team leaders to identify unsatisfactory profitability, such as shortfalls, and will allow them to respond and rectify the situation. For example, operational plans can run over budget due to a wide range of controllable and uncontrollable circumstances. There are a number of ways to reduce costs within an operational period, as illustrated in the table below.

Fluctuations in performance often occur, but any issues that are ongoing (i.e. where a pattern is occurring) must be addressed in a timely manner, with the support of key personnel.

Reduce running costs and overheads	Reduce travel, stationery and utility costs and implement a reduce, re-use, recycle policy
Control overall spend	Implement change management and authorisation procedures, freeze all purchases for a short period of time, communicate current cost performance and expectations
Revise purchasing strategies	Source cheaper labour and physical resources, negotiate price with suppliers, seek out new suppliers, request cheaper products that perform to the same standards, purchase bulk quantities to reduce unit costs
Review resources needs	Share resources across other departments or projects and cancel unnecessary purchases from external suppliers
Increase efficiency within current resource pool	Implement staff training and performance management, repair and service equipment and machinery, extend the life of existing resources
Implement lean management strategies	Review existing work processes and eliminate waste such as unnecessary purchases, process inefficiencies and under-performing resources; remove needless steps in the work package

Reasons for unsatisfactory performance

Unsatisfactory performance may range from having a negative attitude to consistently failing to reach key performance indicators.

Under-performance is the gap between the required standards and the individual's outputs. The person's results may have been below standard for either a short or considerable length of time.

Unsatisfactory performance and behaviours occur for many reasons, some of which are person-centred and others which are system-centred, as shown in the table below.

Person-centred	- Negative experiences with colleagues at work contributing to low morale and lack of personal motivation - Personal issues such as mental or physical illness, birth of a child, family conflicts or divorce - Laziness or lack of attention to detail - Loss of confidence to do the job - Making a poor decision
System-centred	- Lack of systems or processes to support the workers in achieving the performance measures - Workers who have not been trained or have not had their expectations clearly explained to them - Policies and procedures that are vague, out of date, too restrictive or fail to address real working conditions or situations - Decline in business marketing activity, leading to fewer opportunities for staff to reach customers - Increased customer service difficulties that affect quality and productivity - Negative management practices that can lead to workers feeling unmotivated - Poor recruitment and selection practices - Lack of feedback and positive reinforcement from their team leader, so that workers do not know if they are performing their duties correctly

Quality or quality issues

Poor performance relates to either the quality or quantity of work outcomes, or a combination of both.

Quality refers to whether the internal or external customer is satisfied with the output and whether it meets the required grade and level of excellence required. Quantity relates to productivity and efficient use of time and money in producing the final output.

It is possible to achieve one without the other. For example, a person can write a business report but take three days to produce it, instead of the standard two days allocated for the task. Alternatively, a person can write the same report in one day, but it may be riddled with errors.

In some cases, performance results may be meeting the required standards for quality and quantity; however, the worker's behaviours are less than acceptable. Behaviours relate to attitudes, actions and treatment towards others and the business. In some cases, unsatisfactory behaviours are not necessarily directed toward any single person or group of people.

Provide constructive feedback

Team leaders must provide constructive feedback to staff about areas of poor performance.

The technique of providing constructive feedback to highlight poor performance areas for improvement is a valuable management skill. There may be times when you have to bring negative feedback to team members. While positive recognition should always be done publicly, any negative feedback or correction should always be done in private, so as to not embarrass the person.

Before giving feedback about poor performance or behaviours, ask yourself the following questions:

- Why are you assessing this staff member?
- On what functions, skills, behaviours, or activities is this feedback based?
- On what standards is this assessment based?
- What are the facts of the situation?
- What do you plan to do with the results of your feedback?

If you can answer all these questions satisfactorily, you can be sure that the need to provide feedback is appropriate in the situation, and you are doing it for all the right reasons.

Methodical steps to providing quality feedback
• Remove emotion before providing feedback.
• Begin with positive feedback regarding areas of performance that the individual has shown improvement in or is meeting the standards.
• State the areas of performance where the individual has not met the agreed standards.
• Ask if there are any reasons for the individual's lower performance and actively listen to the response.
• Ask the individual for suggested methods of meeting standards in the future.
• Negotiate approaches for improvement over the coming period.
• Agree to and set the new standards.
• End with a positive comment. This may be congratulating the employee on their useful suggestions or highlighting other areas of outstanding performance.

Take appropriate action

As a team leader, it is essential that you respond appropriately to poor performance and take an individualised approach.

There are three pathways that you can take to address under-performance with a team member. As a first resort, you should always look at positive corrective actions to assist the employee in improving their outputs and provide the worker with every opportunity to respond in a positive way.

Option	Examples	When to use
Positive actions	Providing training, feedback, supervisory support and resources to enable the worker to improve performance	This should be used as the first option in almost all cases, in particular when the worker is new or unsatisfactory performance is uncommon with the individual.
Negative actions	Disciplinary actions such as counselling; first, second, third or final formal written warnings; termination for ongoing poor performance or wilful misconduct	This should be used to manage serious misconduct, ongoing poor attitudes, long-term unsatisfactory performance or a rapid decline in performance where the team member has not provided a reasonable excuse for their actions.
Combination of positive and negative actions	Disciplinary actions coupled with support, ongoing supervision, feedback and resource assistance	This should be used to manage ongoing poor performance or behaviours, such as over a period of three months or more.

Support strategies to manage poor performance

From an organisational perspective, poor performance must be addressed as soon as it is identified so the issue can be rectified before it escalates.

Performance-based issues should always be a priority for every team leader. From an employee's perspective, the situation should be handled in such a way that the employee is not embarrassed, harassed, belittled or unfairly treated. Your job is to alert the employee to the issue and collaborate with them to uncover the root causes and develop practical solutions to remedy the poor performance.

Three key support strategies to improve poor performance includes coaching, mentoring and supervision.

Coaching support

Giving feedback on performance issues is part of the performance management process. In addition, team leaders need to support team members by way of training and development to assist them in achieving and exceeding their KPIs.

Coaching is one strategy that can be used effectively to improve performance. On-the-job coaching is cost-effective, uses in-house expertise and provides instant feedback on progress.

This method is a two-way process that is aimed at bringing out the best in a person and is one of the most effective ways of developing the competencies of workers at all levels of the hierarchical structure. It involves providing the individual with technical competence, using instructions, observing their performance, giving them opportunities to reflect on and develop their skills and offering advice on how they can improve their skills.

Coaching basics

Coaching is a learning process that is aimed at bringing out the best in a person and developing workers at all levels.

Coaching assists in the achievement of long- and short-term goals that, in turn, assist in career development. The process helps individuals improve their current competencies as well as helping in areas that need improvement. For this reason, it is a valuable tool for increasing a team's overall productivity as well as increasing morale.

Coaching should aim to achieve four outcomes:

1. Build capability
2. Produce desired results
3. Inspire and motivate
4. Improve areas of under-performance

An effective coach

Coaching involves providing the individual with initial instructions, observing their performance, giving them opportunities to reflect on and develop their skills and offering advice on how they can improve their skills.
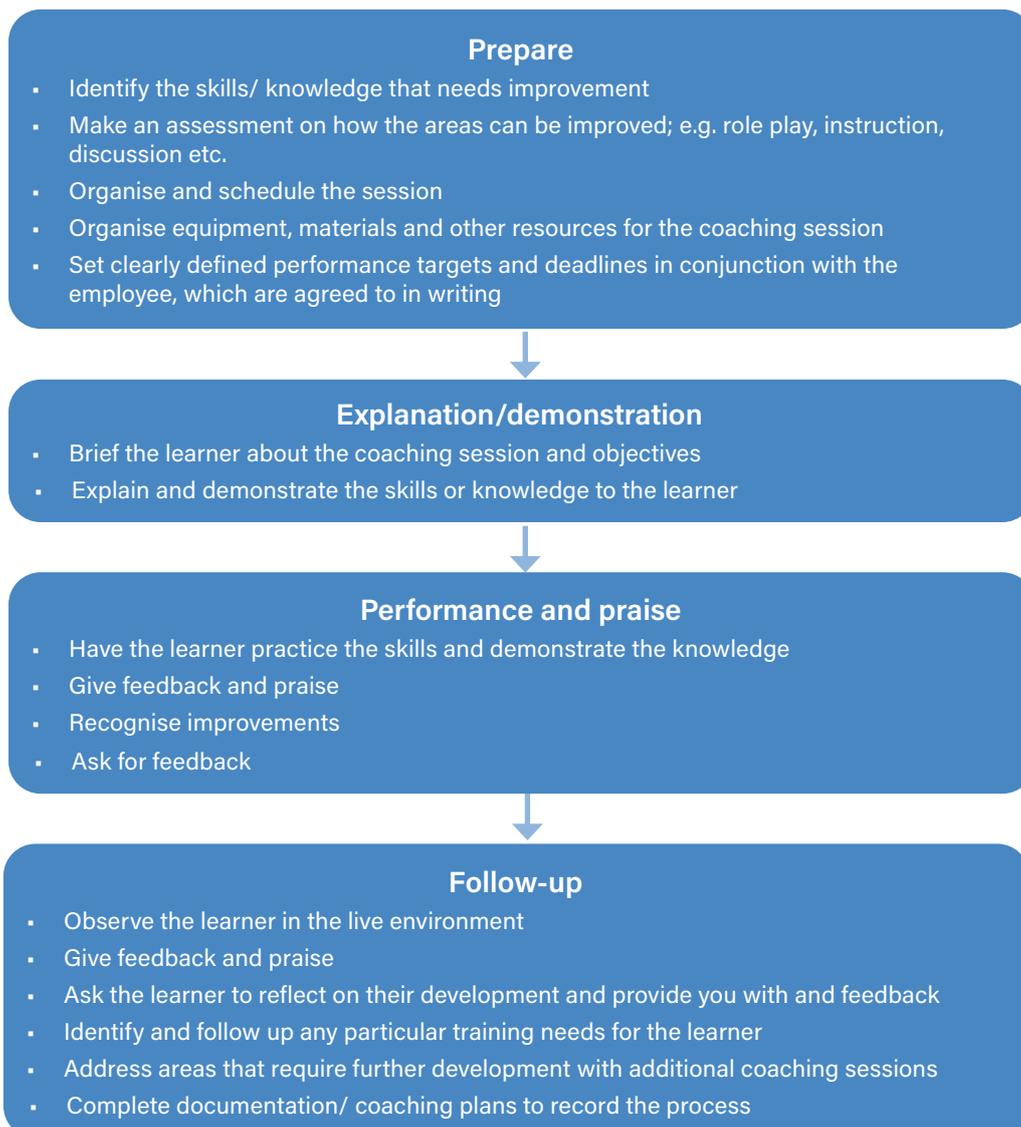
In some cases, coaching may be informal and occur in short episodes. In others, it may be an organised strategy or demonstration to help the team member develop complex skills.

To successfully coach an individual, you need to:
- show a genuine interest and commitment in supporting your learner   - maintain and manage the relationship in which the usual power element is reduced   - communicate information in a non-judgemental way, gather information and relate it precisely to what is needed by the individual. This requires outstanding communication skills, including listening, asking questions, summarising, giving and receiving feedback, sharing information and encouraging others.

When coaching has been identified as a suitable strategy to use, the team leader needs to plan their approach and follow a process to ensure the team member gains the most from the experience.

There are four steps for an effective approach to coaching, as shown below.

Prepare
- Identify the skills/ knowledge that needs improvement
- Make an assessment on how the areas can be improved; e.g. role play, instruction, discussion etc.
- Organise and schedule the session
- Organise equipment, materials and other resources for the coaching session
- Set clearly defined performance targets and deadlines in conjunction with the employee, which are agreed to in writing

Explanation/demonstration
- Brief the learner about the coaching session and objectives
- Explain and demonstrate the skills or knowledge to the learner

Performance and praise
- Have the learner practice the skills and demonstrate the knowledge
- Give feedback and praise
- Recognise improvements
- Ask for feedback

Follow-up
- Observe the learner in the live environment
- Give feedback and praise
- Ask the learner to reflect on their development and provide you with and feedback
- Identify and follow up any particular training needs for the learner
- Address areas that require further development with additional coaching sessions
- Complete documentation/ coaching plans to record the process

Example

Provide on-the-job coaching to improve performance

The use of a systems approach to performance management has seen Midfield Hospital improve patient safety, treatment, services and outcomes. The process uses a PDCA (plan, do, check, act) approach along with a rigorous performance review process that generates inputs for the hospital's management system. With management support, supervisors at the hospital provide ongoing coaching as the staff development tool of choice, due to the personal nature of the health services industry and the camaraderie developed in the teamwork environment.

When interviewed about the factors that led to the ultimate success of the system and the hospital's outstanding record, senior administrator Professor Kerryn Williams reported that the ability of her unit supervisors and professional support staff to adapt to the new processes and seek out better methods to produce excellent work performance was the secret underpinning their success.

'Our supervisory staff are quick to recognise achievement and praise creativity in the workplace. This is rare in the medical sector, as hours are often very long and the pay for support staff is not at a level the industry should accept. This recognition and one-on-one support for all junior staff has created an atmosphere where success is expected; achieving above the industry benchmarks for all levels within the workplace drives staff to greater heights.'

Mentoring support

The term 'mentor' is defined as a trusted counsellor or guide. A mentor is a person who is usually older and more experienced, who guides the mentee through their development.

Mentoring is the relationship of personal development that exists between a mentor and mentee. While coaching focuses on developing technical and task skills, mentoring focuses on developing soft skills, such as communication, interpersonal, problem solving, teamwork and leadership skills. Mentors are generally people who are currently in a position where the mentee aspires to be.

To be an effective mentor, you need to:
- share your knowledge, which will further the personal growth and success of the mentee   - give the best version of yourself for mentees to learn from   - provide a mentoring program appropriate to the mentee's needs   - provide coaching so that behaviour that needs to be changed, improved or removed is addressed   - have a mutually beneficial relationship where both parties trust each other.

Effective mentoring practices

An effective mentor is committed to the growth of the mentee and can build a rapport with them.

Although the focus of development differs between coaching and mentoring, the key principles of being an effective mentor are similar to those of an effective coach.

Effective mentors

- Must not have false expectations, but strive for greater growth
- Meet the needs of the mentee
- Give trust to the mentee first
- Set a realistic time frame; and
- Should not mentor without first having your own mentor

Ways to build rapport

- Meet with the mentee consistently
- List everything covered during the meeting
- Chart the mentee's progress
- Demonstrate good behaviour consistently
- Provide mentee with feedback consistently
- Share your own experiences with them.

Supervision support

Throughout each operational period, you should take steps to regularly supervise each team member, making sure they are working effectively with the resources that have been allocated.

The level of support that you can offer team members who are underperforming will vary, depending their needs and the areas that they are finding the most challenging.

Providing supervisory support is key to ensuring team members are working safely and using resources efficiently. It also enables team leaders to gain a personal understanding as to the team members' skill gaps, through a process of direct observation.

Supervision involves:
▪ consistently observing the performance and outputs of team members ▪ measuring and testing outcomes during and after the completion of tasks ▪ conducting physical site/job inspections and observing tasks completed or in progress ▪ making yourself available at the ground level to provide input into activities and correct issues as they occur ▪ monitoring the health and safety of workers and other people who come into contact with the job site ▪ providing relevant instructions to team members.

Practice Task 11

Question 1

List three strategies could be used to address poor performance of team members.

Question 2

Who are the people you should report to when dealing with an underperforming team member? Tick all that apply.

○   The team member involved

○   The unit, team or division manager

○   An HR representative

○   The team member's colleagues

○   The team member's family

Question 3

How can coaching and mentoring be used to help individuals achieve the operational goals? Tick all that apply.

○   To build capability in workers

○   To punish behaviours seen by the supervisor as negatively affecting the business

○   To improve areas of under-performance

○   To provide feedback that is personal and emotive in nature

○   To inspire and motivate

Question 4

List four ways you can supervise the performance of team members.

Summary

- Operational management must ensure that all activities are being accomplished according to the targets outlined in the budget. It requires that any deviations are identified early and corrected with minimal disruption to the operational objectives.

- Team resources and associated expenditure must be monitored to ensure costs are controlled and budgets are achieved.

- One of the most effective ways to correct a negative cost variance is to implement cost reduction methods.

- To ensure the successful implementation of the operational plan, team leaders must indicate the key performance measures in relation to the quantitative elements of job performance. Key performance measures must be based on the function of the role and must support operational plan objectives.

- To be clear and unambiguous, KPIs need to be written as 'SMART' objectives: that is, specific, measureable, achievable, realistic and time-framed.

- The four steps to a performance monitoring process are: confirm areas where monitoring is needed, confirm specific measures, compare what is happening with what should be happening, take action as necessary.

- An effective operational performance management framework will allow the team leader to easily identify a decline in performance and respond to the issue in a fair and reasonable manner.

- From an organisational perspective, unsatisfactory performance must be addressed as soon as it is identified so the issue can be rectified before it escalates, using feedback, supervision, coaching and mentoring.
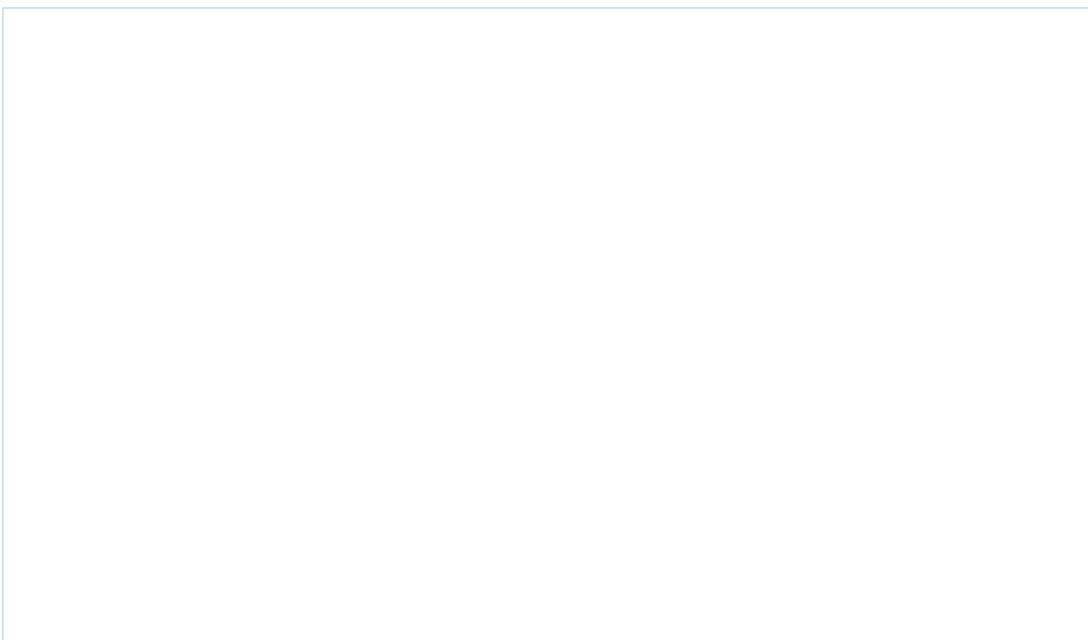
Learning Checkpoint 3
Monitor operational performance

Part A

1. Describe how you would use a monitoring system to ensure you are tracking the financial performance and resource expenditure of a team.
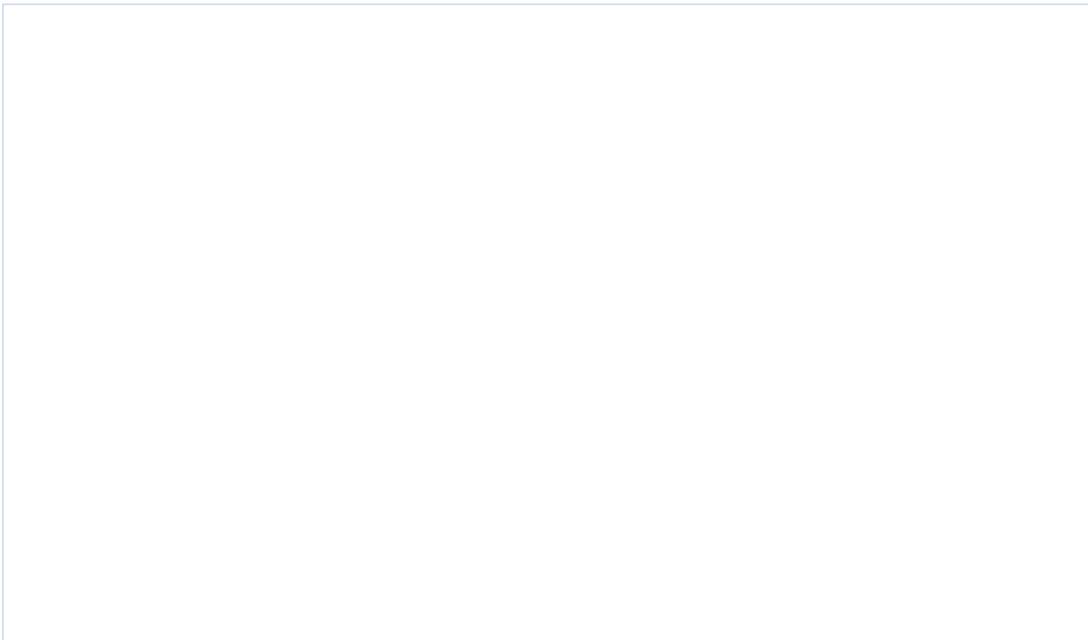
2. List the four pieces of information you need to effectively monitor resource expenditure.

3. Draw a line to match each term about cost reduction methods to its definition.

» Review resources needs

» Source cheaper labour and physical resources, negotiate price with suppliers, seek out new suppliers, request cheaper products that perform to the same standards, purchase bulk quantities to reduce unit costs

» Lean management

» Reduce travel, stationery and utility costs and implement a reduce, re-use, recycle policy

» Revise purchasing strategies

» Review existing work processes and eliminate waste such as unnecessary purchases, process inefficiencies and under-performing resources; remove needless steps in the work package

» Reduce running costs and overheads

» Share resources across other projects and cancel unnecessary purchases

Part B

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

Case study

Rhonda works in a telecommunications contact centre called MyTel. She leads a team of 12 contact centre operators and the team's KPIs are set and reviewed following a monthly budget.

The primary KRAs that Rhonda uses for the basis of her performance management system include sales results, customer service, teamwork and personal excellence.

On the first day of each month, Rhonda holds a short, 15-minute, structured, one-to-one meeting with each team member to discuss their sales results for the previous month. One of her team members, named Pru, has had difficulties in meeting her sales KPIs for the past two months.

1. Number each step from 1 to 8 in the order Rhonda would follow to give constructive feedback to Pru about her performance.

    ◯   Agree to and set the new standards.

    ◯   Negotiate approaches for improvement over the coming period.

    ◯   Remove emotion before providing feedback.

    ◯   State the areas of performance where Pru has not met the agreed standards.

    ◯   Begin with positive feedback regarding areas of performance that Pru has shown improvement in or is meeting the standards.

    ◯   End with a positive comment; for example, congratulating Pru on her useful suggestions or highlighting other areas of outstanding performance.

    ◯   Ask if there are any reasons for Pru's lower performance and actively listen to her response.

    ◯   Ask Pru for suggested methods of meeting standards in the future.

2. What types of actions should Rhonda take to address Pru's poor performance?

3. Describe how Rhonda could use qualitative and quantitative performance measures to monitor Pru's performance. In your answer, provide examples for each.
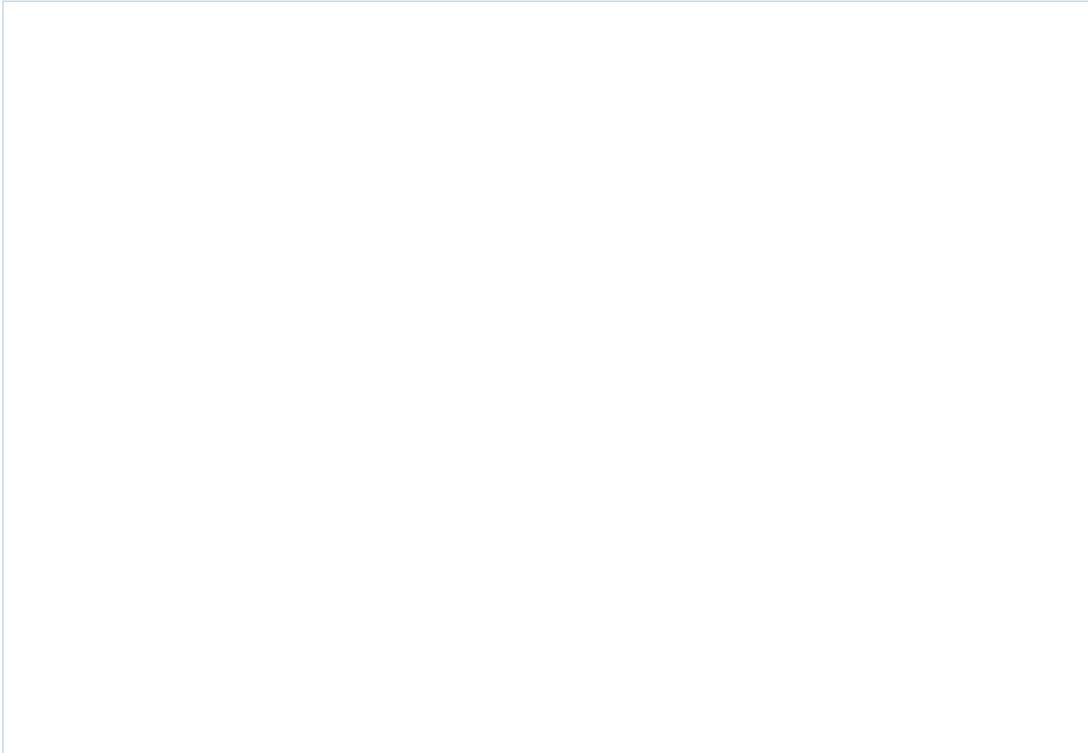
4. Explain how Rhonda can use coaching, mentoring and supervision to support Pru in developing her performance.
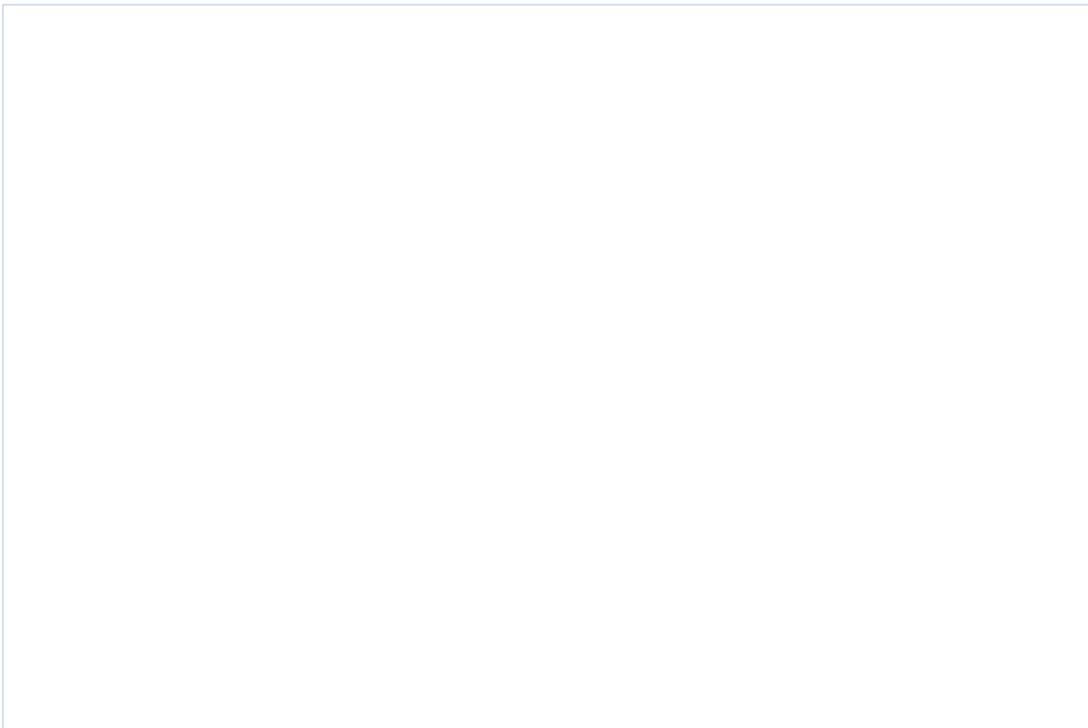
Topic 4 | Review operations based on performance

4A   Develop recommendations to vary operational plans

4B   Present recommendations for approval

4C   Maintain records and report operational performance

4A Develop recommendations to vary operational plans

As operational plans are implemented and performance is monitored, it may become necessary to vary the original plan in order for an organisation to meet its goals.

Operational plans are living documents and, as such, may be updated to reflect current conditions throughout the operational period. During the process of monitoring operational performance, you will come across problems that lead to variations between what is planned and what actually occurs.

Depending on the organisation and the policies that are in place for operational plan approvals, different authorities will be required to review and authorise the final approval on any changes (variations) made to the operational plan.

Variations to operational plans

A variation is any unwanted difference between actual and planned outcomes. Variations occur as a result of contingencies, which are unwanted events that are not likely or intended to happen, but impact negatively on results.

Variations may relate to sales results, revenue generated, units sold, expenditure or productivity. These variances may occur as a result of internal (issues stemming from inside the organisation) or external (issues that arise from outside of the organisation) sources.

Some examples are listed below.

Internal sources	External sources
- Lack of organisational capability - Failure/restrictions from internal systems and processes for quality, production, service and communication - Workforce skills, knowledge, experience and attitudes - Increased staff absences - Lack of harmony within teams - Product and service range and quality - Availability of finance and other resources - Supplier performance - Relationships with wholesalers, other retailers and providers of trade channel services	- The current political climate and potential changes - Government policy, agendas and upcoming initiatives - Current and proposed legislation and how it can affect your company - The state of the economy - Consumer trends, fads and other changes in society impact - New technologies being introduced into the marketplace - New applications for existing technologies that can invalidate existing products

Example

Find the cause of the problem

The call centre in a large bank is not able to fulfil its obligations to the bank's operational plan. The call centre's team leader needs to review past reports and performance measurement results, and consult with other senior staff to find the cause of the problem. This could be any one of a number of issues, or even a combination of problems.

Once the real problem has been identified, the team leader can determine whether the operational plan needs to vary, whether KPIs need changing or whether staff issues need to be addressed.
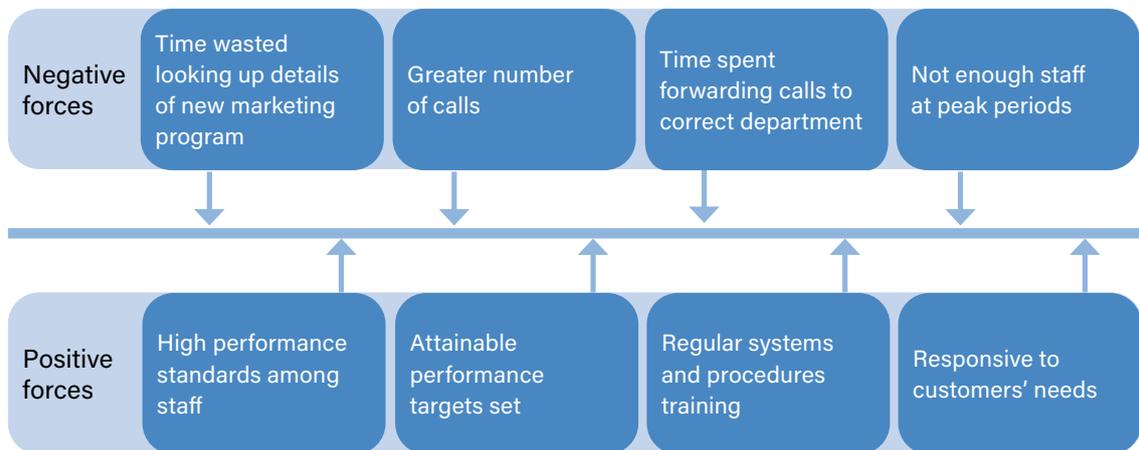
The team leader should ask:

- Are there enough call centre staff?
- Are clients telephoning the call centre with questions or issues caused by a new marketing campaign or a new product?
- Are clients calling the right department or are they contacting the centre because it's the only place they know to call?
- Should calls be directed to other areas or could an automated system be set up to provide standard information, such as interest rates?
- Is there a lack of staff due to poor rostering and are issues such as sickness, holidays and other leave taking their toll on staff numbers?
- Have staff been resigning in larger than normal numbers? If so, why?
- Is it taking too long for new staff to be appointed through the bank's normal HR processes?
- Are staff poorly trained and not handling client issues quickly enough, therefore resulting in longer than usual calls?
- Are staff aware of the maximum wait times on incoming calls?

Develop solutions to address variations

Valid solutions and recommendations for varying the operational plan need to be developed and presented to key stakeholders for approval.

The force-field analysis process can be used to highlight the key issues impacting on performance, including those impacts that drive and resist improvements.

In the example below, staff are spending too much time looking up the details of a new marketing program. This is having a negative effect on their performance against the plan and making customers unhappy. On the list of positive forces, you can see that staff receive regular systems and procedures training. Therefore a possible solution would be to strengthen the training program to include training on new marketing programs, weakening the negative force of wasting time looking up this information.

Negative forces	Time wasted looking up details of new marketing program	Greater number of calls	Time spent forwarding calls to correct department	Not enough staff at peak periods
Positive forces	High performance standards among staff	Attainable performance targets set	Regular systems and procedures training	Responsive to customers' needs

Consult with stakeholders

Through consultation with key stakeholders, you will identify opportunities for improvement to operational plans. Stakeholder consultation can be a valuable process in discovering the solutions to operational issues.

Consultation involves meeting with staff, subject matter experts, customers, suppliers and managers, and discussing their experiences and exploring issues relating to business operations. Consultation is a two-way process of giving and receiving useful information, working together to uncover root causes and collaborating on solutions.

Analyse variations

When you have identified the underlying issues affecting operational performance, analyse the types of changes required to determine their impacts on the business.

Change is inevitable in operational management. This may include making changes to operational objectives, spending, resource allocation, time frames, priorities or tasks.

All changes should be controlled through a system of evaluation, control and approval. Approved changes can then be implemented in a systematic way, with full understanding of their effect on the schedule.

Here are some key questions to consider when varying the operational plan
• How much will it cost?
• What additional resources are required?
• Will the change create new risks?
• How much additional time is needed to achieve the objectives?
• How will changes impact on other parts of the business?
• What other factors need to be considered?
• How much impact (low, medium, high) will it have on improving performance?

Practice Task 12

Question 1

Using your own workplace or one you have researched, list three things that might mean the operational plan for a division or team needs to be changed in order to achieve your goals.

Question 2

Draw a line to match each type of change to its definition.

》 Objectives

》 Time frames

》 Resources

》 Finance

》 Allocating additional tools, equipment and materials to meet growing demand

》 Decreasing the operational budget to factor in a decline of revenue

》 Extending the scheduled completion date to allow for a drop in productivity

》 Redefining the outcomes that need to be achieved due to unforeseen on changes in the market

4B Present recommendations for approval

Once you have established a need to vary the operational plan, you will need to prepare a summary report to your stakeholders.

Reporting means sharing information, notifying stakeholders of achievements, problems and recommendations and communicating progress of the operational plan. Business reports vary depending on the information requirements of the stakeholder and the organisation's reporting strategy.

Business reports

Business style reports must be clear, concise and presented in an appropriate format suitable to the audience's needs.

Business reports are formal documents that aim to describe the true outcomes achieved over a period of time within the business. Reports must be professionally written and provide a clear and accurate picture of the current performance of resources and how they have contributed to operational objectives.

All information contained within the report must be of a quality standard. This they must be reliable, valid, current and sufficient.

Report structure

Reports can be formal using a specific organisational reporting template, or informal: for example, by emailing your findings to management.

The format for presenting your recommendations to your stakeholders will be relevant to the organisational reporting policies, procedures and style guides, as well as the unique needs of your stakeholders.

Reports should have a clear and logical flow and structure, so your stakeholders can easily read and find the information that they are looking for.

A standard structure for a business report is provided below
- Report title   - Executive summary   - Introduction   - Findings   - Recommendations

Example

Business report template

Report title	• Name of the report • Who the report is attention to • Date • Who compiled the report
Executive summary	• The summary of key findings and high-level points and recommendations of the report
Introduction	• What was monitored • The monitoring system that was used • Data sources and collection methods
Findings	• Presentation of the information and evidence, including successes and issues • Objective analysis of the operational results achieved, including trends, patterns and forecasts • Variations in performance from the operational objectives
Recommendations	• Changes that need to be implemented to the operational plan in order to meet business objectives

Report writing guidelines

A number of key guidelines can be followed to ensure your reports are of a professional standard and meet the needs of your stakeholders.

When writing a report based on a review of operational performance, be sure to follow the principles for formal report writing to give yourself the best possible chance to achieve the outcomes you are looking for.

The following guidelines can be followed to ensure you produce a quality business report.

Accuracy

Report reliable, valid information only. Make distinctions between fact and hearsay, fact and opinion, and fact and conclusions. Be clear about the meaning of words used in the report and avoid jargon if the audience will not understand it. Clarify all abbreviations, such as CRM (which is short for Client Relationship Management). Proofread and edit the report and rewrite as needed.

Completeness

Completeness is achieved by reporting all of the information according to the stakeholder's request. When in doubt, include the information, but only if there is clear relevance. Avoid partially stated facts, which can be misleading and misinterpreted.

Conciseness

Avoid unrelated, extraneous, incidental and nonessential information and detail. Pay attention to grammar, spelling and sentence structure. Avoid adjectives, wit, sarcasm, flowery expressions and repetition. Use headings, paragraphs, sentence structure, indentations, underlining, and capitalisation to emphasise and give weight and/or visibility to information the investigator deems more important.

Impartiality/ objectivity

Report the material and evidentiary facts without addition or subtraction. Do not conceal or withhold information, do not make your own assumptions and conclusions. Maintain an unbiased and open mind about the results and avoid becoming emotionally involved in the process.

Clarity and report formatting

Arrange the contents of the report in discrete sections to facilitate the reader's review and understanding of the report. Write in chronological order and avoid ambiguous sentences and vague statements.

Positive language

Apply positive language to highlight opportunities for improvement. For example, write 'The system will require ongoing maintenance and upgrades to keep up with the changing demands of the business environment', instead of 'The current system is not working effectively and is unlikely to meet the needs of the business'.

Descriptive and specific

Use descriptive adjectives instead of umbrella terms. For example, write 'changing to a customised WHSIS will lead to a more efficient and user-friendly hazard and incident reporting process', instead of 'a change of information system will lead to good improvements in safety'.

Reduce adverbs and adjectives

Avoid the over-use of adverbs and adjectives. An adverb is a word used to modify a verb (action words) or adjective (descriptive words). For example, write 'a software-based CRM will improve user-accessibility', instead of 'a state-of-the-art and user-friendly CRM system will uniquely improve the productivity of users'.

Images and charts

Reports can be enhanced by the use of graphs, charts or other graphics generated by databases and spreadsheets. This allows the reader to see trends and key issues without spending a lot of time reading text.

Presenting reports to stakeholders

Based on your findings from the review, you may have uncovered issues, successes and areas that can be improved. This information needs to be presented to your key stakeholders.

The final step is to present the report to your target audience within the required timelines. This will usually be in the form of an email attachment, in-person presentation, data point share drive or hard copy (internal mail).

Ensure that you attach relevant appendices or documents as noted in your report and follow up to see that your recipient has received the report.

Your report may need to be formally presented to key stakeholders as part of ongoing communication and consultation processes.

Formal presentations are used to inform stakeholders on the progress of the allocated resources and must be scheduled and planned to ensure optimum outcomes are achieved.

Example

A call centre team leader presents issues to management

In accordance with the bank's procedures, the call centre team leader consults her own manager about an issue that has been present for some time. She has previously mentioned the issue several times in both formal and informal meetings and today she emails a brief report to her manager ahead of their weekly meeting.

Subject: Increasing call wait times for clients

Dear Jamie,

One of the call centre's major key performance indicators is call wait time. Our KPI states that 90 per cent of all incoming calls need to be answered within 30 seconds. Until two months ago, this had not been a problem and we had consistently surpassed our KPI. However, since then we have noticed a steady increase in call wait times. As I've mentioned on a few occasions, the past two weeks in particular have seen our performance drop to less than 80 per cent of calls answered within 45 seconds.

Team leaders in all cells have reported that client satisfaction is also dropping, with many callers frustrated and angry with staff and questioning why wait times are so lengthy.

Our investigations into this problem have revealed that call volumes have increased substantially. We have discovered that many of our call centre team members are dealing with calls from customers who are having difficulty using our online banking service. It appears that there have been many problems with online banking lately due to a computer virus. When a customer has a problem while online, they call our number. Most customers are not aware that we have a separate help desk for online banking problems and we have to redirect their call.

My recommendations, based on feedback and ideas from our call centre team members, are to:

- make the help desk number more visible online and in all marketing material
- record an automated greeting when clients call in so they can 'press 1' for the help desk and their call is redirected immediately
- issue new and existing clients with a list of contact numbers they can keep handy.

These resolutions can be acted upon quickly and will have minimal impact on our budgets. I look forward to discussing this with you later today.

Regards,

Mai-Ling

Providing a verbal presentation

A proposed change to the operational plan can take various forms based on the nature of the change request and who you are presenting it to. It can include a face-to-face conversation or a formal presentation.

When presenting your recommendation in person, there are several steps you can take to ensure it runs smoothly.

Start by knowing how much time you will have to present your case.

Break up your presentation into set times for each component of the presentation.

If you use visual aids, papers or PowerPoint slides, ensure they are to the point and brief. Use the 10 per cent rule, do not display any more than this, fill in the gaps verbally.

Start with a summary so they know why you are there. Include important information that the audience will care about and which will get their interest.

Give the audience an idea of the presentation format upfront; e.g. a summary, current situation, data and risks, recommendation and questions. This will reduce interruptions and questions.

Ensure that you give them what they wanted to know. If they have specifically requested anything, ensure it is included and answered.

Rehearse to ensure you can deliver the amount of information in the set time and that it runs smoothly.

Practice Task 13

Question 1

Which of the following information do you need to include when recommending changes to an operational plan? Tick all that apply.

○ Include detailed recommendations for improvements

○ Explain in general terms the estimated amount of money spent on resources

○ Provide a clear outline of the achievements, issues and variations to operational objectives and budgets as part of an executive summary

○ Describe an objective analysis of the operational results achieved including trends, patterns and forecasts

○ Present your report to your key stakeholders based on agreed reporting procedures

Question 2

Number each step from 1 to 5 in the order you would follow to set out a business report.

○ Findings

○ Report title

○ Introduction

○ Executive summary

○ Recommendations

4C Maintain records and report operational performance

Organisational policies and procedures will explain the processes and guidelines you need to follow to ensure records of team performance are retained, in accordance with relevant laws.

Workplace policies and procedures are the guidelines for documenting team operational performance and individual performance-based issues. They will indicate the type of written documentation that must be provided, storage requirements and location, privacy and confidentiality requirements, retrieval methods, and the people authorised to access the data.

Basic legal compliance must be met by all businesses operating in Australia. This includes adherence to the *Privacy Act 1988* (Cth), the *Fair Work Act 2009* (Cth) and the various federal, state and territory anti-discrimination legislation.

Types of operational records

An organisation's reporting and information management system may require you to complete and store a variety of documentation to maintain records of operational performance.

As a part of the organisation's reporting and information management system, it is important to leave a thorough paper trail. This helps to provide evidence of what has been achieved within the team. For individual performance issues, it is imperative to keep copies of what has been agreed to and implemented, which can be referred back to at a later stage if there is a relapse in performance or a dispute between the team leader and the worker that results in a termination case.

Documenting operational performance should always be conducted in accordance with the organisational performance management and information management policies and procedures.

Types of documentation associated with business operations include:

- records of formal performance appraisals
- operational plans, including changes approved
- budgets and financial records
- summaries of informal meetings by managers
- skills assessment and audits
- performance management reports, appraisal documents or review summaries
- records of personal goals and objectives; for example, personal development plans, work plans, job descriptions, KPIs or professional development plans
- copies of documents used in training programs, certificates, statements of attainment and attendance, verification or recognition of competencies
- employee complaints, appeals or grievances
- current legal requirements and compliance standards.

Maintain records

Managers need to ensure they maintain accurate records to keep track of all activities within the performance management framework.

If performance reviews, achievements and progress are not recorded, managers may have difficulty determining whether an employee is competent in a particular area, whether a person is regularly achieving their KPIs, where skill gaps lie and what type of training has been completed.

For example, a new manager would find it extremely useful to be able to access the files of their team and identify the action agreed on after their last performance review or the type of training they had completed to fill a skills gap.

Organisations may also need to maintain records that verify any coaching or other type of training that has taken place in order to complete an end-of-financial-year audit.

Follow organisational policies and procedures to ensure:

- the correct forms or templates have been used
- information is accurate, factual, uses correct spelling, is dated correctly, and contains no emotive statements
- information is concise, logical and clearly written
- documents are signed appropriately where necessary
- documents are stored appropriately; for example, in a locked cabinet with restricted access, or a password-protected electronic system.

Document performance

A tile company has eight consumer tile showrooms throughout New South Wales. The organisation keeps records for all staff performance reviews and any interim reports created that may affect the employee's annual review outcomes. The majority of interim records consist of customer complaints or supervisor recommendations. These documents are scanned and stored with the staff member's personnel records file and reviewed prior to the annual performance review. This system provides factual information regarding the behaviour of the employee, plus quantitative data relating to their KPIs within the business.

Sales supervisors are able to print a staff report at any time which shows up-to-date sales performance data, any outstanding issues and resolutions to past issues. The report also presents a page that details the staff member's professional development plans. Having instant access to these documents allows supervisors to be more prepared in instances where facts are required, such as immediate performance issues or other staff problems.

Presenting recommendations for approval

Based on your review and consultation processes, the plan needs to be presented to your key decision-makers for approval.

The final step is to present the recommendations to your key decision-makers for formal approval. This will usually be in the form of an email attachment, in-person presentation, data point share drive or hard copy (internal mail).

Ensure you attach relevant appendices or documents of valid evidence to support your recommendations. This information will help provide a valid argument for varying the operational plan.

Key decision-makers that you may need to seek approval from can include:

- Operations manager
- Senior managers, such as the General Manager of Chief Executive Officer
- Business owners and directors
- Centre manager.

Example

Gain approval to vary an operational plan

Following a thorough review of the first quarter's results, Cindy noted that her department was not reaching their sales targets. Cindy called an urgent meeting with her department to discuss the quarterly sales and identify reasons behind the shortfall in revenue. Cindy and her team concluded that sales were down due to a lack of major advertising.

Following the meeting, Cindy put together a proposal to vary the operational plan to include additional advertising strategies for the remaining nine months of the year. Her marketing team suggested that print and broadcasting media would be highly successful and Cindy agreed.

Cindy presented her recommendations to the General Manager for his consideration. To support her recommendation, Cindy also supplied the General Manager with a sound estimate showing the return on investment. The General Manager saw the benefits in varying the operational plan and gave Cindy his formal approval.

Practice Task 14

Question 1

Why is it important to keep accurate records of all business operations?

Question 2

When collecting, storing and maintaining staff performance data and information, what organisational processes should be followed? List at least four.

Question 3

Which of the following personnel might you seek approval from when varying the operational plan? Tick all that apply.

○ Operations Manager

○ Chief Executive Officer

○ Stationery supplier

○ General Manager

○ Business owner

Summary

- A variation is any unwanted difference between actual and planned outcomes.
    - Variations occur as a result of contingencies, which are unwanted events that are not likely or intended to happen, but have a negative impact on results.
- Stakeholder consultation can be a valuable process in discovering the solutions to operational issues.
- When you have identified the underlying issues affecting operational performance, analyse the types of changes required to determine their impacts on the business.
- Reporting means sharing information, notifying stakeholders of achievements, problems and recommendations and communicating progress of the operational plan.
- The format for presenting your recommendations to your stakeholders will be relevant to the organisational reporting policies, procedures and style guides, as well as the unique needs of your stakeholders.
- When writing a report based on a review of operational performance, be sure to follow the principles for formal report writing to give yourself the best possible chance to achieve the outcomes you are looking for.
- Workplace policies and procedures are the guidelines for documenting team operational performance and individual performance-based issues.
    - Managers need to ensure they maintain accurate records to keep track of all activities within the performance management framework.
- Information on operational performance need to be developed and presented to key stakeholders for approval.

Learning Checkpoint 4
## Review operations based on performance

Part A

1. Draw a line to match the correct event with the general reason for varying an operational plan.

>> A brainstorming session with staff from various divisions identifies some major changes that are needed to the way the business serves its customers.

>> The goals may be changed in response to external factors such as pressure from competitors, a merger with another company, regulatory changes or new technology.

>> A reduction in skilled teaching staff entering the workforce affects a school's operational plans.

>> Internal change, such as a restructure, may mean the day-to-day operation of an organisation needs to be modified to make the most of the new structure.

>> A small rural delivery company with 10 delivery vans is bought by a large distribution company.

>> Other factors may affect the plan, such as unexpected budget pressures, staff shortages or industrial action.

>> An organisation runs several restaurants and also provides catering services. It decides to consolidate its operations to reduce expenses and administration activities.

>> Observations and feedback from internal staff and managers may suggest the original operational plan is not enabling the organisation to achieve its service delivery goals effectively.

2. What documentation do team leaders need to retain when reviewing operational performance? Tick all that apply.

  ○   Job descriptions and contracts

  ○   Company board report

  ○   Records of formal performance appraisals

  ○   Skills assessment and audits

  ○   Bank statements

  ○   Personal development plans and work plans

3. List four organisational requirements when collecting and storing staff performance data and operational information.
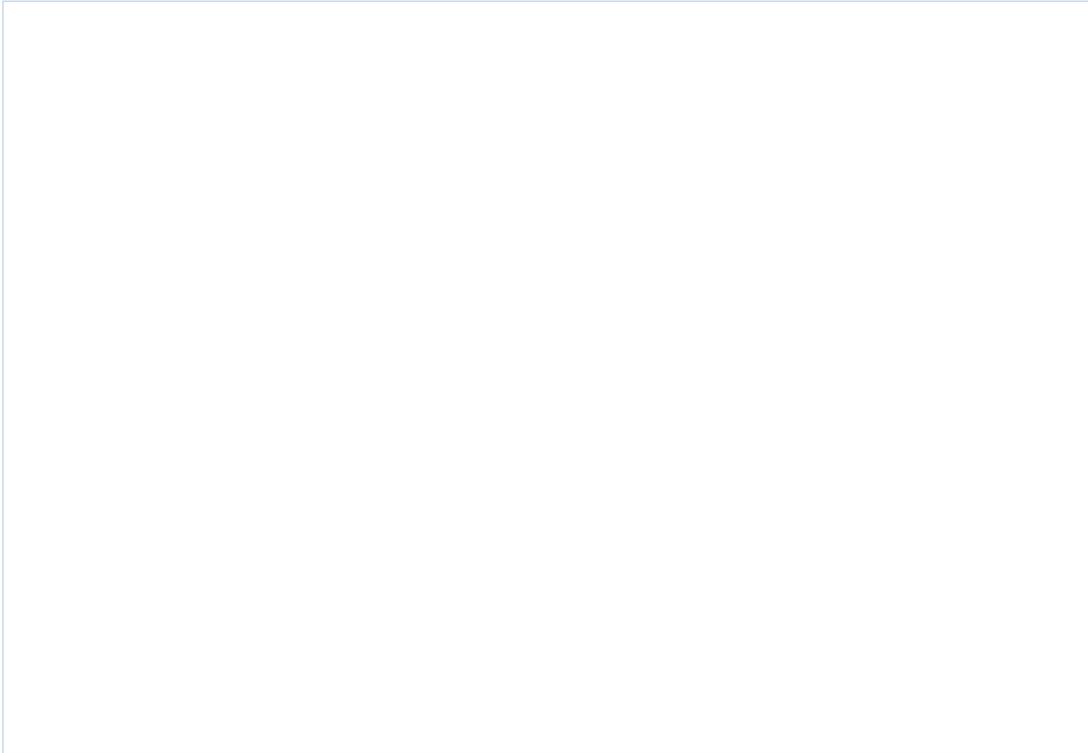
4. Briefly explain the process you would need to follow to gain approval to vary an operational plan.
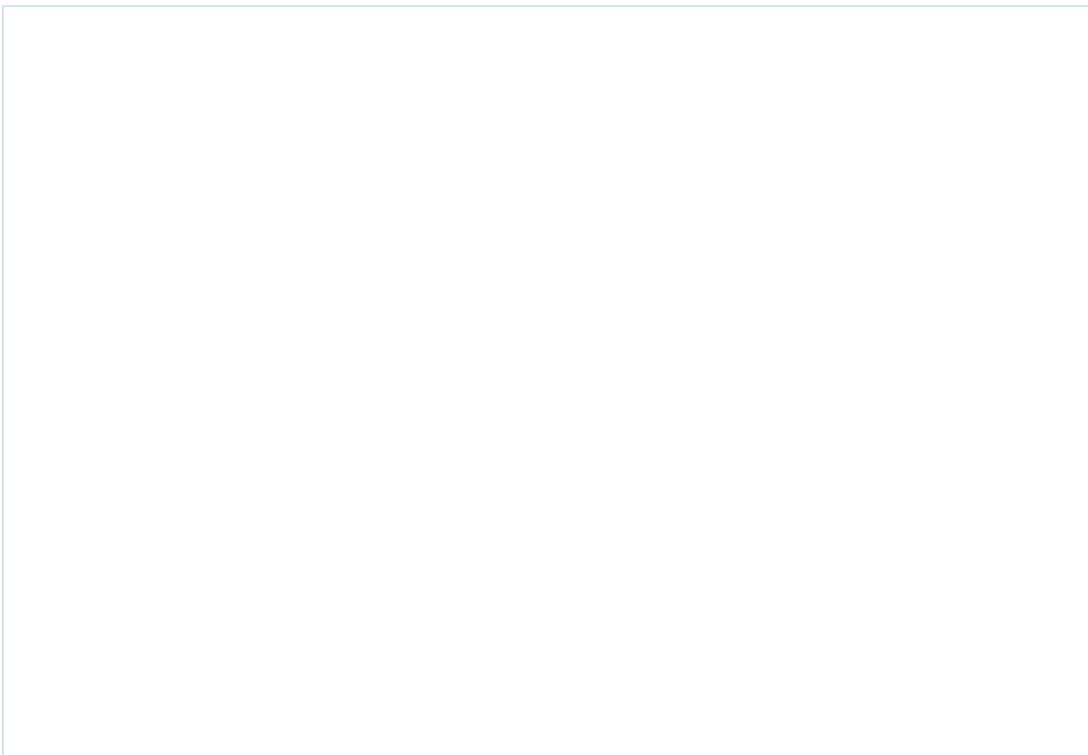
Part B

Read the case study below and answer the questions that follow.

Case study

Johan is a supervisor in a medium-sized screen printing and embroidery company, reporting to the general manager. The company specialises in producing a range of customised sporting apparel, including shirts, hats, jumpers, pants, shorts and socks that include the unique colours and logos of their clients' sporting clubs.

Two months ago, the company introduced a $15 000 state-of-the-art sublimation machine into the production line, which it purchased from an interstate supplier. The machine uses heat and pressure to transfer designs onto the garments and is unique to the workforce. Once the machine was introduced into operations, each production worker received a 60-minute demonstration and training support session.

The primary aim of the machine was to increase quality and productivity for the production workers. Johan is interested to see how much of an impact the machine has had on productivity and operational objectives since it has been introduced.

1. Based on Johan's two-month review, productivity increased by only 2 per cent and user errors increased by 15 per cent. What recommendations to change the operational plan can you suggest to Johan, to improve on these figures?

2. Explain what information Johan needs to report to the general manager and how he must present his recommendations.