BSB 7.0

BSBOPS502

MANAGE BUSINESS OPERATIONAL PLANS

Learning Resources

BSBOPS502

Manage business operational plans

Release 1

Learner Guide

Aspire Version 1.1

Learning Resources

Aspire also has learning resources available in these areas:

- Foundation skills
- LLN and employability skills (non-competency)
- Community services
- Early Childhood Education and Care
- Allied health

BSBOPS250 Manage business operational plans, Release 1

Level 1, 464 St Kilda Road
MELBOURNE VIC 3004 AUSTRALIA
Phone: (03) 9820 1300

First published October 2020

Cover design: Anne-Marie Reeves Design
Printer: Doculink Australia Pty Ltd, 1d/28 Rogers Street, Port Melbourne VIC 3207

e-ISBN 978-1-76075-733-5 (PDF version)
ISBN 978-1-76075-732-8

Contact details

Participant
Name:
Start date:
Phone number:
Email:
Work location
Name:
Address:
Postal address:
Workplace supervisor name:
Phone number:
Fax:
Email:
Registered Training Organisation (RTO)
Name:
Address:
Postal address (if different):
Phone number:
Fax:
RTO contact name:
Mobile:
Email:

CONTENTS

Before you begin

This Learner Guide is based on the unit of competency *BSBOPS502 Manage 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	▪ Gathers, interprets and analyses workplace documentation to determine requirements for the operational plan
Writing	▪ Develops and documents a range of detailed texts relating to the management of an operational plan according to organisational requirements
Oral communication	▪ Presents information to a range of audiences using appropriate register, vocabulary and paralinguistic features ▪ Listens and comprehends information from a variety of spoken exchanges with clients, co-workers and other stakeholders
Numeracy	▪ Selects and uses mathematical problem-solving strategies to organise resource requirements, performance benchmarks and financial viability of the operational plan
Enterprise and initiative	▪ Monitors adherence to organisational policies, procedures and considers own role in terms of its contribution to broader goals of the work environment
Teamwork	▪ Collaborates with others to achieve joint outcomes, playing an active role in facilitating effective group interaction, influencing direction and taking a leadership role on occasion
Planning and organising	▪ Takes responsibility for developing and implementing systems and processes to achieve organisational objectives, seeking advice, feedback and support as required to assist in the development and planning phase ▪ Sequences and schedules complex activities, monitors implementation, and manages relevant communication
Problem solving	▪ Uses systematic analytical processes to aid decision making, identify potential problems and generate contingency plans or solutions
Technology	▪ Demonstrates awareness of the importance of data security in a digital environment

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: Establish an operational plan	1A Determine resource requirements	❑ Confident ❑ Basic understanding ❑ Not confident
	1B Develop an operational plan	❑ Confident ❑ Basic understanding ❑ Not confident
	1C Develop contingencies for the operational plan	❑ Confident ❑ Basic understanding ❑ Not confident
	1D Explain the plan to work teams	❑ Confident ❑ Basic understanding ❑ Not confident
Topic 2: Manage resource acquisition	2A Implement strategies for recruitment and induction	❑ Confident ❑ Basic understanding ❑ Not confident
	2B Manage acquisition of physical resources and services	❑ Confident ❑ Basic understanding ❑ Not confident
	2C Manage requirements for intellectual property rights and responsibilities	❑ Confident ❑ Basic understanding ❑ Not confident

Topic	Key outcome		Rate your confidence in each section
Topic 3: Monitor and review operational performance	3A	Assess the profit and productivity of the operational plan	❑ Confident ❑ Basic understanding ❑ Not confident
	3B	Identify and rectify areas of underperformance	❑ Confident ❑ Basic understanding ❑ Not confident
	3C	Implement performance monitoring systems	❑ Confident ❑ Basic understanding ❑ Not confident
	3D	Negotiate recommendations for variations to the operational plan	❑ Confident ❑ Basic understanding ❑ Not confident

Topic 1 | Establish an operational plan

1A Determine resource requirements

1B Develop an operational plan

1C Develop contingencies for the operational plan

1D Explain the plan to work teams

1A Determine resource requirements

Within operational management practices, you will acquire and rely upon a range of resources to achieve your organisation's goals.

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

Types of resources

Operational plans need to include the right types and amounts of resources to support team members who need to follow the plan.

A business resource is defined as anything that can help team members achieve the operational goals. Business resource include human resources, physical materials, tools and equipment, finance and systems.

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

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

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

Staff	**Question to ask:** How many staff are required and when? **Source of information or relevant documentation:** ▪ Production schedule (past, current and projected) ▪ Staff salaries, entitlements, records and rosters
Products and services	**Question to ask:** What products and services must be produced and in what quantities? **Source of information or relevant documentation:** ▪ Products and services targets and time lines ▪ Quality standards for products ▪ Policy and procedures manuals

Physical resources	**Question to ask:** What physical resources (input goods) are required and when? **Source of information or relevant documentation:** ▪ Stock records, stock levels and stock storage capabilities ▪ Supplier records and capabilities, including delivery lead times
Input services	**Question to ask:** What input services are required and when? **Source of information or relevant documentation:** ▪ List of services used and when ▪ Training requirements
Current equipment	**Question to ask:** Is current equipment functional? **Source of information or relevant documentation:** ▪ Maintenance schedules and records ▪ Availability and prices on replacement or new equipment, including delivery lead times
Client base	**Question to ask:** Is the client base increasing or changing? **Source of information or relevant documentation:** ▪ Targeted markets ▪ Special promotion details
Dependencies	**Question to ask:** What dependencies do I have and who is dependent on us? **Source of information or relevant documentation:** ▪ Capabilities of other areas to supply ▪ Demands of other areas ▪ Structure of the organisation and list of contacts
Financial resources	**Question to ask:** What financial resources are available? **Source of information or relevant documentation:** ▪ Previous expenditure records and expected expenditure ▪ Corporate budget allocation and projected income

Consult resource specialists

To determine the resource requirements for an operational plan, you will need to consult with a range of resource specialists.

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

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

The people you may need to consult with can include:
▪ employees who complete tasks and understand the requirements of the work ▪ employee representatives or unions who can provide industry knowledge and legislation requirements (e.g. awards and the *Fair Work Act 2009*) ▪ colleagues and/or managers at the same level or above who have experience in the organisation or industry ▪ people in departments with specialist responsibilities and knowledge, such as work health and safety (WHS) committees, training and development teams or human resources ▪ people with expert knowledge outside the organisation, such as consultants on WHS, human resources and legal teams.

Analyse and document resource requirements

Analysing and documenting current and relevant information for decision making is the foundation of a successful operational plan.

Managers must analyse and document the types and quantities of resources needed as part of the operational planning process. This analysis involves researching business documents, such as plans and objectives, and consulting with key stakeholders to determine the potential resource requirements to support the objectives and strategies of the plan.

Once the resource requirements have been identified, you must record the resources into a plan, such as a segment of the operational plan or into a unique resource plan.

The type of resource information you will need to document can include:

- types of resources and details of each, such as make, model and serial numbers
- the quantities of each resource
- the time lines for when resources are required
- supplier details
- purchase and implementation costs.

Example

Developing an operational plan and identifying essential resources

Happy Valley Boutique Beer is a small beer brewing company. It maintains a small local market with tasting and sales direct to the public, and supplies its range of products to restaurants and select cafes in the area.

Shamus is the operations manager. When preparing his operation plan, he needs to consider the following:

- the styles of beer required and the quantities for current and expected orders given stock on hand and in production at present
- the quantity of input materials required, such as barley, wheat, hops, yeast, water, printed labels for the bottles and bottle tops
- the human resources and skills needed in terms of the number of staff required, availability, rosters and the quality control process
- the packaging in terms of small bottles, large bottles, 'kegettes' (small 5-litre decorated kegs for the tourist trade) and draught kegs
- the delivery of the product to customers.

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

Practice Task 1

Question 1

Which of the following information will help determine organisational resource requirements? Select 'Yes' or 'No' for each one.

a) Operational plans	» Yes	» No
b) Business legislation	» Yes	» No
c) Team budgets	» Yes	» No
d) Customer relationship management (CRM) system	» Yes	» No

Question 2

Provide **three** examples of people who could provide information when determining the resource requirements of the organisation.

1B Develop an operational plan

An effective operational plan requires consultation with relevant stakeholders to help you identify what must be included in the plan.

Consultation and communication are critical to the success of the operational planning process in terms of development and implementation. Information gained through the consultation process needs to be accurately documented.

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

Examples of people who may be consulted and have input into the development of the operational plan include:

- senior management
- front line staff or employees
- information technology (IT) staff
- external specialists
- specialist resource managers
- the finance department
- the human resources department
- employees.

Consultation processes

Consultation with a range of key stakeholders should always occur before the operational plan is developed.

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

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

Consultation must be based on a two-way process involving the manager and the organisation's stakeholders. For the process to work effectively, stakeholders must be actively involved in developing the operational plan, and their opinions must be considered in the decision-making process. Consultation may occur in formal meetings, spread over a number of weeks or with external stakeholders over video conferencing and email. Some businesses share resource plans with staff and allow a period of time for comment via the intranet or email. They can then provide a summary of the findings to provide updates and a transparent process for the development of the plan.

Four key steps must be included in the consultation process, as shown below.

STEP 1
Meet with stakeholders and discuss resource and operational requirements.

STEP 2
Each party should listen to others' thoughts and concerns.

STEP 3
Ask for and discuss the issues and ideas raised in an open forum, and share views and information.

STEP 4
Take on board the advice and concerns of the other party before making decisions.

Organisational mission, purpose and values

Operational plans must support the strategic plans and direction of the business.

The mission, vision and values statements provide clear direction to clients, stakeholders and employees as to what an organisation does, who it does it for and how it pursues its goals.

Most organisations work within a strategic framework underpinned by organisational mission, purpose and values statements. These statements serve to communicate an organisation's aspirations, values, culture, philosophy and beliefs in a way that is easily understood by a wide audience.

Although similar terms are often used interchangeably, there are differences between mission, purpose and values statements used in business.

Mission statement
A mission statement is an action-oriented statement that describes what an organisation does and who it does it for. It may focus on customer service, social responsibilities, quality and/or timeliness. Mission statements should be easy to read so that members of the public, as well as employees, can understand the intent. Example: ▪ BreastScreen SA: 'To extend the lives of South Australian women by the early detection of breast cancer and enabling improved treatments.'
Vision
A vision statement outlines the core reasons why an organisation exists and the outcome it seeks. Example: ▪ Medibank Private: 'Better Health for better Lives'
Values
Core values outline and define what the business represents. Values are an important part of a strategic direction because they provide a framework for employees to work within. Example: ▪ Westpac Banking: '...to be one of the world's great service companies, helping our customers, communities and people to prosper and grow.'

As a leader, it is important you are aware of your organisation's strategic plans, mission, purpose and values so you can build these high-level initiatives into your operational plan. Each is a valuable guide to the principles that guide the actions and behaviours of people within an organisation. Clarify your organisation's values through discussions with colleagues, clients and stakeholders. You may want to develop a survey for them to complete.

What is included in an operational plan?

An operational plan sets out the operational objectives and actions for team performance over a specified term. It must be consistent with the business and strategic plans.

The creation of the operational plan should be in accordance with prescribed organisational guidelines, such as policies and procedures, and legal requirements. Operational plans extrapolate strategic plans into individual personnel- and team-level requirements. They give direction for the day-to-day actions and objectives that must be achieved by team members to ensure productivity and that team and organisational goals are met.

The main benefit of undertaking this detailed level of planning is to subdivide what started as a large mass of organisational or operational work into a set of clearly defined and manageable units. By allocating work in this way, you will ensure that the work of both individuals and your section or department as a whole is focused on the achievement of the organisation's strategic goals. The organisational requirements, such as policies and procedures for the way the organisation operates, will need to be reviewed and followed, and includes:

- resource acquisition and procurement processes to determine how resources are purchased and who is responsible
- customer service policies and procedures for ways to contact clients and customers for their input
- IT policy outlining ways to communicate and share information, including commercially sensitive information
- WHS policies to ensure actions and strategies are safe and do not pose a threat or risk to staff safety.

There is no prescribed format to an operational plan document, but there are six key elements that should be included to develop a clear and comprehensive plan for teams, as detailed in below.

Objectives
Objectives are the broad statements that explain the expected outcomes that must be achieved to support the operational plan.
Key performance indicators
Key performance indicators (KPIs) set the level of performance needed from an individual, team or department to support the business objectives. KPIs should be realistic and tangible targets. KPIs may also be referred to as 'key performance measures'.
Actions or strategies
Activities or ground-level strategies are actions that need to be done to bring about the desired objectives and performance standards. Examples include sales approaches, developing and shipping products and delivering services to customers. These must follow relevant legislation, such as fair trading laws, and internal procedures for process as to how these activities are performed.
Resource acquisition and procurement processes
Procurement means to purchase and acquire something from a supplier. An organisation will establish resource acquisition and procurements policies and procedures to outline how physical and systems resources are purchased, who they are purchased from and how they are implemented into operations.

Employee recruitment and induction strategies
Recruiting new employees and drawing up contracts with consultants to provide specialist skills require consultation with the human resources departments. The recruitment of new staff requires hiring and employment policies and procedures to be followed so that employment conditions and contracts are compliant with legislation.
Monitoring and review processes
Effective monitoring and review processes explain how well the operational plan is unfolding and whether your strategies are controlling performance, including revenue and expenditure towards the right direction. If performance is not meeting the required KPIs, your monitoring process should identify this so you take the necessary action. WHS policies and procedures need to be monitored to ensure the safety of employees.
Contingency plans
Contingency plans identify the key risks that can affect operational performance and the contingencies that will be implemented to address any threats to the achievement of the objectives. This includes WHS compliance.

Operational objectives

Work teams need to know the clear and specific objectives they must achieve and how these objectives fit into the operational and strategic plans of the organisation.

An objective is an outcome or the result from a goal. A work team needs to have very clear objectives and outcomes in order to be cohesive and productive. When everyone in the team knows 'where we are going and why' and helps set those objectives, there is greater potential for cooperation and high morale. Team objectives may be long term (ongoing), for example dealing with organisational needs, or they may be short term, for example completing a project or meeting a sales target.

Work team and operational objectives are most beneficial when clearly linked to organisational goals and plans. By clearly defining the organisation's plans and objectives, there is an obvious relationship between team purpose and the overall goals and objectives of the business.

Key performance indicators

The operational plan must indicate the KPIs in relation to the quantitative elements of individual and team performance.

KPIs are essential elements of an operational plan. KPIs must be discussed and confirmed with all employees before they commence their job, and thereafter at every performance appraisal.

The number of performance measures depends on the technical complexity of a role, the professional expectations within the given industry, organisational culture and the personal requirements of the line manager or supervisor. In all cases, the measures should directly apply to the job requirements as outlined in each staff member's position description.

Examples of KPIs for profitability are listed below.

KPIs for profitability
▪ Profit (revenue less cost) per employee ▪ Profit against assets ▪ Profit by each product produced and/or service provided ▪ Profit as a percentage of sales ▪ Effect of change on profit based on revenue and cost changes ▪ Profit variation over time, such as previous time period comparisons (monthly, quarterly or annual)

Qualitative and quantitative performance measures

Quantitative information is founded on numerical data, whereas qualitative information is generally based on non-numerical data.

Quantitative measures can often be clearly expressed as values, averages, percentages or ratios.

Conversely, qualitative measures are usually based on observation, opinion or feedback. These can sometimes be difficult to measure because of ambiguity.

Examples of quantitative and qualitative performance measures include the following:

Quantitative performance measures	Qualitative performance measures
▪ Number of sales achieved ▪ Number of product defects ▪ Number of total recalls ▪ Number of units produced ▪ Net profit for month ▪ Gross profit for month	▪ Opinions of stakeholders ▪ Customers' satisfaction levels ▪ Product traits ▪ Team properties ▪ Employees' satisfaction levels

Developing performance standards

A key factor in the creation of an operational 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 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 KRAs
KRAs are the areas of responsibility for team members and are generally described in a person's job description or your performance standards. If KRAs are not predetermined, you will need to analyse the job roles 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. KRAs 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 are 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 (e.g. 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.

Legislative considerations

Operational plans must be aligned with the relevant legislative requirements and leaders must be aware of legislative frameworks to ensure compliance.

As a leader, you must ensure you stay up to date with current legislation. You must also ensure you communicate regulatory and legal requirements to the team to ensure they understand how to comply with the legislation.

You must clarify key points and remind your team of its WHS, equal opportunity and privacy obligations by holding regular team meetings, providing updates and fact sheets through email correspondence and obtaining posters and fact sheets for noticeboards.

Australian Consumer Law
Consumers have specific rights and responsibilities under Australian Consumer Law (ACL), in particular through the way in which business and their employees promote and sell goods and services. The *Competition and Consumer Act 2010* (CCA) is Australia's national consumer law covering sales and service in the market place. The ACL also covers unfair market practices, industry codes, mergers and acquisitions of companies, product safety, product labelling, price monitoring and the regulation of industries such as telecommunications, gas, electricity and airports. The ACL describes a range of prohibited behaviours called 'false or misleading conduct'. These behaviours include actions, words or omissions that mislead or deceive or that are likely to mislead or deceive consumers. It is important to understand that this type of conduct is not dependent on the customer making a purchase. The ACL is enforced by the Australian Competition and Consumer Commission (ACCC) and state and territory consumer protection agencies, and is enforced by all Australian courts and tribunals, including the courts and tribunals of the states and territories. Information relating to ACL requirements is available from the ACL website at: consumerlaw.gov.au/australian-consumer-law

Work health and safety
WHS legislation includes: ▪ WHS Acts ▪ regulations ▪ codes of practice. The *Work Health and Safety Act 2011* is the principle legislation governing health and safety in Australia. This Act sets out the objects and core elements of the WHS framework and imposes obligations on duty holders (as defined in the WHS Act) to comply with general obligations. Within the Act, workers and other people are given the highest level of protection against harm to their health, safety and welfare from hazards and risks arising from work or from specified types of substances or plant, so far as is reasonably practicable. In summary, employers (also referred to as 'persons conducting a business or undertaking' or 'PCBU') have the primary duty of care to maintain a safe and healthy workplace. PCBU must ensure, so far as is reasonably practicable, the health and safety of workers and other people who may be affected by work performed as part of the business or undertaking. This includes managing workplace risks that may affect the health and safety or any person affected by the work of the business by identifying hazards that may cause harm, assessing risks and eliminating or minimising hazards and risks. Information relating to WHS requirements is available from Safe Work Australia at: aspirelr.link/safe-work-australia
Anti-discrimination
Commonwealth and state laws cover equal employment opportunity and anti-discrimination in the workplace. All employees should participate in and comply with a workplace free from discrimination and harassment. It is important that, as a leader, you understand your rights and responsibilities under anti-discrimination law. By putting effective anti-discrimination and anti-harassment procedures in place in your team, you can ensure compliance with the law. The Australian Human Rights Commission can provide information, advice and resources for employers about how to prevent discrimination in the workplace. Relevant legislation can be accessed by following the links on this website: aspirelr.link/discrimination-laws-guide

Privacy
The Privacy Act 1988 (Cth) is an Australian law that regulates the handling of personal information about individuals. There are 13 Australian Privacy Principles (APP) relating to different aspects of privacy protection, as detailed below: ▪ APP 1: Open and transparent management of personal information ▪ APP 2: Anonymity and pseudonymity ▪ APP 3: Collection of solicited personal information ▪ APP 4: Dealing with unsolicited personal information ▪ APP 5: Notification of the collection of personal information ▪ APP 6: Use or disclosure of personal information ▪ APP 7: Direct marketing ▪ APP 8: Cross-border disclosure of personal information ▪ APP 9: Adoption, use or disclosure of government-related identifiers ▪ APP 10: Quality of personal information ▪ APP 11: Security of personal information ▪ APP 12: Access to personal information ▪ APP 13: Correction of personal information. Further information is available at this website: aspirelr.link/aus-privacy-principles

Example

Identifying performance measures

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

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

Practice Task 2

Question 1

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 2

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

- ◯ Sales volumes
- ◯ Net profitability
- ◯ Customer feedback
- ◯ Unit production
- ◯ Increased deliveries or sales to new clients
- ◯ Management's opinion

Question 3

Explain the role of an operational plan in achieving organisational objectives.

Question 4

Which of the following statements are correct? Select 'Yes' or 'No' for each one.

a) The Australian Consumer Law (ACL) is legislated for all work places under a national framework administered by the Australian Competition and Consumer Commission.	» Yes	» No
b) Under the ACL, false or misleading conduct only covers acts or omissions that lead to a customer being misled into a sale.	» Yes	» No
c) Policies and procedures for hiring and inducting new staff need to adhere to legislation related to employment conditions and industry awards.	» Yes	» No
d) WHS legislation places the primary duty of care onto employers, who must ensure, so far as is reasonably practicable, the health and safety of workers and other people who may be affected by work performed as part of the business or undertaking.	» Yes	» No

Question 5

Briefly outline the key elements that should be documented in an operational plan.

1C Develop contingencies for the operational plan

When preparing the operational plan, you will need to identify and manage risks that can affect business operations and goals.

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

An organisation can take a reactive approach and worry about something going wrong when it does go wrong. Such an approach will result in the organisation experiencing reduced effectiveness and possibly business failure. The proactive approach is to have a contingency plan in place.

Manage risk through planning

Managers must plan for the types of risks that could arise because these can affect the achievement of operational objectives.

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

Contingency plans

Once risks have been assessed, consider how they can best be managed using contingency planning methods.

Contingency plans should be incorporated into operational plans. The table below provides information on a range of contingency options and strategies that can be implemented.

Contingency options and strategies for their implementation:	
1	**Contingency planning option:** Contracting out or outsourcing **Strategy:** Have an external entity perform certain operations or produce inputs, such as: ▪ human resources ▪ bookkeeping ▪ payroll ▪ security.
2	**Contingency planning option:** Diversification of outcomes **Strategy:** Increase the range of products and services produced or have the flexibility to adjust in order to reduce the reliance on a small range of products and services.
3	**Contingency planning option:** Cheaper or lower-quality raw materials and consumables **Strategy:** Seek lower cost input options, such as: ▪ changing suppliers ▪ producing goods offshore ▪ outsourcing the production to cheaper producers.
4	**Contingency planning option:** Increasing sales or production **Strategy:** Adjust resources to provide increased effectiveness and efficiencies, including: ▪ new machinery, changes in the system of work and/or changes to the layout ▪ increasing staff, longer hours and/or training ▪ increasing marketing through advertising or promotion.

Contingency options and strategies for their implementation:	
5	**Contingency planning option:** Recycling and reusing **Strategy:** ▪ Set up systems to obtain greater benefits from inputs by recycling waste or reusing various inputs or assets for other purposes.
6	**Contingency planning option:** Rental, hire purchase or alternative means of procurement of required materials, equipment and stock **Strategy:** ▪ Reduce large capital outgoings by: ▪ leasing or renting rather than buying items ▪ using hire purchase to spread the payments for assets over time.
7	**Contingency planning option:** Restructuring the organisation to reduce labour costs **Strategy:** ▪ Combine similar areas with the intention of obtaining economies of size and economies of scale. Ensure staff are multiskilled so that one person can undertake more than one role, thus reducing the need for space for staff.
8	**Contingency planning option:** Risk identification, assessment and management processes **Strategy:** ▪ Refer to the information provided earlier in this section.
9	**Contingency planning option:** Additional funding **Strategy:** ▪ Seek additional funding to address shortfalls through: ▪ refinancing, extension of time on payments or obtaining loans and lines of credit ▪ attracting potential investors or partners.
10	**Contingency planning option:** Strategies for reducing costs, wastage, stock or consumables **Strategy:** Reduce costs or waste by: ▪ adjusting staff wages, salaries and conditions (benefits) ▪ reducing staff and/or hours of operation ▪ changing maintenance schedules but keeping within minimum standards ▪ reducing travel and accommodation costs ▪ finding cheaper, alternative suppliers.

Contingency options and strategies for their implementation:	
11	**Contingency planning option:** Succession planning **Strategy:** ▪ Identify people for future higher roles and provide training and development to manage those roles.

Example

Contingency plan on a large scale

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

Practice Task 3

Question 1

Which of the following statements about contingency planning process are correct? Select 'Yes' or 'No' for each one.

a) A risk matrix is a type of contingency plan that should be implemented for all high-level risks.	» Yes	» No
b) Contingency planning involves consulting with stakeholders and researching organisational documents to determine risk management strategies.	» Yes	» No
c) Contingency planning includes methods for minimising or removing risk.	» Yes	» No
d) Risk is defined as the ability of organisations to plan for and recover from contingencies.	» Yes	» No

Question 2

Outline a possible contingency strategy that could be used for a data security breach that occurred when purchasing resources for an operational plan.

1D Explain the plan to work teams

Effective communication is a key driver of operational management.

Every member of a team must understand the organisation's expectations and the leader plays an important role in this process. An effective leader is able to apply the most effective communication method to achieve team objectives. This means knowing the audience and targeting the communication approach to ensure everyone understands the information.

Sharing information

Some operational information, such as budgets, marketing strategies and sales activities, include commercially confidential information. The ability to treat certain matters with discretion is one of the traits of a successful manager.

Releasing information
You need to make judgments about when to release certain information, taking into account its possible effect on employee morale and productivity, and the potential for leaks to the external marketplace. Timing may also have implications on how you decide to distribute the information.
Open communication
Some managers decide not to share information and ideas with their colleagues, or information may be released on a need-to-know basis. Keeping information secret is not recommended because it is better to demonstrate open communication, transparency, accountability and staff development.
Disseminating information
The way you disseminate information depends on the type of information. For example, a change of government policy that does not affect staff members individually may simply require an email, notice or announcement at a staff meeting. Alternatively, you may need to organise an information or training session to inform team members of a new health and safety requirement.

Explaining information

The first rule of communicating the operational plan is to identify the audience and its needs.

Your audience could be your staff members, team leaders or supervisors. The most appropriate communication method and content can vary significantly between these groups.

The people you communicate with may have English as a second language or not understand some of the technical terms and industry jargon frequently used in the organisation.

Here are some strategies to help you adapt your communication style to groups and individuals in your organisation to ensure that your message is communicated in an effective manner.

Understand the audience	▪ What does your audience already know? ▪ What is the demographic profile and how will this affect understanding? ▪ Will your audience understand jargon and technical terminology? ▪ Does anyone in your audience have any special needs that need to be taken into consideration, such as a hearing or visual impairment?
Plan methods	▪ Will the presentation be spoken or written? ▪ Will the presentation formal or informal? ▪ What are the main points? ▪ What media will you use? ▪ Will diagrams and visual aids help comprehension? ▪ Is the environment too noisy? ▪ Do you need a private area?
Communicate clearly	▪ Be conscious of which words or parts of the communication you emphasise. ▪ Relate your message to your audience members, their needs and their point of view. ▪ Customise your message to the listeners' normal communication style, listening skills and familiarity with the subject at hand. ▪ If you overexplain or talk down to your audience, they may resent your approach and feel disrespected. ▪ If you speak aggressively or in language people cannot understand, they may retreat, ignore you or feel confused. ▪ Your tone of voice is important. It needs to engage those around you and maintain their interest. ▪ Effective speakers learn to recognise their listeners' reactions and adjust their delivery accordingly.
Check for understanding	▪ Always give your audience a chance to ask questions. ▪ Ask direct questions to ensure the audience understands the message you are communicating. ▪ Take into account the language and literacy skills of the audience to ensure they understand the whole message. ▪ Actively listen. ▪ Consider body language: non-verbal communication accounts for up to 70 per cent of meaning in spoken interactions.

Techniques for conveying communication

Multiple communication techniques may be necessary to explain the operational plan correctly and to allow for discussion and feedback.

Communicating the operational plan must involve more than speaking and writing. It also needs to include opportunities for two-way interaction, listening, exchanging ideas, consultation and non-verbal communication.

Some ideas for ways to communicate details of the operational plan are described below.

Formal methods	▪ Formal business presentation ▪ Team meetings, agenda and minutes of meetings ▪ Email (can also be informal) ▪ One-to-one scheduled meetings
Informal methods	▪ Telephone conversation ▪ Discussing the plan on an informal basis during a work day ▪ Chatting informally during breaks ▪ Email (can also be formal) ▪ Information posted on noticeboards

Some methods will be more suitable than others.

Verbal: individual **Examples: face-to-face contact, telephone conversation**	
Advantages: ▪ Clear message ▪ Direct and instant ▪ Provides opportunity for interaction	Disadvantages: ▪ Inconsistency of message across similar exchanges ▪ Message may be misunderstood if communication skills are poor ▪ Time-consuming
Verbal: group **Examples: meeting, discussion group**	
Advantages: ▪ Sends a consistent message ▪ Provides opportunity for questioning and sharing ▪ Provides chance for agreed approach	Disadvantages: ▪ Time-consuming ▪ Can be hard to organise ▪ Different personality types can dominate or withdraw

<table>
<tr><th colspan="2">Written: electronic
Examples: emails, intranet posting</th></tr>
<tr><td>Advantages:
▪ Quick and efficient
▪ Sends a consistent message
▪ Visually effective</td><td>Disadvantages:
▪ Cannot be sure the message is read
▪ The message may be misinterpreted</td></tr>
<tr><th colspan="2">Written: open
Examples: displaying the operational plan in a prominent place, posting a report, newsletter</th></tr>
<tr><td>Advantages:
▪ Sends a consistent message
▪ Provides a record
▪ Reaches a wide audience</td><td>Disadvantages:
▪ No opportunity for response
▪ Impersonal
▪ Cannot be sure the message is read
▪ Production time and costs involved</td></tr>
<tr><th colspan="2">Presentation: face to face
Examples: exhibition, public address</th></tr>
<tr><td>Advantages:
▪ Visual as well as verbal
▪ Captures interest</td><td>Disadvantages:
▪ One-way communication only
▪ Not always correctly interpreted
▪ No clear record
▪ Uncertain whether the message is accepted by all parties</td></tr>
<tr><th colspan="2">Presentation: online facilitated
Examples: webinars, video conferencing</th></tr>
<tr><td>Advantages:
▪ Saves costs on travel
▪ Ability to record, save and disseminate
▪ Anonymous participation is possible
▪ No limit on the number of participants
▪ Visually effective
▪ Can reach a remote audience</td><td>Disadvantages:
▪ Possible technical problems
▪ Requires high-speed Internet for sender and receiver
▪ Requires technical know-how for sender and receiver
▪ Interaction is limited
▪ Time frame is binding
▪ Participants can be easily distracted</td></tr>
</table>

Example

Using appropriate methods and language

Greta is the team leader of a diverse group of people working within a manufacturing organisation. Greta is mindful when communicating the operational targets for the upcoming month with team members, in particular to those who do not use English as a first language.

Greta uses the following communication strategies:

- holding small team meetings to allow for lots of discussion and questions, followed-up with a memo that summarises the operational targets
- using simple or plain language
- avoiding jargon and overly technical language
- 'chunking' information and delivering small bits of information at a time
- using pictures or diagram and other visual aids
- ensuring messages are delivered in a space where she can be clearly heard.

Practice Task 4

Question 1

Which of the following strategies would be suitable for communicating about the operational plan? Tick all that apply.

○ Incorporate technical terms to emphasise the seriousness of the plan

○ Plan out the communication method

○ Know your audience and choose the most effective method for communication

○ Confirm the audience's understanding by scheduling questions

○ Emphasise points by spending time explaining details and finer points

Question 2

How would you identify relevant teams to engage in an operational plan?

Summary

- Operational plans are the game plans developed by a department or section for a particular reporting period.
  - Operational plans explain the objectives, KPIs, actions and risk management strategies for the business, department or team.
- KPIs are essential elements of an operational plan and must be developed to align with the operational plan.
- Appropriate research and analysis need to be undertaken to gain an understanding of the resource requirements for the operational plan.
- Managers must consider and plan for compliance with key legislation, including Australian Consumer Law, WHS laws and anti-discrimination and information privacy laws.
- Developing an operational plan involves careful research into the organisation's strategic and business goals and consultation with key stakeholders.
- An effective stakeholder consultation process will enable managers to make informed decisions about inclusions for the operational plan.
- Managers must develop effective contingency plans to minimise the risk to their team and the organisation.
- Operational plans should be communicated to all relevant work teams using effective communication skills and processes.

Learning Checkpoint 1
Establish an operational plan

Part A

1. List the key personnel you may need to consult with to achieve the following:
   - establish an operational plan for resource requirements
   - gain approval for the operational plan
   - delegate and explain the key responsibilities in the operational plan.

2. Number each step from 1 to 4 in the order you would follow to ensure an effective consultation process and approval with key stakeholders.

◯ Ask for and discuss the issues and ideas raised in an open forum and share views and information.

◯ Meet with stakeholders and discuss resource and operational requirements.

◯ Take on board the advice and concerns of the other party before making decisions.

◯ Each party needs to listen to each other's thoughts and concerns.

3. Which of the following information sources can be used to identify resource requirements? Tick all that apply.

   - ◯ Organisational mission, vision and values
   - ◯ Resource and acquisition plans
   - ◯ Previous operational plans
   - ◯ Customer service policies and procedures
   - ◯ Outcomes from a consultation process

4. Which of the following legal frameworks must be adhered to when developing and implementing an operational plan? Tick all that apply.

   - ◯ WHS Acts and Regulations
   - ◯ Road traffic offences Acts
   - ◯ Anti-discrimination law
   - ◯ *The Privacy Act 1988* (Cth)
   - ◯ Australian Consumer Law

5. Give examples of the approaches you can take to develop KPIs to meet business objectives.

6. Identify at least **three** examples of organisational policies, practices and procedures that must be considered as a part of the operational plan.

Part B

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

Case study

Brian is the sales manager for a large new and used car dealership in the regional town in South Australia, reporting directly to the General Manager of Sales and Retail.

Brian is responsible for a team of five sales representatives. His sales team is an average performing unit with regard to achieving its sales targets; in the last quarter, Brian's team failed to hit its sales targets.

It is one week before the new quarter and Brian is preparing to develop the operational plan for the team for the upcoming period. Based on year-to-date results and the performance of the team against its sales targets for the previous reporting period, a summary of the team's revenue targets for the next quarter is presented in the table below:

Product	Target $ (000s)
Sedans	98
Hatchbacks	54
4WDs	150
Vans	52
Utility vehicles	106
Station wagons	110
Total	570

1. What information would Brian need to research and document to plan for the resource requirements for the operational plan?

2. Identify a potential risk that Brian needs to consider in his operational plan and develop a contingency for it.

3. Brian will need to explain the operational plan to his team. What hints would you provide Brian to ensure he explains the plan well and engages the work team?

Topic 2 | Manage resource acquisition

2A Implement strategies for recruitment and induction

2B Manage acquisition of physical resources and services

2C Manage requirements for intellectual property rights and responsibilities

2A Implement strategies for recruitment and induction

Recruitment is the process of searching for and identifying applicants in sufficient quantity and quality to meet operational requirements.

Effective human resources (HR) are fundamental to achieving a successful outcome for organisations.

In managing HR, you need to analyse organisational requirements, considering the number of staff needed to achieve the required production output (i.e. meet growth expectations, produce new products or supply services).

Human resource acquisition includes:

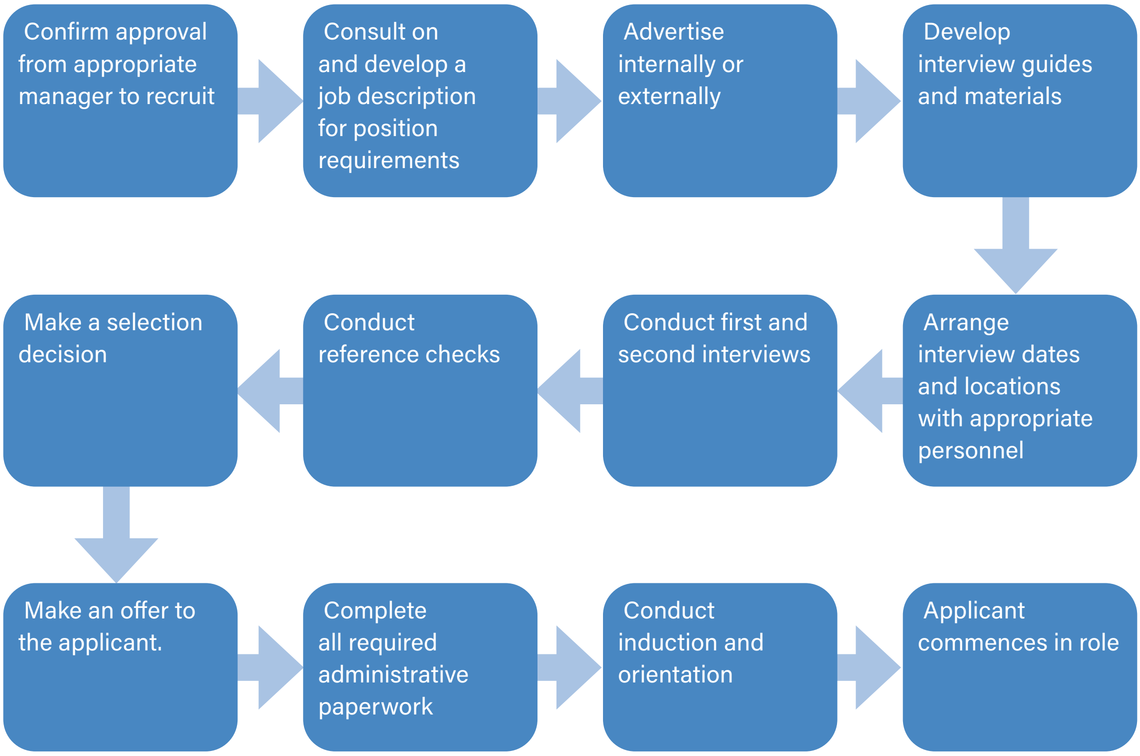
- knowing the capabilities of your staff and their availability and mobility to operate in different locations
- knowing the structure of your work area, creating teams and allocating resources to work teams
- scheduling options, such as rosters, extended hours and overtime implications, as ways of managing workloads and working with staff numbers, as in the management of shift work
- knowing the cost of employing staff versus outsourcing or contracting staff for specific functions
- knowing legislative requirements, such as terms of employment, working conditions, work health and safety (WHS) considerations, equal opportunity and dispute resolution.

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

Recruitment processes

Recruiting the right staff with the required knowledge, skills and attitude to undertake organisational tasks will enhance the likelihood of the success of the operational plan. The recruitment and induction of staff must comply with organisational policies and procedures, as well as with legislative requirements.

A standard recruitment and selection process includes the following steps:



Legislative requirements

Recruitment and induction team members must adhere to workplace policies and procedures to ensure compliance with Australian Fair Work legislation and health and safety laws.

Managers must ensure that the people involved in the recruitment, selection and induction processes are well versed in a range of business laws that relate to organisational practices. This includes relevant state or territory laws, regulations and standards that relate to human resource management.

Remember, wherever you are in Australia, it is against the law to discriminate against an individual on the grounds of age, sex, marital status or parental status, including pregnancy or possible future pregnancy, religion, disability, sexuality or sexual preference.

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

Work Health and Safety Act 2011
Workplace safety is extremely important. Every workplace is responsible for the health and safety of its employees and the business must not create health and safety problems for customers or the public. Understanding WHS laws will help your business: ▪ prevent workplace injury and illness ▪ avoid unnecessary costs ▪ avoid damage to your business's reputation.
Fair Work Act 2009
This Act is a national workplace relations system that provides: ▪ 10 minimum National Employment Standards ▪ awards that apply nationally for specific industries and occupations ▪ the national minimum wage ▪ protection against unfair dismissal.
Australian Human Rights Commission Act 1986
This legislation was set up by the Australian Human Rights Commission and state and territory equal opportunity or anti-discrimination commissions. The Commission investigates complaints about discrimination and advises governments on the compliance of legislation with international standards and on human rights policy in Australia.
Age Discrimination Act 2004 **(Cth)**
This law is an important tool for preventing age discrimination in the workplace. It also helps promote positive workplace attitudes in this area.
Disability Discrimination Act 1992 **(Cth)**
The objectives of this legislation are to: ▪ prevent discrimination against people with disabilities ▪ ensure people with disabilities have the same rights as others in the community.
Racial Discrimination Act 1975 **(Cth)**
This legislation makes it unlawful for a person to be discriminated against based on their race, ethnicity or nationality.
Sex Discrimination Act 1984 **(Cth)**
This legislation aims is to prevent discrimination and sexual harassment, and to ensure equality for all individuals regardless of sex.

Privacy Act 1988 (Cth)
This legislation protects all personal information handled by businesses. Attached to this legislation are the 13 Australian Privacy Principles (APPs), which set the standard for handling personal information. The 13 APPs relate to: ▪ open and transparent management of personal information ▪ anonymity and pseudonymity ▪ collection of solicited personal information ▪ dealing with unsolicited personal information ▪ notification of the collection of personal information ▪ the use or disclosure of personal information ▪ direct marketing ▪ cross-border disclosure of personal information ▪ the adoption, use or disclosure of government-related identifiers ▪ the quality of personal information ▪ the security of personal information ▪ access to personal information ▪ correction of personal information.

Confirm organisational requirements

You must confirm that the organisational policies, procedures and budget are being followed for all recruitment and selection campaigns.

The recruitment and selection processes will often vary between organisations. Depending on the industry, products, services, position level and nature of the work, organisations may use different approaches to seek applicants and apply different styles of interviewing during the selection process.

Recruitment, selection and induction policies provide a guide for action and a statement of the organisation's human resource acquisition objectives. The policy will describe the organisation's legislative requirements, commitments, expectations and standards for recruitment, selection and induction, as well as the various roles and responsibilities of key parties who have an effect on the process.

The procedures set out step-by-step guidelines that must be followed to ensure all policies are achieved and the organisation is compliant with its internal and external requirements.

The practices refer to the approaches used by the business when conducting recruitment and induction processes, including the selection of advertisement channels and technologies, interview and assessment techniques, selection practices and induction and orientation styles.

For example, a selection process may include the following information:

- Advertising is targeted at attracting the best-possible applicants for the position and placed in the appropriate media. The advertisement should clearly outline what the job entails and the responsibilities of the position. It should also provide information on the application process and where to obtain further information if required.
- Applications are considered and compared against a set of selection criteria. If the short-listing of applicants results in a manageable number to interview, then these people are called in for a face-to-face interview, which may be preceded by reference checks.
- Interviews may be conducted by a single person or by a panel of people with a designated chairperson to ensure an unbiased and fair interview. This is the norm for medium to large organisations, particularly government entities.
- The decision to hire a candidate must be made based on a set of selection criteria. These selection criteria are short, succinct statements specifying the essential and desired competencies and attributes that you and your organisation are looking for in the new employee.
- Selection criteria forms the basis for all decision making in the recruitment and selection campaign. The task is completed at the start of the recruitment process because the criteria form the foundation for job advertisements, resume screening, telephone and face-to-face interviews, as well as for the short-listing and final decision-making processes.

The selection criteria should be taken from the job description, values, policies and procedures, as well as additional short- and long-term needs of the business, such as the objectives and KPIs stated in the operational plan.

Examples of selection criteria include:
▪ knowledge of the job role requirements ▪ the ability to work in the designated environment ▪ a willingness to learn and adapt to new conditions ▪ required skill types and levels ▪ demonstrated experience in similar roles.

Key personnel involved in recruitment and induction

Often the recruitment and selection decisions are not made by one person, but rather in collaboration with different people within the organisation to achieve a successful result.

Managers must work with a number of key personnel to ensure the organisation's policies and procedures are being followed. Most companies have an HR manager or HR department to work with managers to recruit the right staff for the role.

Other key personnel involved in the recruitment and induction process can include:

Hiring manager	The person at the centre of the process who is responsible for ensuring the right candidate is selected for the position; this may be the manager of the work team or a specialised member of the HR department
HR department	The HR representatives who provide information and support to the manager throughout the process
Resourcing centre	The department within the organisation that facilitates the end-to-end recruitment of the candidates in conjunction with the hiring manager
Remuneration department	The area of business responsible for identifying the package and salary range for the vacant position in relation to the current marketplace; this may also be completed by the payroll team, HR department or finance officer
General Manager	The person responsible for the final sign-off, giving authorisation to the hiring manager to plan for the recruitment and confirm the selection of a candidate
Trainer	The person responsible for facilitating the formal induction and orientation program

Interview questions

To ensure the candidate you select is the best person for the position, you will need to gather as much information about their competencies as possible and evaluate this information against the selection criteria.

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

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

Induct new employees

Once a new employee has been selected, he or she needs to be inducted into the workforce.

An induction process is used to integrate the new team member into the work team and business to give them the best possible chance of succeeding. Induction programs vary substantially across organisations and industries. A person may start work with an initial induction (briefing) from their supervisor and then receive ongoing informal training as required. This often occurs in the form of work-based communication and learning, and through the use of a coach or buddy.

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

In many industries, such as building and construction, induction training is vital to ensure the safety of employees while on site.

A poor induction process can result in poor performance, safety incidents, low job satisfaction, absenteeism and high staff turnover, all of which will affect the team's costs, including low productivity and profitability.

Recruitment costs, such as advertising and on-board training, are significantly reduced through higher staff retention rates. In addition, staff who are well trained 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.

Example

Induction of a new staff member

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

Because Dianne is also the personal assistant to the head of department and not always available, Jeanette (who has 3 years' experience in the department) is allocated as Ron's buddy and first point of contact. Jeanette takes Ron around the department and introduces him to all other staff.

Five weeks after Ron starts work, an induction day is held for all new staff who have commenced in the past 3 months. This induction day provides details about the overall structure of the institution, brief presentations from senior staff, an overview of policies and procedures for the whole organisation, a full tour of the organisation and late afternoon drinks and nibbles with the vice-chancellor.

Practice Task 5

Question 1

Provide an example of how organisational policies and procedures for the recruitment, selection and induction of employees are used in implementing an operational plan.

Question 2

Which of the following statements about the recruitment and selection process are true? Tick all that apply.

- ◯ Selection criteria should be developed at the end of the selection process, once a successful candidate has been identified.
- ◯ Recruitment and selection processes should be documented in accordance with organisational policies and procedures.
- ◯ Successful candidates should be on-boarded using training and induction processes.
- ◯ Standards for recruitment, selection and induction, as well as the various roles and responsibilities of key parties who have an effect on the recruitment process, are outlined in organisation policies and procedures.
- ◯ Potential candidates should be judged against the selection criteria.

2B Manage acquisition of physical resources and services

As a manager, you need to acquire the necessary resources so that the outcomes of the operational plan can be achieved.

Some operational plans require a wide range of resources, whereas others may need relatively few. The types of resources are determined by the nature of the business, the size of the organisation, its strategic objectives and the corresponding targeted outcomes of the operational plan.

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

- human resources (people), who may be employed on a full-time or part-time, permanent or temporary, casual or seasonal basis
- physical resources, such as equipment, machinery, vehicles, land and buildings, stock (input materials)
- financial resources, such as income from sales, loans and drawdown facilities, investor funds, owner's funds or budget allocations
- services and systems, such as energy, oil, gas, fuel, electricity and water, information and data, telephone and communication
- intangible assets, such as goodwill, intellectual property (patents, trademarks, copyrights, business methodologies and trade secrets) and brand recognition
- time.

Follow organisational requirements

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

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

Organisational policies, procedures and guidelines
Organisational resource acquisition policies, procedures and guidelines for acquiring physical resources should be well documented and are part of the standard procedures that managers must follow. Depending on the size of the business, there may be a department or person responsible for acquiring resources and keeping an asset register for the company. Policies and procedures could include: ▪ procurement processes, such as preferred suppliers, obtaining quotes and returning goods ▪ developing contracts with suppliers and contractors ▪ processes for delivery ▪ administration and finance requirements for setting up new suppliers, terms of the agreement, invoicing etc. The level of delegated authority will determine whether approval or reporting is required at several stages through the acquisition process.

Preparing for the acquisition of services

You must ensure that appropriate services are in place to support the acquisition of physical resources. For example, when considering purchasing equipment, land and buildings, you will need to spend time obtaining information from experts such as real estate agents or brokers. When considering raw materials and inputs, you also need to consider the storage requirements, including space, equipment (chillers or freezers), perishable status (fresh food for a restaurant or cafe), consumables and specialist storage needs, such as for fuel and hazardous substances.

There are many aspects of the business that can be affected maintenance, and many assets have a life expectancy and preferred turnover periods. This can apply to vehicles, computers or other technological equipment based on age, depreciation value, tax deduction and general advances in technology. It is better to lease than own some equipment, and many of the options require costing and input from finance departments.

Example

Re-evaluation of resource usage

Jenna is the manager of a product assembly plant situated west of Sydney. The plant is ideally situated because it has good road access for the delivery of raw material and collection of finished product.

When the plant was first built, land was not at a premium and the philosophy was to protect against supply issues by having a substantial storage area and significant levels of supply stock. However, the cost of maintaining the huge storage area is increasing and the systems need updating. Furthermore, there is additional pressure from senior management to increase the production area for some new products and for increased volume of output.

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

Practice Task 6

List the things that need to be considered before acquiring physical resources and services as a part of an operational plan.

2C Manage requirements for intellectual property rights and responsibilities

Intellectual property (IP) describes the ownership of original work in a tangible form that has arisen from creative or inventive activities or through processes of research and development.

IP can exist in a range of forms such as a new invention, development of a brand, artistic creation, development of a manufacturing process or development of software.

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

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

Intellectual property infringement

Possible avenues of IP infringement should be considered in the planning phase of an operational plan.

IP is valuable to any organisation. Without consideration of the risks associated with IP theft, it is possible for either unintentional or intentional infringement to occur.

An operational plan should consider the risks of IP infringement occurring through a number of possible scenarios, such as:

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

IP considerations

When recruiting new workers, purchasing goods or arranging service agreements with suppliers, IP rights and responsibilities must be clarified to prevent unnecessary theft of your IP.

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

Some essential IP issues for an operational manager to consider are listed below.

Purchasing	Licence agreements can apply to many products and services that are purchased. Under a licence agreement, the purchaser does not own the product but has a licence to use it. For example, software purchases typically come under a licence agreement. The agreement may define the end use of the application, how many computers it can be installed on, how many users are allowed, how long the licence lasts, the updates required and licence transfers. It is also important to consider protecting purchasing decisions by seeking warranties from contractors and suppliers. Breaches of IP by suppliers and contractors can have significant legal implications for the end user. For example, a video produced by a contractor for a marketing campaign cannot be used if the contractor has not obtained appropriate copyright releases from all the actors used in making the video.
Human resources	HR and recruitment policies need to provide clear guidance on the organisation's IP ownership and that of its employed staff. Issues to consider include: ▪ defining IP ownership of work performed by staff for the organisation ▪ defining IP ownership of work performed by staff in their own time while working for the organisation ▪ setting policy on recruited staff bringing IP from a previous workplace where they do not have ownership ▪ setting policy on recruiting staff from a directly competing organisation ▪ setting policy on staff leaving the organisation and taking IP with them that is not theirs.
Patented processes	A patent is a mechanism that provides some legal protection for an inventor of a product or process. Patents are registered and provide a legal standpoint to exclude others from making, using, selling or trading the invention for the term of the patent. Legal recourse for a breach of a patent can usually only be achieved through a civil lawsuit. Patents generally expire after a period of time. In terms of managing operational plans, it is important to ensure that any processes used in the manufacturing of products or delivery of services do not breach any current patents.

Copyrighted material	Under Australian law, copyright is granted automatically, which means the owner has automatic ownership rights. Many resources used in business are subject to copyright restrictions. These include: ▪ creative digital and non-digital works such as art, photos, videos and music (this can also include obscure items, such as proprietary fonts used by computer software) ▪ technical drawings and specifications ▪ data collected and stored by an organisation (this may also be covered by privacy legislation depending on the nature of the data) ▪ design work, such as architectural drawings, fashion drawings, landscape design and industrial design.
Contractors	Copyright law must also be considered in terms of work performed by independent contractors. Copyright ownership of a creative work produced by an employee will rest with the employing organisation, but in the case of an independent contractor this ownership will automatically rest with the contractor unless a specific clause is inserted in the contract that assigns ownership of copyright to the hirer. For example, an architect who is preparing plans for a new building as part of a contract will automatically retain ownership of the copyright of the drawings.
Trademarks	Trademarks are protected under the Trade Marks Act 1995, which requires an application for a right to be granted. The legislation provides a range of protections for the owner of the registered trademark, such as preventing competitors from using a similar name for a similar product or service.

Protection of IP

IP is an important asset in today's knowledge economy and should be strategically managed.

Like a piece of physical property, IP rights are owned and can be sold or licensed; they offer protection, can deter infringement, provide exclusivity and can be used to protect different aspects of a product or service in different countries.

IP rights establish ownership and exclusive control of your ideas and confidential information. Registered IP rights are not granted automatically. You need to apply with IP Australia and meet specific criteria under the legislation.

Ways to protect your organisation's IP
▪ Implement confidentiality agreements with the people who are party to the information, including new starters and existing workers ▪ Consider ways you can use the IP system in your business strategy and integrate IP with your other competitive strengths ▪ Search the patent, trademark and design databases to ensure your ideas are new and avoid infringing the rights of others; also, search for new business opportunities and competitor activities ▪ Weigh the risks and benefits of registered and unregistered rights; secrecy and speed may be a better option than patenting ▪ Conduct an IP audit to ensure you own the IP you think you do, particularly if it has been produced by contractors ▪ Develop an infringement strategy and consider IP insurance ▪ Educate staff on their obligations and, where necessary, have them sign confidentiality agreements ▪ Make effective trademarks the core of your brand strategy

Example

Patenting a process

A widely publicised example of how patents can protect IP concerns the 1996 patents of Wi-Fi technology by the CSIRO. This particular invention was widely adopted by IT designers and manufacturers and has been used in billions of IT products worldwide since 2001.

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

Practice Task 7

Question 1

When recruiting new workers, purchasing goods or arranging service agreements with suppliers, what IP rights and responsibilities must be clarified?

Question 2

Which of the following strategies can be used to protect an organisation's IP? Tick all that apply.

- ◯ Implement confidentiality agreements with people who are party to the information, including new starters and existing workers
- ◯ Search the patent, trademark and design databases to ensure ideas are new and avoid infringing the rights of others
- ◯ Lodge a formal claim with the Australian Securities and Investments Commission (ASIC)
- ◯ Educate staff regarding their obligations and, where necessary, have them sign confidentiality agreements
- ◯ Conduct an IP audit to ensure you own the IP you think you do, particularly if it has been produced by contractors

Summary

- 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.
- Recruiting the right staff with the requisite knowledge, skills and attitude so they can perform their job roles will enhance the likelihood of the success of the operational plan.
- Managers must be well versed in a range of legislation relating to organisational practices. This includes relevant state or territory laws, regulations and standards that relate to human resource management.
- As a manager responsible for implementing your organisation's plan, you will need to confirm that the organisational policies, procedures and budget are being followed for all recruitment and selection campaigns.
- Managers must work with a number of key personnel to ensure the organisation's policies and procedures are being followed.
- Resource acquisition can be a costly part of any implementation plan, but is also one of the most critical.
- As a manager with responsibility for the implementation of operational plans, you need to ensure that staff, other supervisors and managers acquire the necessary resources so that planned outcomes can be achieved.
- Intellectual property (IP) is a term that describes the ownership of original work in a tangible form that has arisen from creative or inventive activities or through processes of research and development.
- It is necessary to incorporate processes in resource acquisition and recruitment to ensure that another party's IP rights are not violated.

Learning Checkpoint 2

Manage resource acquisition

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

Case study

Sarah is the customer service manager for a high-end department store in Melbourne. She has just completed the recruitment and selection process and has successfully hired eight new casual customer service representatives for the upcoming Christmas period. Sarah needs to organise the induction process and order the resources for new starters in time for their commencement date, which is 1 week away.

1. Describe a suitable induction process for the eight new casual staff members employed that would adhere to the HR policies and procedures.

2. Sarah needs to organise uniforms, security badges and shop keys for the new employees. Identify three examples of procedures or policies she needs to have in place before acquiring these resources for the organisation.

3. Identify strategies Sarah could implement to protect the organisation's IP and ensure the new team members are not infringing on others' IP rights. Discuss one to two strategies in more detail.

4. Summarise the importance of ensuring organisational policies and procedures are being followed when recruiting HR and acquiring physical resources.

Topic 3 | Monitor and review operational performance

3A Assess the profit and productivity of the operational plan
3B Identify and rectify areas of underperformance
3C Implement performance monitoring systems
3D Negotiate recommendations for variations to the operational plan

3A Assess the profit and productivity of the operational plan

To effectively assess profit and productivity performance, you will need to interpret budgets and analyse other financial information.

'Financial analysis' refers to an assessment of the viability, stability and profitability of an organisation or component of it.

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

Monitor team performance

Managers must oversee the operational performance of team members by 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. Managers must constantly monitor the work performed by team members and identify any deviations from planned key performance indicators (KPIs) and objectives. Once these variations are identified, they must be corrected with minimal disruption to the operational objectives.

Factors that can affect financial performance and productivity include:

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

Monitor financial performance

Team financial performance and associated expenditure must be monitored against the budget to ensure costs are controlled and operational budgets are achieved.

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

Budgets can assist with:
▪ planning operational activities ▪ estimating profit levels ▪ determining cashflow and the need to consolidate borrowings or the opportunity for investment ▪ allocating resources ▪ determining targets, such as break-even sales required ▪ evaluating performance against targets.

Financial analysis

Financial analysis is the process of determining whether a business, component of the business or a project is viable, stable and profitable.

Professional analysts, often accountants and business managers, make use of information and ratios reflecting performance to prepare reports on the success and health of a business or project.

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

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

Budgets

The budget is a financial plan of future operations, usually for a year.

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

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

Forecast income
Forecast income for each product and service produced and other income, such as bank interest or returns on invested short-term funds
Expenditure for all resources in the area
▪ Wages and salaries, including on-costs, such as leave accrual provision, superannuation or long service leave ▪ Raw materials and consumable inputs ▪ Capital items, such as land, buildings, equipment and machinery ▪ Administration extras, including travel, and services such as telephone, insurance ▪ Contractor fees ▪ Rental or leasing outgoings for land, building, equipment
Timing of expected income and expenditure
Timing of expected income and expenditure so as to determine cashflow and the need for borrowings (an extra cost) or opportunity for investment (additional income)

Effects of uncontrollable factors on budgets

An organisation needs to look at its capacity to produce the products and services and the pricing of these.

A comparison of previous production levels, price variations and industry trends, including potential changes in supply from competitors, will affect the operating budget.

In forecasting sales, due consideration needs to be given to seasonal factors, uncontrollable effects (e.g. such as government policy changes, legislation or legal changes), political relationships, changes in exchange rates, planned advertising or promotion campaigns and the release of new product lines.

Consequently, many budgets are broken down into smaller time lines: 4-weekly (13 periods of 4 weeks), monthly, quarterly or, in some cases, weekly or daily budgets.

Financial reports

Accurate, timely reports and records play an important part in supporting and/or questioning the outcomes of a financial analysis.

Financial reporting helps identify variations and anomalies, such as radically high or low figures. Discrepancies between the outcomes of a financial analysis and other sources need to be investigated because financial reports are only as good as the information entered and the correct operation of the software and systems used to produce them. There are many reports, analyses and documentation that need to be considered when making financial decisions.

Reports that may need to be considered when making financial decisions:
▪ trend analysis, market research, industry trends and competitor analysis ▪ customer feedback and analysis ▪ timing of operations and activities, such as issuance of invoices, advice to customers and clients ▪ asset use versus capacity ▪ industry standards and quality standards ▪ budget versus actual report.

Example

Plan the acquisition of required resources

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

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

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

Gather financial records

Monitoring team financial performance means gathering records of expenditure.

Financial information is important when monitoring the financial performance of a team, business unit or whole of business. Managers must gather the right information, capture and store these records and use them for reporting and analysis to determine variations to planned performance.

Records and documents relating to resource purchases must be kept according to organisational policies and procedures.

The range of financial records that managers can gather to assess financial performance is listed below.

The range of financial records that managers can gather to assess financial performance includes:
▪ payroll records ▪ credit card statements ▪ cheque butts ▪ purchase orders ▪ supplier tax invoices ▪ supplier receipts ▪ memoranda ▪ bank account statements ▪ ATM or EFTPOS receipts ▪ petty cash vouchers.

Conduct a cost variance analysis

Managers may perform a cost variance (CV) analysis to determine the measure of cost performance for a reporting period.

A CV analysis aims to identify and address financial variances (also known as deviations) from the budget. The CV at the end of the reporting period will be the difference between the budget at completion and the actual amount spent. The CV analysis process helps managers to improve cost control methods, correct errors and manage resources more effectively.

The standard CV analysis process involves the following five steps:

1. Collect financial data about actual expenses.
2. Calculate the difference between an actual cost and an estimated cost from the budget.

3. Investigate the reasons for the difference.
4. Report issues to key stakeholders.
5. Take corrective action to bring the actual cost into closer alignment with the expected cost, according to the changed management plan.

Introduce corrective actions

Expenditure can often run over budget because of a wide range of circumstances. Managers need to introduce corrective actions to bring expenditure back into alignment.

Managers need to consider methods of controlling expenditure to ensure budgets are adhered to for the operational period. One of the most effective ways to correct a negative CV is to implment cost reduction methods. There are a number of ways to reduce costs within an operational period, as described below.

Revising purchasing strategies	Sourcing cheaper labour and physical resources, negotiating prices with suppliers, seeking out new suppliers, requesting cheaper products that perform to the same standards, purchasing bulk quantities to reduce unit costs
Controlling overall spend	Implementing change management and authorisation procedures, freezing all purchases for a short period of time, communicating current cost performance and expectations
Reviewing resources needs	Sharing resources across other departments or projects and cancelling unnecessary purchases from external suppliers
Increasing efficiency within the current resource pool	Implementing staff training and performance management, repairing and servicing equipment and machinery, extending the life of existing resources
Implementing lean management strategies	Reviewing existing work processes and eliminating waste, such as unnecessary purchases, process inefficiencies and underperforming resources
Reducing running costs and overheads	Reducing travel, stationery and utility costs and implementing a reduce, reuse, recycle policy.

Assess team productivity against KPIs

In addition to financial performance, managers must monitor and review the team's efficiency in completing tasks against the set KPIs.

To ensure the successful implementation of the operational plan, you will need to identify the actual productivity (work rate and efficiency) of work teams based on predetermined performance standards and KPIs.

Well before the operational plan has been implemented, KPIs will have been set and communicated to team members. These form the foundation for all monitoring and review processes. KPIs should be clear, achievable and time-bound in order for them to be effective. KPIs must be based on the function of the role and must support operational plan objectives. If KPIs are set correctly, the process of assessing productivity should be relatively straightforward.

Quantitative and qualitative KPIs

Performance standards are the benchmarks for assessing productivity. They refer to the level of performance sought from an individual or group and may be expressed either quantitatively or qualitatively.

Quantitative performance measures involve an objective evidence-based method of collection and analysis of work-related data. Quantitative performance metrics use numbers, dates, percentages and other key figures to determine clear metrics that need to be achieved.

'Qualitative' usually refers to 'how well' the job is completed, in particular the aspects that determine the quality standards of a task. These standards, as well as the assessment process, are far more subjective than using quantitative KPIs.

Some examples of quantitative and qualitative performance measure outcomes are given below.

Quantitative performance measure outcomes	Qualitative performance measure outcomes
▪ 95% customer satisfaction rate based on feedback surveys ▪ 7.5 hours of customer service time per day ▪ 25 sales closed per day ▪ $35,000 of revenue generated per week ▪ completing 2 weekly hazard inspections in own work area	▪ high level of initiative in problem solving ▪ demonstrates all organisational values on a weekly basis ▪ produces a service that leads to customer satisfaction ▪ shows a strong desire to develop personal skills and knowledge

Key sources of information

To effectively assess productivity and profit performance, you will need to access a variety of source documentation.

To ensure you identify actual performance correctly, you will need to consider the sources of information you need to gather. Valid data and information form an important part of the monitoring process. If the data and information you collect are accurate, timely and reliable, you will have a clear picture of productivity across the business. If the data and information are of poor quality, it will be difficult to identify, compare and report on actual performance.

Examples of reliable data and information sources include:	
▪ systems productivity reports ▪ waste and shrinkage reports ▪ time sheets ▪ maintenance reports ▪ systems user reports ▪ sales reports	▪ product recall reports ▪ issues registers or logs ▪ user feedback ▪ customer feedback ▪ expense reports ▪ stocktake reports.

Practice Task 8

Question 1

How would you assess progress in achieving profit targets according to your operational plan?

Question 2

Give one example each of a quantitative and qualitative KPI measure of staff performance to against organisational performance.

Question 3

Which of the following records can be used to monitor the productivity of the operational plan? Tick all that apply.

- ◯ Sales report
- ◯ Balance sheet report
- ◯ Systems productivity reports
- ◯ Visits to the company's website
- ◯ Time sheets

3B Identify and rectify areas of underperformance

Managing operational plans involves identifying, addressing and managing problems that arise.

The monitoring and review process should highlight problems that need your attention. How you determine a solution to a problem depends on the severity of the issue and the potential impact if an identified problem is not addressed. The solution to some problems is obvious, such as a simple repair to a piece of equipment.

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

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

Problems can be identified by:
▪ routine service and maintenance reports on equipment, including vehicles and machinery ▪ workplace inspections or audits by a WHS officer or representative ▪ variations in production reports ▪ the number of customer complaints and the area of those complaints ▪ customer feedback or requests ▪ plant or equipment failure and breakdown, including computer systems or communications, such as telephone or Internet ▪ analysis of incident and/or accident reports ▪ a backlog of orders that needs to be fulfilled ▪ emergencies, such as fire and chemical spills ▪ conflict in the workplace between workers ▪ reports on breaches of compliance (legislative or codes of practice) ▪ staff performance appraisals.

Decision-making approach

In dealing with underperformance, managers must take a conscientious decision-making approach to determine the best possible solution to the problem.

In dealing with matters that have a human resource (HR) component, you have a much greater set of issues to consider. Solutions can include training and development through formal courses, work-based training, the use of a coach or mentor and other formal or informal sharing of learning, knowledge and skills. Alternatively, acquiring more staff from other areas or outside the organisation, such as contractors, and/or transferring staff from other functions are ways to rebalance staffing levels.

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

1. Identify the problem
2. Work out the extent of the problem
3. Analyse the cause of the problem and any contributing factors
4. Investigate and seek specialist advice if required
5. Generate possible solutions to resolve the problem
6. Determine the effect and outcome of each potential solution
7. Apply selection criteria to solution options
8. Determine the preferred option and implement it

Staff performance issues

Staff performance issues need to be dealt with according to organisational policy and procedures and in a manner that is fair and equitable.

Staff performance can be less than expected for a variety of reasons, including unclear or unrealistic expectations, poor management practices, lack of resources, poor attitudes or a lack of skills for the job.

When considering whether an employee's conduct warrants dismissal, ensure that you do not act illegally. For example, it is illegal to terminate employment if an employee has been absent from work because of genuine illness or injury. It is also illegal to terminate employment because an employee has filed a complaint against the employer or is appearing as a witness in matters being investigated as a legal violation. It is also illegal to terminate employment on the basis of discrimination (i.e. based on race, nationality, ethnicity, age, sex, disability (physical or intellectual), marital status, family responsibilities, pregnancy or potential pregnancy, religion or political beliefs).

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

Actions used for addressing underperforming staff can include the following:

- providing counselling and setting them up on a performance improvement plan
- consistently monitoring the performance and outputs of team members
- measuring and testing outcomes during and after the completion of tasks
- conducting physical site or job inspections and observing tasks completed or in progress
- making yourself available at the ground level to provide input into activities and to correct issues as they arise
- maintaining the health and safety of workers and other people who come in contact with the job site
- providing relevant instructions to team members.

Counsel underperforming employees

When the situation does not improve with positive support strategies, it may be necessary to counsel underperforming staff members.

Many organisations include a detailed set of steps managers need to take in circumstances where ongoing counselling is required. These steps may be outlined in a code of conduct and detailed in a procedural policy. Make sure you are aware of your obligations and what you are authorised to do with employees who continue to underperform. Following due process ensures you are operating within a legal perspective.

If company procedures are outdated or do not exist, you may use the statutory guidelines provided by the Fair Work Commission.

Performance improvement plan

A performance improvement plan (PIP) can be used to address ongoing performance issues with team members.

Team members who do not demonstrate improvement or are consistently failing to meet the required KPIs can be placed onto a PIP. Although there is no set period of time for when a PIP should be introduced, 3–6 months of ongoing poor performance is considered reasonable under most circumstances.

A PIP is a detailed plan that explains the list of agreed performance objectives, or KPIs, that will demonstrate what the employee has to achieve in order to show that they have addressed their underperformance.

Managers need to work with the team member to prepare the PIP. This involves working together to set priorities, discussing what the employee is required to do and developing a time line for review. Managers should include any support provided, such as supervision, training or coaching activities, and when formal feedback sessions are due to be scheduled.

This is best done in collaboration with the employee so there is engagement and mutual consensus with the suggestions.

It is important that the employee agrees on the KPIs and strategies that have been selected for improvement and is willing to implement the recommended changes.

Strategies to use when preparing the PIP:
▪ Use positive terms; for example, rather than stating what the employee is not achieving, focus on what they need to achieve ▪ Remain calm, non-judgmental and unemotional ▪ Allow the employee to give feedback on the KPIs and improvement strategies ▪ Do not dominate the conversation or tell the employee what they need to do; instead, ask open and closed questions to ensure the employee is involved and they are owning their own performance ▪ seek agreement on small points first, because this establishes a pattern of positive responses that can lead to a more open and frank discussion ▪ gently lead the discussion towards where you need it to go, but ask open questions to have the employee come up with their own suggestions; for example, 'What is a reasonable target that you can achieve this month to make up for this shortfall?' or 'What is one learning activity you can complete this week to help you improve on your customer service skills?' ▪ If the employee is not engaging, offer examples about KPIs and learning actions, then ask for feedback and suggestions about how they can arrive at each of the KPIs.

Document the PIP

A PIP is the written record of how an employee is expected to correct deficiencies in their role.

A PIP should be developed before any other disciplinary action is taken to provide the employee with an opportunity to strategise on and rectify their performance.

The steps involved in documenting a PIP are provided below.

Steps to document a PIP
1. Define the performance issue and put it in writing.
2. Establish expectations and define areas of performance or behaviour that need to be improved.
3. Establish time lines and a schedule of priorities.
4. Develop an action plan that includes specific tasks, goals and objectives.
5. Decide on an evaluation method, including a plan for how and when the employee's improvement will be reviewed.
6. Review the PIP with the employee to ensure they understand all the elements and are prepared to accept the consequences should the PIP objectives not be achieved.
7. Ensure the employee signs the PIP to acknowledge they have reviewed and received it. This will also encourage accountability and buy-in from the employee.

Example

Developing PIPs and obtaining agreement

If an employee is consistently achieving sales of between 10% and 15% below budget, some examples of SMART (specific, measurable, attainable, relevant and time-bound) KPIs for this individual would be:

- complete a 1-day sales training session on 29 May
- achieve 95% of budgeted sales for the month of June (June is the next reporting period)
- achieve 100% of budgeted sales for the month of July
- report on the methods used to achieve 100% of budgeted sales no later than 10 August.

The KPIs should be developed in consultation with the employee so they understand where the shortfalls are in their performance and what standard of performance is required. Arrange a time with the employee and let them know the purpose of the meeting.

Disciplinary processes

Disciplinary processes must be clearly outlined in company policies and procedures; these may include the employment contract, work plan, induction checklist or individual policy.

Discipline must not come as a surprise to an employee. The counselling process up to this point should have included a formal session where records of conversation were taken and clear guidelines for performance were agreed to. During that process, mention of disciplinary procedures taking place should have been made. By the time the employee has reached the point where the procedures may need to be implemented, they should be well aware of the consequences.

Disciplinary processes may include the use of:
▪ standdown letters ▪ discipline interview guides ▪ verbal warnings ▪ written warnings ▪ termination or dismissal letters.

Disciplinary proceedings

In the first instance, the aim of implementing a disciplinary action is to correct the behaviour of an employee by escalating the consequences of inaction on their behalf.

Disciplinary action should not be considered as the final step before termination. This attitude can bias the manager's intentions and possibly bias the outcome. The manager should provide every opportunity for the correctional action to serve its purpose and improve the behaviour of the employee.

The system of 'three strikes and you're out', meaning that if the employee is involved in three disciplinary actions then they are automatically dismissed, is used in many organisations. Although this is not a strict legal requirement, it provides evidence of a performance management process, as opposed to a reaction by a biased manager.

Termination of employment

The final step in an ongoing performance management issue when satisfaction cannot be realised is employee termination.

Termination is the cessation of the contract of employment between an employer and an employee, at the initiative of the employer.

Termination may be a suitable option in the following situations:

- the employee is unable to perform the duties of their position or at the standard required
- the employee has consistently ignored and not followed organisational policies and procedures
- the employee is displaying ongoing behaviour that is negative and disrupts co-workers or customers
- a worker consistently puts his or her own safety, or the safety of others, at serious risk.

Seek the support of HR

The termination process should always be conducted in conjunction with HR, a senior manager who is trained in termination processes or an external specialist.

HR specialists are specifically trained in all aspects of employee and industrial relations and are an excellent source of support when performance issues, grievances and disputes occur.

HR is an organisational function that focuses on managing people within the employer–employee relationship. It involves delivering a range of services to organisations, and in particular to managers and employees, to develop effective communications, maintain compliance with legislation, ensure harmonious relationships and maintain productive working environments.

HR staff can assist managers in the following ways:

- mediate disagreements and disputes between two parties, such as a manager and an employee
- provide training support to use the performance management system more effectively
- provide recommendations and advice when dealing with underperforming staff
- manage serious and sensitive employee behavioural problems and issues
- manage a termination process.

Organisational and legal requirements for termination

For legal compliance, termination must follow a number of key regulations and be accompanied by several legal and organisational documents.

Procedural and documentation requirements when terminating an employee for misconduct or ongoing poor performance are described below.

Paid or unpaid leave
▪ Paid or unpaid leave is a right of the employer based on existing employment policy. Where policy dictates that an employee, for security, performance or confidentiality reasons, cannot remain in their place of work once the termination process has begun, then leave must be granted. Often, an employer will pay for the required leave as per normal employment arrangements. Where no employee leave days remain or the employee is not entitled to leave (such as casual or short-term contracted employees), then leave without pay may be enforced. ▪ Commonly, contractual arrangements will enforce attendance at the workplace during the notice period, with sometimes 1 day off provided to seek other employment. This is up to the employer, but must be documented in organisational policy for fairness and reliability.
Notice of termination or dismissal
▪ Notice of termination or dismissal is the formal letter required under law to be sent or handed to an employee whose employment contract has been terminated. A copy must also be kept on record, along with payroll records of termination, for no less than 7 years. The termination pay statement must be given to the employee on or shortly after the time of termination. ▪ An 'abandonment of employment' letter is an organisation's administrative action for employees who have (for no apparent or good reason) failed to turn up for work for a period of time. That period is typically 2 weeks, but may be longer or shorter depending on organisational policy. The letter is sent to the employee's last known address. ▪ The 'abandonment of employment' letter informs the employee that disciplinary proceedings will occur (usually along the same process as gross misconduct) if the employee does not contact the employer within a given time; this can be up to 1 month after the letter is sent. A notice of termination follows a letter of abandonment of employment if nothing is heard from the employee. ▪ Note that every effort should be made to contact the employee or their designated next of kin to ensure that any letters do not go out to families grieving a relative who has suffered severe injuries, illness or death. In these cases, a termination on the grounds of ill health or death may be enacted. These letters are less to do with performance issues and more to do with consideration of the needs of the organisation and the employee's family.

Unfair and unlawful dismissal laws

Under Fair Work legislation, a worker cannot be terminated from their employment without just reason.

Unlawful termination is where an employee's employment is terminated for a discriminatory reason, or otherwise against the law, such as age, sex, race, religion, pregnancy or sexuality.

Unfair dismissal means the decision to terminate an employment arrangement is deemed harsh, unjust or unreasonable, or, for small businesses, the dismissal was not consistent with the Small Business Fair Dismissal Code.

When the Fair Work Commission considers whether a dismissal is harsh, unjust or unreasonable, it takes into account the following:

- whether there is a valid reason for the dismissal relating to the employee's conduct or capacity
- whether the employee was notified of the reason and given an opportunity to respond
- any unreasonable refusal by the employer to allow the employee to have a support person present at any discussions relating to dismissal
- whether the dismissal relates to unsatisfactory performance and whether the employee is warned about this unsatisfactory performance before the dismissal
- the effect of the size of the employer's enterprise on the dismissal process, including the absence of dedicated HR management specialists or expertise.

More information about the legal obligations for termination of employment is available on the Fair Work Ombudsman website: aspirelr.link/fairwork-ending-employment

Record and document performance

Organisational policies and procedures detail the records and documentation that need to be completed, how the information should be stored and the period of time it should be kept.

Performance records relating to an individual or a team of individuals should be kept in accordance with the policies and procedures of your organisation. Policies and procedures should also clearly state who has authority to access these records and documents.

These guidelines ensure performance-based records are retained according to relevant confidentiality and privacy legislation.

There is also an Australian and International Standard for records management (AS ISO 15489.1:2017 – Information and Documentation – Records Management) that may support the development of your organisation's policies and procedures. This standard provides guidance on creating records, policies, procedures, systems and processes to support the management of records in all formats.

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

Examples of performance-based records that you may need to retain can include:

- PIPs
- records of formal and informal counselling sessions
- performance appraisal reports
- productivity reports
- evidence of performance and behavioural issues, such as complaints from customers and staff
- email correspondence with underperforming staff and HR

Example

Seek assistance from HR specialists

A large retail company has over 2,000 employees located in 150 stores across the country. The company has a national HR manager who is supported by an HR generalist.

With such a broad span of authority, many small queries relating to HR are redirected to state or regional managers with the experience to deal with them. When issues are too specific for the regional managers to address, they telephone the HR manager for advice.

This system of delegation is an appropriate use of resources and experience; however, it has the effect of alienating the HR manager from the day-to-day issues being experienced within the company. As such, morale, pay issues, training inconsistencies and poor management appointments all go relatively unnoticed.

Practice Task 9

Question 1

Which of the following are people you should consult with when managing 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 2

At what point should underperforming team members be placed on a performance improvement plan (PIP)?

Question 3

List two ways you can address the underperformance of team members.

Question 4

List four types of records you need to keep when managing underperforming workers.

3C Implement performance monitoring systems

One of the most important parts of managing an operational plan is to systematically monitor performance.

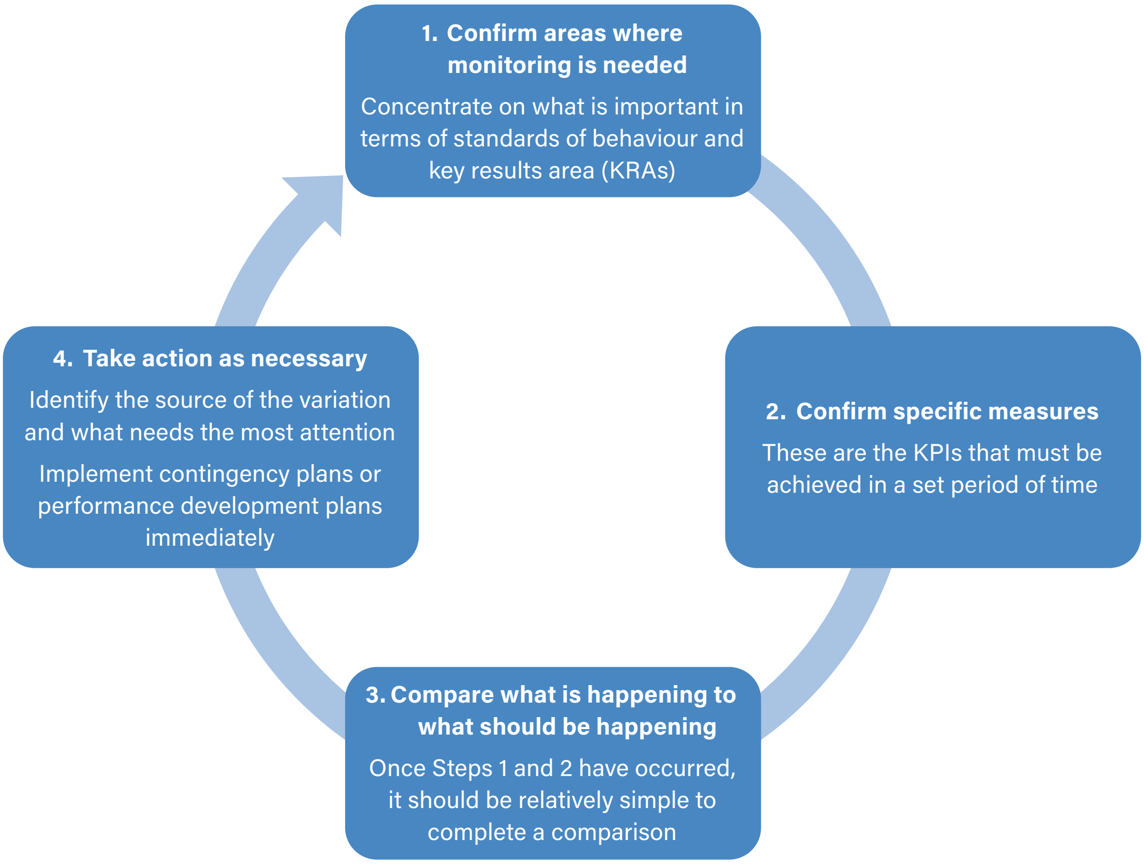
In operational management, systems are crucial for ensuring the right outcomes are achieved on a consistent basis. A system is a set of interdependent parts and processes that work together to achieve a set outcome. Systems are essential in ensuring that work tasks are performed in a controlled manner and variations in performance are reduced. The performance monitoring system must be designed to ensure operational performance is carefully tracked and reviewed throughout the operational reporting period.

Organisational monitoring systems

Managers must apply a systematic approach to monitoring and reviewing the performance of teams and undertake the process regularly throughout the reporting period.

To monitor how well your team or organisation is tracking, managers need to gather reliable data to compare actual performance to the KPIs. Performance monitoring is an ongoing process of continuous improvement, not a one-off system for success.

Four steps are usually completed in the performance monitoring system as shown below:



Monitor team performance using KPIs

KPIs and operational objectives must be used as the foundation for assessing the performance of teams.

The purpose of setting specific operational objectives and performance standards is to ensure that everyone is aware of their expectations and requirements for conducting work.

Managers must focus on the KPIs set out in the operational plan and collect reliable and current information to identify variations in performance.

Team performance can be determined by reviewing productivity, sales and other types of reports, completing on-site observations, asking for feedback from team members and collecting useful quantitative data from other sources.

Monitoring work performance

You must commit to regular performance monitoring, as outlined in the operational plan's reporting processes.

Weekly monitoring should be conducted as a minimum to ensure you are heading in the right direction and your operational objectives are being achieved. Monthly and annual monitoring will also give valuable insights into team and individual performance.

When observing the performance of individuals and work teams, focus on both their work outputs and the behaviours they exhibit in the workplace.

Some of the types of work outputs and behaviours that you need to consider when monitoring performance are listed below.

Work outputs	Behaviours
▪ Quality of work and variations from the agreed standards, such as waste and errors in work ▪ Work rates and productivity ▪ Sales and revenue generated by the employee ▪ Completion of milestones, special projects or achievements	▪ Leadership skills ▪ Initiative ▪ Ability to respond to difficult situations ▪ Problem-solving skills ▪ Friendliness and professionalism in the workplace ▪ Support of team objectives ▪ Communication ▪ Punctuality ▪ Teamwork

Ensure support is provided

Under Fair Work legislation, employees must be given every possible level of support and opportunity to achieve their KPIs and other standards.

As part of the performance monitoring system, managers must ensure team members are provided with ongoing support to ensure they have the required competencies and resources to meet the required standards of performance.

Throughout each operational period, you should take steps to regularly monitor your support strategies and resource allocations, making sure team members have all they need to achieve success for the organisation.

A range of support services is outlined in the table below.

Coaching
Coaching is an ongoing process that aims to help new or underperforming staff improve their performance. The coaching process helps individuals identify their current competencies and address shortfalls by working on the underlying root causes for their poor performance, such as skill or knowledge gaps. Coaching assists in the achievement of long- and short-term goals, which, in turn, assist in career development.
Internal counselling
Counselling is an appropriate option in cases where the employee is going through personal problems. Your organisation may employ qualified internal specialists and counsellors who can help employees manage a range of personal issues, which may include: ▪ family breakdowns ▪ deaths ▪ divorce ▪ mental illness.
Employee assistance program (EAP)
If an employee notifies you that the reason for their underperformance is due to serious personal issues, then it would be appropriate to refer them to the relevant EAP that the organisation has in place. The EAP will consist of professional councillors, medical staff and other resources that will work with the employee to resolve the issues that are affecting the employee's ability to perform their job role to the required standards. If your organisation does not have access to an EAP, it may engage external professionals.
Mentoring program
Mentoring is the ongoing relationship of personal development that exists between a mentor and mentee. The term 'mentor' is defined as a trusted counsellor or guide. A mentor is a person who is usually older, more experienced and guides the mentee through their development. Mentoring usually focuses on developing behaviours, resilience, problem-solving skills and character, as opposed to coaching, which focuses on developing task knowledge, skills and technical abilities.
Supervision
Supervision is about being present in the work environment and directly observing workers as they perform their tasks. The supervisory process enables managers to watch team members do their jobs, give feedback and correction about areas that need improvement and gain a personal understanding regarding team members' skills and deficiencies.

Example

Appoint a coach to a work team

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

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

Feedback from clients identifies that confusing and conflicting information has been provided by each member of the sales and support team.

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

Practice Task 10

Question 1

What are the key steps in a monitoring and review process? Tick all that apply.

- ◯ Identify areas where monitoring is needed
- ◯ Identify specific measures to use to determine required performance levels
- ◯ Develop SMART strategic objectives
- ◯ Gather data to compare what is happening to what should be happening
- ◯ Report on results

Question 2

List three strategies that could be used to support the performance of team members.

3D Negotiate recommendations for variations to the operational plan

Operational plans are regarded as living documents that require variation, based on varying circumstances that affect performance.

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

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

Six issues that can have a significant effect on the cost of resources
▪ Significant price increases for raw materials or input resources due to short supply or changes in exchange rates
▪ A need for additional resources to meet unexpected increases in product demand, with resultant higher input costs due to input material shortages or the need to purchase at a less than ideal time
▪ Higher staff costs due to unexpected wage rises, increased costs due to staff shortages
▪ Higher staff turnover than expected and the costs of recruitment and induction
▪ Product price changes with changes in demand or competitors
▪ New technology and equipment that must be acquired and installed

Manage variations to operational plans

A variation is any difference between actual and planned outcomes. Negative variations need to be managed to ensure operations are headed in the right direction.

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

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

Analyse variations

Variations need to be analysed to determine the root causes. This helps plan the required adjustments to the operational plan.

Variation in operational management is always going to happen and managers need to be prepared for how these negative deviations should be handled.

An amendment to an operational plan should be made through a system of analysis and consultation, followed by approval from a key decision maker.

Changes to operational plans should be applied in a structured and strategic way, with full understanding of their effects on the operational plan.

Key questions to consider when varying the operational plan
▪ Will the change create new issues and threats to the objectives? ▪ Who will be affected by the change? ▪ How will time frames be affected? ▪ How will changes affect other parts of the business? ▪ How much will it cost? ▪ What new or additional resources are required? ▪ How much impact (low, medium, high) will the variation have on improving performance?

Obtain approval

Stakeholder consultation can be a valuable process in discovering the solutions to operational issues.

Stakeholders can be internal or external and have a direct or indirect effect on the operational and strategic planning process. Examples of stakeholders you may need to negotiate with and seek approval are given below.

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

Consultation involves meeting with staff, subject matter experts, customers, suppliers and managers, 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.

Negotiate recommendations

As part of the monitoring and review process, managers may need to negotiate with stakeholders in order to alter the operational plan.

Negotiation is a careful exploration of your position and the other person's position, with the aim of finding a mutually acceptable decision that gives you and the other party a positive outcome. The goal of any negotiation is to meet business requirements and maintain a healthy working relationship with your key stakeholders.

Negotiation skills help achieve win–win outcomes for the business. They are a valuable tool for managers in the workplace, in particular when you have to deal with budget and resource conflicts and other operational constraints.

The best approach for negotiation is to explore the situation, using an assertive interpersonal communication approach and to find a win–win solution that is acceptable to both parties.

Skills required to negotiate variations to operational plans are listed in the table below.

Assertive negotiation skills
▪ State your needs in a clear and objective manner ▪ Stay on track: what does the business need from this situation? ▪ Be empathetic towards the other person's needs and interests ▪ Be an active listener ▪ Negotiate with a spirit of cooperation ▪ Be prepared to give in order to receive ▪ Offer a solution that meets the other party's needs, but puts the needs of the business first ▪ Use open and honest communication ▪ Take responsibility for your communication as well as any mistakes or offences made ▪ Remove your emotions from the discussion, ensuring they do not affect the words or tone used in your message

Presenting recommendations for approval

Based on your review and consultation processes, you may have uncovered issues, successes and areas that can be improved. This information needs to be presented to your key decision makers for approval.

The final step in gaining approval to vary an operational plan 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 you may need to seek approval from can include:
▪ operations manager ▪ senior managers, such as the general manager or CEO ▪ 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 its 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 9 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 11

Question 1

Suggest **three** approaches that can be used when negotiating operational plan variations with required personnel.

Question 2

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

- ◯ Operations manager
- ◯ CEO
- ◯ Stationery supplier
- ◯ General manager
- ◯ Business owner

Summary

- Operational plans must be regularly reviewed against both the organisational goals and the goals set for each activity in the operational plan.
- Monitoring financial performance indicates how well the activities are progressing, if the team is keeping to time lines and budgets and where there is a need to implement contingency plans.
- 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.
- To ensure the successful implementation of the operational plan, managers must identify the actual productivity of work teams, based on predetermined performance standards and KPIs.
- Underperformance is the gap between the required standards and an individual's outputs.
  - The person's results may have been below standard for either a short or considerable period of time. Three positive actions to provide support and improve poor performance include coaching, mentoring and supervision.
- The purpose of a PIP is to help staff address and correct any issues in their work that may be affecting the organisation's objectives.
- Performance records relating to an individual or a team of individuals should be kept in accordance with organisational policies and procedures.
  - These guidelines ensure performance-based records are retained according to relevant confidentiality and privacy legislation.
- Assessing performance of individual team members and work teams requires a systematic approach to provide reliable, consistent, fair and valid evaluation of results and behaviours.
- Operational plans are often viewed as 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.
- Valid solutions and recommendations for varying the operational plan need to be developed and presented to key stakeholders for approval.

Learning Checkpoint 3

Monitor and review operational performance

Part A

1. Describe the systems and strategies you would use to monitor progress in achieving profit and productivity targets against the operational plan.

2. Which of the following statements best summarises the main goal of a negotiation process? Tick all that apply.

- ◯ Identify resource needs and budgets for the business and develop effective resource proposals
- ◯ Meet business operational requirements and maintain a healthy working relationship with key stakeholders
- ◯ Meet stakeholder needs and ensure a win–lose outcome for you and your business
- ◯ Build healthy communication and develop the relationship between the two parties

3. Briefly explain the process you would need to follow to gain approval to vary an operational plan.

4. Specify **three** examples of different types of information you need to effectively monitor profit and productivity performance.

5. The following is an extract from a budget variance report. You are required to review the report and then answer the question that follows.

(Note: you may be required to perform some mathematical calculations to help you determine the correct answers.)

Budget Variance Report – Extract

January 20XX	Budget ($)	Actual ($)	Variance ($)	Variance (%)
REVENUES				
Area 'A' sales	12,000	11,662		
Area 'B' sales	12,000	12,798		
Area 'C' sales	12,000	4,458		
TOTAL REVENUE	**36,000**	**28,918**		
EXPENSES				
Wages – Area 'A'	3,250	3,250		
Wages – Area 'B'	3,250	3,250		
Wages – Area 'C'	3,250	1,500		
Accounting fees	550	550		
Equipment costs	800	1,504		
Rent	2,200	2,200		
Administrative and office costs	600	600		

6. Which of the following statements are true? Tick all that apply.

- ◯ The operational plan is currently achieving expected sales targets across all areas.
- ◯ Current resource usage should be investigated to see whether equipment costs can be cut.
- ◯ The operational plan should be varied to rectify underperforming sales in Area 'B'.
- ◯ Staff shortages have resulted in Area 'C' wages coming in under budget by 53.85%.
- ◯ Equipment costs have exceeded budget by 61.05%.
- ◯ Area 'C' sales are $7,542 below budget.

Part B

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

Case study

Sally works as a team leader for an IT helpdesk company. The business is a contact centre that provides telephone support to various corporate clients who experience a range of low-level IT issues. Sally manages a team of 15 IT helpdesk staff.

Sally uses a number of KPIs to manage the performance of her team, including total talk times, number of cases resolved and customer satisfaction ratings.

Over the past 3 months, one of the members of Sally's team has had significant trouble meeting all his KPIs and is showing little signs of improvement.

1. Explain the initial steps Sally needs to follow to address the team member's performance.

2. Describe how Sally could use a PIP to address the team member's poor performance. In your answer, explain what should be included in the PIP.

3. List **five** types of actions Sally can implement to monitor and support the team member's performance once the PIP has been implemented.

4. Specify the types of records Sally may be required to produce when managing the performance of the team member.