Student workbook

BSBMGT517 Manage operational plan

­

**TAFE NSW would like to pay our respect and acknowledge Aboriginal and Torres Strait Islander Peoples as the Traditional Custodians of the Land, Rivers and Sea. We acknowledge and pay our respect to the Elders, both past and present of all Nations.**

Version: 201901127

Date created: 04/04/2019

Date modified: 27/11/2019

For queries contact: Technology and Business Services

© TAFE NSW 2019  
RTO Provider Number 90003 | CRICOS Provider Code: 00591E

This resource can be found in the TAFE NSW Learning Bank.

The content in this document is copyright © TAFE NSW 2019 and should not be reproduced without the permission of TAFE NSW. Information contained in this document is correct at time of printing: 27 November 2019. For current information please refer to our website or your teacher as appropriate.

Contents

[What will I learn by completing this workbook? 5](#_Toc25741937)

[Topic 1: Introduction to operational plans 7](#_Toc25741938)

[Types of operational plans 7](#_Toc25741939)

[Budgeting processes 7](#_Toc25741940)

[Legislative requirements 8](#_Toc25741941)

[The operational plan process 12](#_Toc25741942)

[Step 1: Analysis of strategic plan and direction 13](#_Toc25741943)

[Summary 16](#_Toc25741944)

[Topic 2: Develop an operational plan 18](#_Toc25741945)

[Step 2: Set realistic operational plan objectives and Key Performance Indicators (KPIs) 18](#_Toc25741946)

[Case study: Writing operational plan objectives 21](#_Toc25741947)

[Key Performance Indicators 23](#_Toc25741948)

[Step 3: Prepare a work breakdown structure 26](#_Toc25741949)

[Step 4: Risk analysis and contingency planning 32](#_Toc25741950)

[Step 5: Consultation and communication 35](#_Toc25741951)

[Topic 3: Plan and manage resource acquisition 39](#_Toc25741952)

[Operational plan resources 39](#_Toc25741953)

[Human resources 43](#_Toc25741954)

[Step 6: Implement the plan 49](#_Toc25741955)

[Topic 4: Monitor and review 51](#_Toc25741956)

[Step 7: Monitor and control 51](#_Toc25741957)

[Manage underperformance 56](#_Toc25741958)

[Financial performance 58](#_Toc25741959)

[Case study: Budget and cash flow 60](#_Toc25741960)

[Summary 62](#_Toc25741961)

[References 63](#_Toc25741962)

[Image attributions 64](#_Toc25741963)

Icon legends

| Icons | Descriptions |
| --- | --- |
| An outline of a pencil which means a Practice activity | **Practice activity**  Learning activities are the tasks and exercises that assist you in gaining a clear understanding of the content in this workbook. It is important for you to undertake these activities, as they will enhance your learning.  Activities can be used to prepare you for assessments. Refer to the assessments before you commence so that you are aware which activities will assist you in completing your assessments. |
| An outline of a two square speech  bubbles denoting a collaboration activity | **Collaboration**  Whether you discuss your learning in an online forum or in a face-to-face environment discussions allow you to create and consolidate new meaningful knowledge. |
| An outline of a two square with an oversized tick in the middle denoting a self- check activity | **Self-check**  A self-check is an activity that allows you to assess your own learning progress. It is an opportunity to determine the levels of your learning and to identify areas for improvement. |
| An outline of a rectangles on top of each other denoting a reading (required and suggested) activity | **Readings (Required and suggested)**  The required reading is referred to throughout this Student workbook. You will need the required text for readings and activities.  The suggested reading is quoted in the Student workbook, however, you do not need a copy of this text to complete the learning. The suggested reading provides supplementary information that may assist you in completing the unit. |

## What will I learn by completing this workbook?

This workbook has been developed for the unit of competency BSBMGT517 Manage operational plan.

This unit describes the skills and knowledge required to develop and monitor implementation of the operational plan to provide efficient and effective workplace practices within the organisation’s productivity and profitability plans.

Management at a strategic level requires systems and procedures to be developed and implemented to facilitate the organisation’s operational plan.

This unit applies to individuals who manage the work of others and operate within the parameters of a broader strategic and/or business plan.

In this workbook, you will learn:

* to describe models and methods for operational plans
* to explain the role of an operational plan in achieving the organisation’s objectives
* to explain budgeting processes
* alternative approaches to developing key performance indicators to meet business objectives
* the legislative and regulatory context relevant to the operational plan of the organisation
* the organisation’s policies, practices and procedures that directly relate to the operational plan.

Each topic includes opportunities to check your progress and understanding as well as activities that will help you to complete the formal assessments. There are 4 topics to complete within this workbook. These are:

Topic 1: Introduction to operational plans

Topic 2: Develop an operational plan

Topic 3: Plana and manage resource acquisition

Topic 4: Monitor and review

Alright, let’s get started!

Topic 1

Introduction to operational plans

# Topic 1: Introduction to operational plans

An operational plan is a short-term plan detailing the activities, responsibilities, milestones, budgets and performance measures for specific, tactical objectives of the organisation.

In this lesson, you will learn how to:

* describe models of operational plans
* explain the role of operational plans in achieving the organisation's objectives.

## Types of operational plans

Operational plans may also be referred to as:

* action plans
* annual plans
* management plans
* tactical plans.

Operational plans are usually used and developed by middle and front-line managers to support the organisation's strategic and business plans.

Types of operational plans include:

* **Standing operational plans** are developed once and then used regularly, for example, a fire evacuation plan. They guide decision-making and actions for recurring issues to bring consistency and unity in efforts.
* **Single-use operational plans** are used once for a specific project, problem or other non-recurring situation.
* **Contingency plans** involve identifying possible risks that could prevent strategic and operational plans being achieved. They include developing risk responses in advance, for example, a data protection plan.

## Budgeting processes

A budget is a financial representation of an organisation's future planned activities. They may be short, medium or longer-term plans depending on the policy framework of the organisation.

***For example*,** *some budgets relating to projects may be for a short period, say three months. Others may be a predetermined fixed or static budget set for a 12 month period. These budgets are inflexible, however, can be coupled with a monitoring and adjustment process throughout the period. This monitoring process enables managers to reassess the business or operational environment that may then result in revised budgets and contingency plan.*

Operational budgets are mostly short-term plans depending on the policy framework of the organisation.

### Budgeting principles

Budgeting principles include:

* short and long term budgets require forward and strategic planning
* efficient budgeting relies on researching information on historical data and future trends
* communications should be clear and open to all public officials and the general public
* information developed should be complete and accurate. It should also be available to all stakeholders.

### Budgeting techniques

In order to manage budgets effectively and efficiently, it is necessary to:

* monitor, control, and record all the finances (income and expenditure)
* know how to minimise costs in the areas that you are responsible for
* be able to investigate or identify problem areas and rectify them
* efficiently manage and authorise expenditures.

## Legislative requirements

Operational plans are short-term plans detailing the activities, responsibilities, milestones, budgets and performance measures for specific, tactical objectives of the organisation. All plans must comply with the appropriate legislative requirements.

Some of the Regulations, Acts, codes or standards that apply to operational plans include:

#### The Fair Work Act 2009 (Cth)

The primary piece of legislation governing Australia's workplaces. It is the foundation to all standards and regulations for employment and something that employers in all industries and within all business sizes should be familiar with.

#### Work Health and Safety Act 2001 (Cth)

The main objective of this Act is to provide a balanced and nationally consistent framework to secure the health and safety of workers and workplaces.

#### NSW Anti-Discrimination Act

The Act prohibits unlawful racial, sexual and other types of discrimination in certain circumstances and promotes equality of opportunity for all people. The Act covers the following types of discrimination: sex, disability, race and homosexuality.

#### Australia's anti-discrimination law

In Australia, it is unlawful to discriminate on the basis of a number of protected attributes including age, disability, race, sex, intersex status, gender identity and sexual orientation in certain areas of public life, including education and employment. Australia's federal anti-discrimination laws are contained in the following legislation:

* Age Discrimination Act 2004
* Disability Discrimination Act 1992
* Racial Discrimination Act 1975
* Sex Discrimination Act 1984.

#### Competition and Consumer Act 2010

The ACCC promotes competition and fair trade in markets to benefit consumers, businesses, and the community. ACCC's primary responsibility is to ensure that individuals and businesses comply with Australian competition, fair trading, and consumer protection laws.

#### The Australian Consumer Law

The Australian Consumer Law (ACL) includes:

* a national unfair contract terms law covering standard consumer and small business contracts
* a national law guaranteeing consumer rights when buying goods and services
* a national product safety law and enforcement system
* a national law for unsolicited consumer agreements covering door-to-door sales and telephone sales
* simple national rules for lay-by agreements
* penalties, enforcement powers and consumer redress options.

#### Securities and Investments Commission Act 2001 (ASIC Act)

Ensures that financial products and services are treated in the same way.

#### Product Liability Regulation (2019)

Australian Trade and Investment Commission has a national statutory framework to regulate product safety and information standards. These standards are designed to ensure harmful products are not marketed in Australia. The standards are enforced by the Australian Competition and Consumer Commission (ACCC).

#### Privacy Act 1988 (Cth)

The Privacy Act 1988 (Privacy Act) was introduced to promote and protect the privacy of individuals and to regulate how Australian Government agencies and organisations with an annual turnover of more than $3 million, and some other organisations, handle personal information.

#### Corporations Act 2001 (Cth)

The Corporations Act 2001 is an Act of the Commonwealth of Australia which sets out the laws dealing with business entities in Australia at federal and interstate level. It deals primarily with companies but also with other entities, such as partnerships and managed investment schemes. The Act is the primary basis of Australian corporations law.

#### Environmental legislation

The ISO 14001:2004 Environmental management systems ensure compliance in line with international standards such as ISO 9001 and 45001.

|  |  |
| --- | --- |
| E:\TAFE Digital\Projects\Accessibility Project - 03.04.2018\Template - SkillsPoint\Template - Icons\Reading LAVENDER.png | Reading list |

📚 Read more about the [Work Health and Safety Act 2001 (Cth)](https://www.legislation.gov.au/Details/C2018C00293). *(https://www.legislation.gov.au/Details/C2018C00293)*

📚 Read more about the [NSW Anti-Discrimination Act](https://www.legislation.nsw.gov.au/#/view/act/1977/48) *(https://www.legislation.nsw.gov.au/#/view/act/1977/48)*

📚 Read more about [Australia's anti-discrimination law](https://www.ag.gov.au/RightsAndProtections/HumanRights/Pages/Australias-Anti-Discrimination-Law.aspx)  *(https://www.ag.gov.au/RightsAndProtections/HumanRights/Pages/Australias-Anti-Discrimination-Law.aspx)*

📚 Read more about the [Privacy Act 1988 (Cth)](https://www.legislation.gov.au/Details/C2019C00241) *(https://www.legislation.gov.au/Details/C2019C00241)*

📚 Read more about [Environmental management and your business](https://www.business.gov.au/Risk-management/Environmental-impact/Environmental-management-and-your-business). *(https://www.business.gov.au/Risk-management/Environmental-impact/Environmental-management-and-your-business)*

## The operational plan process

The operational plan process consists of seven steps from planning to implementation:

1. analyse strategic plan and mission
2. set operational plan objectives and Key Performance Indicators
3. prepare a work breakdown schedule and manage resource acquisition
4. conduct a risk assessment and prepare contingency plans
5. consult and communicate with key stakeholders
6. implement the plan
7. monitor and review operational performance.

The operational plan process.
Step 1: Analyse strategic plan and mission; Step 2: Set operational plan objectives and Key Performance Indicators; Step 3: Prepare a work breakdown schedule and manage resource acquisition; Step 4: Conduct risk assessment and prepare contingency plans; Step 5: Consult and communicate with key stakeholders; Step 6: Implement the plan; Step 7: Monitor and review operational performance

© TAFE NSW 2019 The operational plan process

## Step 1: Analysis of strategic plan and direction

### Strategic plans

A strategic plan is a plan for the entire organisation on the decisions, strategy, goals and resource usage for the next three to five years. It applies to an entire organisation while an operational plan is limited to a business unit or a component of work within the strategic plan.

Information from the strategic plan is used to develop business and operational plans, which become the short-term strategies of the strategic plan.

The following diagram represents the hierarchy of the planning structure.

Hierarchy of the planning structure.
Planning structure triangle. Base level ‘Operational plan’, middle level ‘Business plan’, top level ‘Strategic plan’. Arrow points to ‘Operational Plan’

© TAFE NSW 2019 Hierarchy of the planning structure

As an organisation develops its strategic plan it moves from general to the specific, and from long term to short term. To be effective all organisations require a sense of direction and purpose for the long term.

The strategic planning process is almost always conducted at the top line management level. In the public sector strategic direction may be influenced by the Minister holding the portfolio, but in the private sector, the main driver of change will be the Chief Executive Officer (CEO), managing director or board of directors.

Most organisations engage in strategic planning and support the strategic plan with operational plans that have short-term targets. The planning process provides the criteria for making day-to-day organisational decisions and a context against which decisions can be evaluated.

|  |  |
| --- | --- |
| Self-check questions icon | Practice activity |

#### ****Activity 1.1: Review plan examples****

📚 Access and read the [Plan2go Strategic Plan](https://tafensw.sharepoint.com/teams/et-sp-tbs/pd/Shared%20Documents/TBS_18_005/01_Develop/BSBMGT517/02_QA/plan2go.nctafe.edu.au/assets/document-library/Crew-Folders/Innovation-Crew/Plan2go-strategic-plan-v6.pdf): (*plan2go.nctafe.edu.au/assets/document-library/Crew-Folders/Innovation-Crew/Plan2go-strategic-plan-v6.pdf)* to identify the goals.

📚 Review the [Plan2go Operational Plan](https://tafensw.sharepoint.com/teams/et-sp-tbs/pd/Shared%20Documents/TBS_18_005/01_Develop/BSBMGT517/02_QA/plan2go.nctafe.edu.au/assets/document-library/Crew-Folders/People-and-Culture-Crew/Organisational/People-and-Culture-Crew-Strategic-Overview-and-Operational-Plan.pdf): (*plan2go.nctafe.edu.au/assets/document-library/Crew-Folders/People-and-Culture-Crew/Organisational/People-and-Culture-Crew-Strategic-Overview-and-Operational-Plan.pdf*) and how this plan aligns with the Strategic Plan.

Share your responses with other students or in the online forum.

Research some well-known organisations’ strategic plans to determine their long-term goals.

Notes:

Operational plans implement the goals of the strategic plan. An example is set out in the following table.

Table 1: Strategic plan goals

| Strategic plan  goal | Operational plan objective | Operational plan strategy | Operational plan actions |
| --- | --- | --- | --- |
| Talent management | Human resources department to implement online training and development programs by 2020 | Develop and implement leadership programs | Conduct workforce planning profile to identify learning needs  Research leadership program options  Partner with a training provider to deliver the program |
| Become an employer of choice | Human resources department to design and develop cost-efficient competitive programs to become an industry recognised employer of choice by July 2020 | Identify range of employer of choice strategies | Conduct primary and secondary research and report on major employers in a reputable industry journal |

|  |  |
| --- | --- |
| An outline of a two square with an oversized tick in the middle denoting a self- check activity | Self check |

#### ****Activity 1.2 Strategic operational plans****

Outline the differences between strategic and operational plans.

### What is the difference between strategic and operational plans?

#### ****Strategic plan****

* long-term view
* general overview
* outcomes and statements
* strategic goals
* senior management.

#### ****Operational plan****

* short-term view
* specific project or activity
* strategies or programs
* performance indicators
* line managers.

## Summary

In this lesson, you have learned how to:

* explain the models for operational plans
* explain the role of operational plans in achieving the organisation's objectives.

Topic 2

**Develop an operational plan**

# Topic 2: Develop an operational plan

The key components of an operational plan integrate with, and contribute to, meeting the goals of the strategic plan. In this lesson, you will learn how to:

* develop an operational plan
* set objectives and indicators
* prepare a work breakdown schedule
* conduct risk assessment
* consult and communicate with stakeholders.

## Step 2: Set realistic operational plan objectives and Key Performance Indicators (KPIs)

Individual departments, workgroups or project teams write their own operational plan to implement the established strategic plan. Operational plans are more specific and short term than strategic plans and include more specific objectives, performance indicators and resourcing. Once the operational plan is drafted, approval for the plan from relevant parties will need to be obtained, particularly for budgets, timelines and resources.

The operational plan's resource requirements, such as stock and raw materials, goods and services to be purchased and ordered, human, physical and financial resources (both current and projected), must be researched and documented and the operational plan developed in consultation with relevant stakeholders.

Operational plan objectives are developed by evaluating the strategic plan’s goals, and its mission and vision statements (the purpose and direction of the organisation).

Operational goals define what a division, department or project wants to achieve.

Examples include:

* increasing market share for a product or service
* reducing online customer waiting times
* reducing costs by increasing efficiencies
* generating greater sales.

The goals themselves are too broad to communicate in isolation within the operational plan so must be divided into measurable objectives. These can then be easily communicated, so staff understand the actions needed to achieve the goals.

### Operational plan objectives

Objectives are measurable outcomes that a plan sets out to achieve (Dwyer 2012, p.81). The setting of objectives is a critical step in the operational planning process.

Setting objectives is a critical step in the operational planning process. Once identified, the objectives help break down specific activities required to achieve goals and objectives.

**Example:**

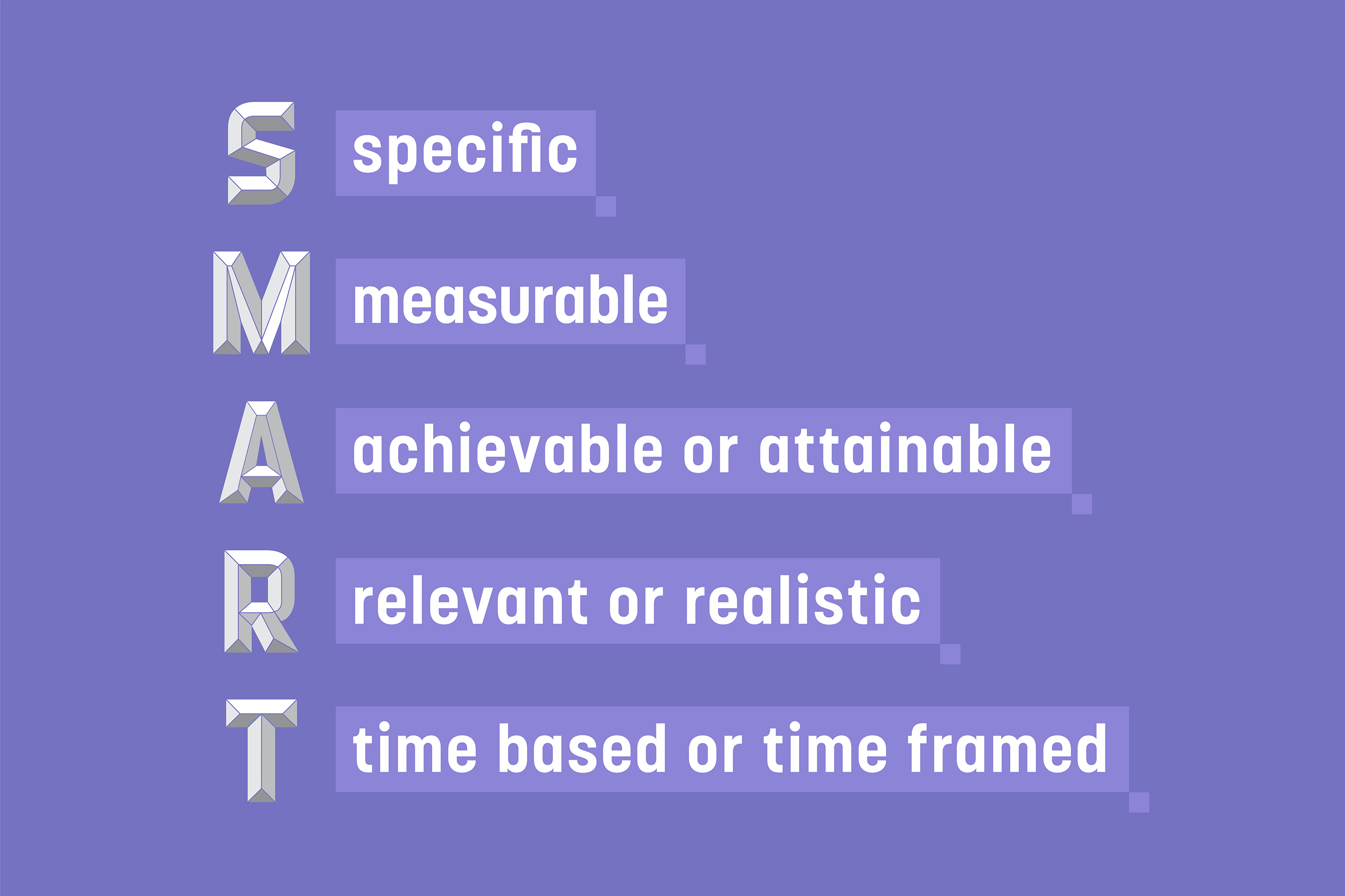
Objective: Reduce customer wait times 10 per cent by November.

Actions:

* analyse metrics to understand issues
* review customer service processes to identify bottlenecks
* compare staffing levels against peak and off-peak customer contact
* change staff rosters to match fluctuations in customer contact
* develop a real-time monitoring mechanism to measure customer waiting times.

### SMART objectives

SMART is an acronym for the process of setting or writing objectives. It represents the following important characteristics to be considered when developing objectives. SMART objectives focus on the end result, reduce confusion and allow effective separation of activities to ensure every team member’s productivity is maximised (Dwyer 2012, p.82).



© TAFE NSW 2019 SMART diagram

Learn about the characteristics of SMART objectives using the table below.

| Characteristic | Objective |
| --- | --- |
| Specific | What has to be done, when, how and where |
| Measurable | Include a measure to assess progress towards targets, for example, time, quality and financial |
| Achievable | Able to be implemented in the desired timeframe to the desired standard |
| Realistic/relevant | Challenging and reasonable, neither too hard or easy, and aligned to other departmental and organisational activities |
| Time-framed | Enables you to check progress over time |

|  |  |
| --- | --- |
| Self-check questions icon | Practice activity |

#### ****Activity 2.1: Writing objectives****

Write yourself a SMART objective for a personal goal, such as getting fit or another lifestyle change.

#### ****Activity 2.2: SMART objectives****

Read the statement and decide if each objective is SMART.

| Objective | Yes/No |
| --- | --- |
| All customer complaints are handled at the store within 24 hours. |  |
| All customer complaints are managed appropriately. |  |
| Product knowledge training held monthly in the training room by the marketing team. |  |
| Staff will learn about new products. |  |
| Ground floor office refurbishment to be completed to a high standard within four months. |  |
| Ground floor office refurbishment to be completed over one weekend. |  |

## Case study: Writing operational plan objectives

*Amanda has decided to open a clothing shop that sells recycled children's clothes. She developed a business plan and has come up with four goals for her new retail business.*

*Her goals are as follows:*

1. *to sell a range of casual and formal wear for children up to 10 years old*
2. *to make a profit of $25 000 in the first year of trading*
3. *to make a profit of $32 000 in the second year of trading*
4. *to open up another outlet in the third year of trading.*

*From these goals, Amanda will develop some objectives that are specific, measurable, achievable and realistic. For example, to make a profit of $25 000 in the first year of trading she will need to make a profit of over $2000 each month; approximately $500 each week.*

*To make this profit, Amanda will need to work out how many items of clothing she has to sell, and the profit margin needed on the stock. This will then convert to the amount of stock she needs, to sell that many items.*

*To work out the profit, Amanda needs to deduct the cost of running her business each week from her sales.*

*To work out the cost of running her business, Amanda will also need to know the following:*

* *the overhead costs*
* *advertising costs*
* *staff wages.*

*Amanda also needs to account for items that don't sell and therefore need to be put on sale, at no profit. This will influence how much stock she can afford to carry over from different seasons.*

|  |  |
| --- | --- |
| Self-check questions icon | Practice activity |

#### Activity 2.3 Writing objectives (case study)

Without effective objectives, Amanda could be in business for six months before realising she's not selling enough items, or her costs were too high to make a profit and unable to reach her business plan goals. (RMIT n.d).

**Help Amanda write some objectives that are specific, measurable, achievable and realistic to ensure her business stays on track.**

## Key Performance Indicators

The measures of performance against stated objectives are called Key Performance Indicators (KPIs). These KPIs provide insight on a daily, weekly, monthly or annual level on the progress of objectives at an organisational, workgroup or personal level.

KPIs are generally developed to measure the following key business areas:

* productivity
* resource utilisation
* profitability
* performance and attitude of employees
* performance improvement of managers
* new products and services, and improvement to current products and services
* market share and standing compared to competitors, new products and services, and prospective markets
* public and environmental responsibility.

### Types of KPIs

Different types of KPIs can be developed to meet business objectives. The key types of indicators are:

* **Financial indicators** measure a financial value such as sales, expenditure, cash flow, profitability or savings.
* **Non-financial indicators** measure operational plan objectives such as customer relationships, employee performance, quality and communication.
* **Qualitative indicators** are people's judgments and perceptions on a subject, such as employee morale or customer satisfaction.
* **Quantitative indicators** measure changes such as the number of customer complaints, numbers of accidents or production errors.
* **Lead indicators** are real-time performance measures that provide feedback on the process as it occurs. They are continuous and can provide instant feedback on deviations in the process. Lead indicators provide the most useful data for monitoring performance.
* **Lag indicators** are based on past performance and measure performance of a completed process. Generally, this information or data is not available until the process has finished, which can be minutes, hours, days or weeks.

Technology can assist in capturing KPIs, compiling them into useful formats and disseminating information across the workgroup. For example, call centres will measure the number of calls currently in a queue, time to answer, average call length and availability of staff to answer incoming calls.

This information is real-time and allows the manager to make decisions on when to schedule lunch breaks, whether to call in extra staff, or even reduce the staff levels due to low demand.

The outcome of robust KPIs is the ability of the organisation to continuously improve. KPIs focused on efficiency improvements, customer satisfaction and effective use of resources will enable an organisation to make incremental improvements over time, which do not disrupt the normal flow of business or require exhaustive remedial strategies.

A regular review of KPIs provides the workgroup with the opportunity to ensure tasks do not fall behind schedule. Similarly, resources assigned to tasks that are progressing ahead of schedule can be redeployed to assist other areas that are struggling.

Examples of productivity KPIs include:

* quantity of sales per day
* average number of clients per hour
* Lost Time Injuries (LTI)
* phone calls answered per hour
* quantity of items manufactured per shift.

Examples of profitability KPIs include:

* profit by product or location
* profit as a percentage of sales
* profit variation over time (for example, previous period comparisons).

|  |  |
| --- | --- |
| Self-check questions icon | Practice activity |

#### ****Activity 2.4: Writing KPIs****

Write a KPI for the objectives of the operational plan strategy below (note the wording of the KPI will be similar to the objective).

| Operational plan strategy | Operational plan action | Key Performance Indicators |
| --- | --- | --- |
| Develop leadership programs | Conduct a workforce planning profile to identify learning needs.  Research and implement a leadership program. |  |
| Identify a range of strategies to become an employer of choice | Conduct primary and secondary research to evaluate workforce strategies on a quarterly basis.  Conduct a feasibility study into two workforce strategies. |  |

### Setting KPIs

Setting KPIs involves an understanding of the outcomes and activities that can actually be measured.

If they are unrealistic or are difficult to measure, staff motivation will decrease, the KPIs become redundant and this risks the successful implementation of the operational plan.

Similarly, placing unrealistic stretch targets as KPIs will demotivate staff if they feel the targets are not achievable.

Stretch targets require staff to extend themselves beyond small and incremental improvements in their performance. They are often difficult to achieve, requiring high motivation and commitment.

Involving staff in the setting of KPIs is a good way to provide ownership and ensure adherence to targets.

Where multiple activities are aligned to an objective, the KPIs should be set for the attainment of the whole objective, not individual tasks. This reduces the number of KPIs for an individual or workgroup to a reasonable amount.

## Step 3: Prepare a work breakdown structure

A work breakdown structure is a tool used to dissect a project, or set of high-level tasks, into more clearly identified activities and actions. This tool can be in many different formats, including a hierarchical tree structure, table with a list of tasks or a Gantt chart.

The key elements or components of this tool, in any format, should include:

1. identifying tasks and actions
2. identifying resources
3. assigning responsibilities
4. scheduling activities, due dates and sequencing in order of priority.

### Identifying actions

The most common method for identifying the actions that underpin each objective is brainstorming either individually or in a workgroup. At this stage, all suggestions are valuable and should be captured. The intent is to record all of the possible actions required to achieve the workgroup objective. In the next step, the actions are characterised by their value then sequenced in the order required to achieve the objective. A key part of this approach is to not analyse or negatively judge any ideas.

Throughout this unit, you can practice the steps of creating an operational plan.

|  |  |
| --- | --- |
| Self-check questions icon | Practice activity |

#### ****Activity 2.5: Identifying actions****

Imagine you have been asked to plan for the refurbishment of the kitchen in your workplace. The kitchen area is modest in size, with a fridge, microwave, sandwich toaster, kettle, sink, countertop, drawers, and cupboards. The room also houses a table and chairs to seat six people**.**

Brainstorm the actions needed to refurbish the workplace kitchen. Do not schedule or edit your list. Be spontaneous.

### Identifying resources

The next step is to consider the resources required for each task. Resources may be people, physical such as equipment, financial or services. A budget may be prepared for resource acquisition which shows the objective of the operational plan in financial terms. You need to estimate the cost of completing each task. You may need to consult relevant personnel, colleagues, specialists and external sources to determine resource requirements.

|  |  |
| --- | --- |
| Self-check questions icon | Practice activity |

#### ****Activity 2.6: Identifying resources****

Create a list of the resources required to refurbish the kitchen. You may estimate the costs at this stage.

### Assigning responsibilities

The most appropriate person needs to undertake each action. When an action is assigned to someone, they become responsible for making sure it is completed according to the plan.

Responsibility may be allocated to an individual or a workgroup, but the intent is to choose the best option for achieving objectives within the estimated time frame.

Primary actions are identified on employees' role descriptions as the activities that employees are expected to perform in the normal course of business. Consideration of the primary action of each employee is important when assigning responsibility for tasks.

Your plan may include a project manager, human resources, IT, financial staff and other team members. You may also need to include external specialists.

|  |  |
| --- | --- |
| Self-check questions icon | Practice activity |

#### ****Activity 2.7: Assigning responsibilities****

Create a list of individuals and groups (internal and external) who would be involved in the refurbishment of the kitchen as well as the actions they are responsible for.

### Scheduling and sequencing

Scheduling assigns a timeframe for completing each action that in turn provides KPIs for the manager to track performance. Scheduling can occur through the use of software programmes, Gantt charts, Program Evaluation Review Technique (PERT) charts, and work breakdown schedules (WBS).

Scheduling should account for availability of resources, time allocated for implementation of the operational plan, together with consideration of any contingencies.

The sequential ordering of actions provides insight into the workflow required to achieve the operational plan’s goals and objectives. However, some resources may not be available to match the sequence of actions. Scheduling allows for this by ensuring the actions are matched to resource availability and that work is completed within the overall time allocated for the operational plan.

Effective operational plans are realistic, measurable and time referenced. Prioritising actions allows you to distinguish between the urgent and those to be scheduled for later. This allows the allocation of time in proportion to the importance of the actions. The time management plan allows scheduling and completion of tasks according to priorities set. Effective time management is about focusing on the right priority at the right time (Dwyer 2012, p.85).

Once a time management plan has been developed the duration of each action is identified to assist in measuring its progress, and allocating sufficient personnel to complete the task. It is critical that the duration for each action is realistic to ensure implementation is not delayed.

The duration of each action is a control measure and should be updated as progress occurs to ensure the overall plan’s deliverables are realistic.

In its simplest form, a table can be used as a work breakdown with column headings of key actions, responsibility and timeline.

| Key actions | Responsibility | Timeline |
| --- | --- | --- |
|  |  |  |
|  |  |  |
|  |  |  |

#### Gantt Charts

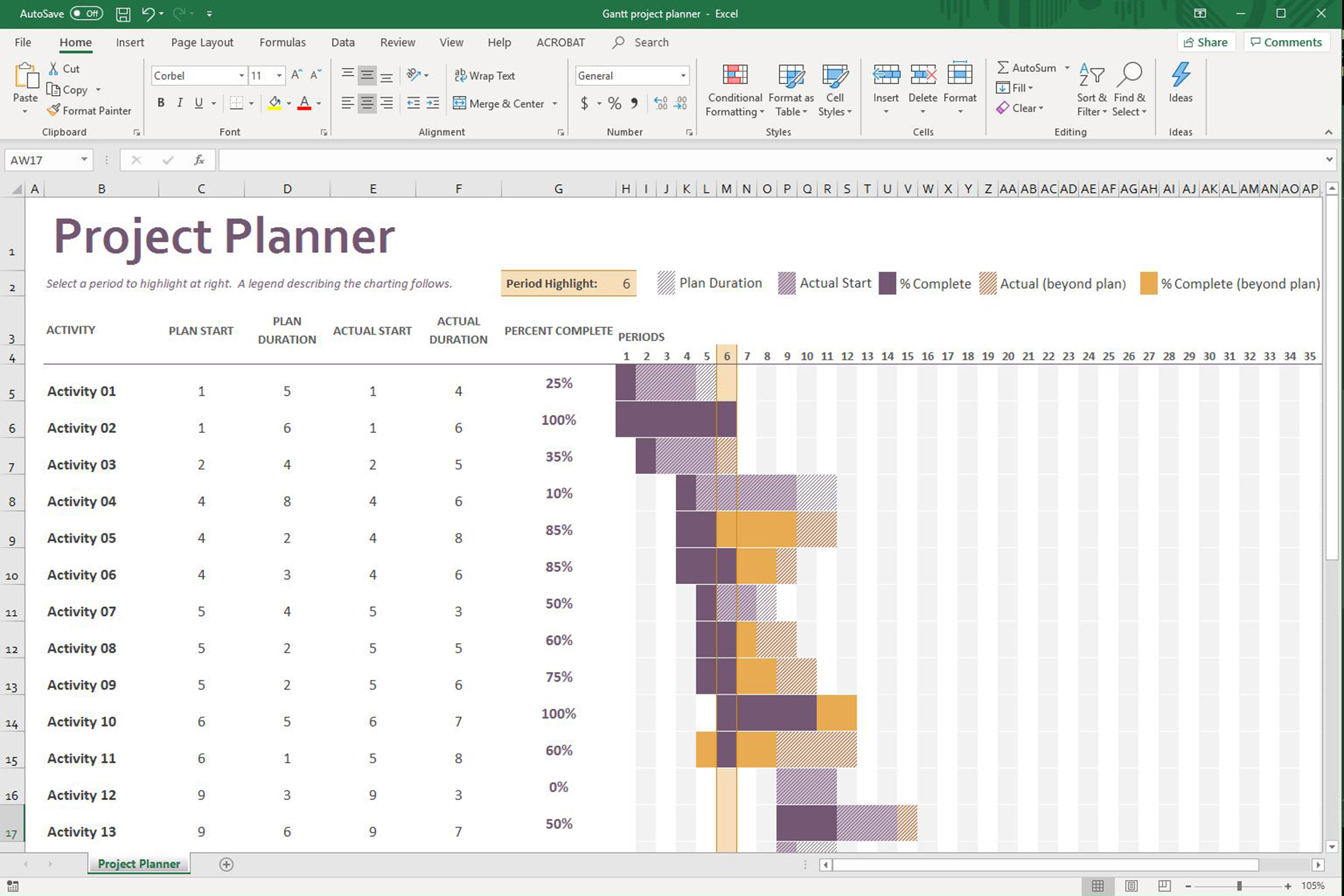
Gantt charts are more complex approaches to represent the work breakdown. A Gantt chart provides a visual representation of a work plan which helps to sequence the tasks or events by laying them out in the order in which they need to be completed, start and end date and who will perform them.

Gantt charts are both a planning and monitoring system and can be used to track variations in a process. They are particularly useful if more than one activity may occur at the same time.

To make a Gantt chart you need to:

* plan and list tasks chronologically
* decide when each task should start and finish
* determine the overall project deadline
* add in your ‘progress’ line as project occurs to track if you are ahead or behind schedule.

Refer to the sample GANTT chart below:



© TAFE NSW 2019 Gantt chart

|  |  |
| --- | --- |
| E:\TAFE Digital\Projects\Accessibility Project - 03.04.2018\Template - SkillsPoint\Template - Icons\Reading LAVENDER.png | Reading list |

📚 Visit the [Plan2go](https://tafensw.sharepoint.com/teams/et-sp-tbs/pd/Shared%20Documents/TBS_18_005/01_Develop/BSBMGT517/02_QA/plan2go.nctafe.edu.au/assets/document-library/3rd-party-tools-and-techniques-click-index/GanttChart.html) website: (*plan2go.nctafe.edu.au/assets/document-library/3rd-party-tools-and-techniques-click-index/GanttChart.html*) to review information about Gantt charts.

#### PERT Chart

A PERT chart is used to schedule, organise and coordinate specific tasks in a project, most often focusing on the time needed to complete the task. The PERT chart is generally used prior to a project commencing to plan and determine the timing of each task.

Various software applications can be used to assist with planning, implementing and monitoring an operational plan, such as Microsoft Project.

A sample is provided below:

A PERT chart is a project management task planning tool used to coordinate specific elements 
The chart shows a series of graphs representating a project's timeline and expected pathway to the completion of each of the steps in the project. Each step has an arrow (and often a date) leading to the next step until the last one is completed. Some of the steps deviate showing several leading to one step in the process, while others lead to another element before they all link for the finishing of the project somewhere in the process. 


© TAFE NSW 2019 Sample PERT chart

|  |  |
| --- | --- |
| Self-check questions icon | Practice activity |

#### ****Activity 2.8: Work breakdown schedule****

For the kitchen refurbishment, organise your actions into a logical order, add time frames, allocate responsibility and put the information into a work breakdown schedule.

| Key actions | Responsibility | Timeline |
| --- | --- | --- |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

## Step 4: Risk analysis and contingency planning

Contingency planning is preparing for ‘disasters’ that may derail the organisation’s normal operations. Identifying contingencies that respond to changing circumstances during the planning process will better equip the workgroup to make quick decisions without incurring delays or disrupting existing task deployment.

Examples of what can go wrong:

* equipment failure or breakdown
* delay in the arrival of materials
* staff shortages due to sudden illness or departure
* loss due to theft or fraud
* environmental disasters such as floods, power failure, heatwave or drought.

Undertaking a risk analysis during the planning phase will identifying key risks associated with the completion of each action.

### Risk analysis

Risk analysis should occur once all of the operational plan actions have been identified, responsibility assigned and resourcing finalised.

The basic risk management process follows a hierarchical structure:

1. identify the risks
2. analyse the potential outcomes
3. evaluate the risks based on the level of impact on the operational plan
4. develop contingencies to eliminate or minimise the impact of risks
5. communicate the contingency plan.

### Risk management

Where you identify people's safety as a potential risk area, make sure that risk control measures are in place before you implement the operational plan.

Tools like job safety analysis (JSA) should be used to conduct an assessment of the impact on people when dealing with new environments or processes.

Using suppliers with a good reputation, having an open dialogue with workgroup members and monitoring performance through KPIs are all good lead indicators of any potential issues. These lead indicators allow the manager to respond quickly with a contingency plan to minimise the impact on the operational plan.

Taking unnecessary risks in an organisational context can have devastating effects. The organisation could suffer financial hardship if it cannot deliver a critical operational plan and this could lead to the closure of the business.

#### Developing contingencies

Some risk factors are difficult to control. For example, the economic environment or weather can impact on the implementation of an operational plan. Other risks can be mitigated through the application of additional resources and people.

***For example***, *purchasing extra raw materials to offset increased demand, hiring extra people, or applying advanced technology to increase efficiency.*

Factoring a safety margin for the duration of tasks will also help manage delays. Understanding lead times from suppliers and building in a buffer will ensure the remaining activities are not adversely affected if there are delays. Locating an additional supplier, to act as a backup, may also be a viable contingency plan in the event the original supplier is delayed.

Most contingencies focus on time and money. Invariably, as time runs out, solutions cost more money. An analysis of the duration set for each action together with resource availability will quickly highlight any potential risk areas.

The following questions provide prompts for risk identification:

* Are actions dependent on each other for successful completion?
* Is there sufficient time allocated to complete each action without adversely affecting the progress of another?
* Are individual actions competing for resources?
* Is there a sufficient buffer for resource acquisition?
* Is there an alternative location for outdoor-based actions if the weather is not suitable?
* Do the workgroup staff need to undergo additional training before the commencement of the actions?
* Are there legislative requirements, such as permits or licences, which must be met before commencement?

Examples of risks with a suitable contingency plan:

| Risk | Contingency plan |
| --- | --- |
| Lack of internal expertise | Outsourcing functions or tasks |
| Shortage of equipment | Rental or hire-purchase procurement of equipment |
| Budget shortfall | Strategies to reduce costs, wastage or consumables; seeking further funding; increasing sales |
| Turnover of personnel | Succession planning |

|  |  |
| --- | --- |
| Self-check questions icon | Practice activity |

#### ****Activity 2.9: Risks and contingencies****

For the following operational plan activities, identify the potential risk and develop a contingency plan:

| Activity | Risk | Contingency plan |
| --- | --- | --- |
| 1. Contractor to demolish existing kitchen |  |  |
| 1. Instant hot water tap to be installed |  |  |
| 1. Refurbishment budget to be agreed. |  |  |

## Step 5: Consultation and communication

Organisations have many stakeholders that can influence or are affected by an organisation’s actions. Stakeholders, such as shareholders, staff, suppliers and customers, have a direct relationship with the organisation. Other stakeholders, such as community groups and government, have a more indirect relationship.

Incorporating the views of stakeholders is critical in developing successful strategic and operational plans. Similarly, communicating the content of a plan to the wider stakeholder community is critical to the successful deployment of strategies.

To assist in the consultation process, the presentation and proposal of resource requirements must be researched, documented, and supported by a variety of information sources and specialist advice.

Information sources may include:

#### Formal sources

Formal sources of information can come from within or outside the organisation and include:

Internal

* knowledge management system contents, such as human resources, accounting, clients, inventory and purchasing
* staff records
* accounting records and annual reports
* strategic plans and records
* company reports
* business documents (letters, minutes of meetings).

External

* company websites
* published data on the internet
* surveys
* professional journals
* industry or government reports.

#### Informal sources

Information from sources and networks such as LinkedIn and Facebook and conversations with friends or other associates external to your company.

#### Specialist sources

* managers/supervisors or more senior managers
* workplace health and safety committee/s
* internal or external people with specialist responsibilities, for example, financial or legal experts
* union or employee representatives
* industry association representatives
* Government or community representatives.

Each operational plan will have a different group of stakeholders.

#### ****Examples of stakeholders****

### Operational plan in the centre surrounded by the following stakeholders: customers, suppliers, distributors, senior management, community groups, federal, state or local government departments, and employees.

© TAFE NSW 2019 Example of stakeholders

The influence of stakeholders will vary according to their relationship with the organisation and the potential benefit or side effect of the organisation’s plans.

### Consultation with stakeholders

Consultation is a two-way communication process involving the delivery and capture of ideas. Collaboration between the manager and the workgroup staff to develop solutions will result in a closer alignment of the project and the workgroup’s goals.

Consultation has many benefits, including:

* The operational plan is not forced on the workgroup as it has been collaborated on with everybody’s input, so everyone shares ownership.
* There is an increase in workgroup staff motivation since they have contributed to the development of the operational plan.
* The actions that underpin the plan’s objectives have been developed by tapping into the collective experience and knowledge of the workgroup.

The consultation process may occur in several different forums:

* face-to-face meetings
* individual interviews
* email circulation
* online or written surveys
* onsite or offsite workshops or conferences.

The consultation process should not stop once the operational plan is developed. Although the operational plan proposal document is a great resource for presenting its contents and benefits, there are convenient, interesting and up-to-date means to communicate the progress of the plan across the workgroup and/or organisation.

Newsletters, posters and intranet websites can be used effectively to communicate the progress of milestones, celebrate team and individual achievements, and motivate staff involved with the operational plan.

#### Obtaining approval

As the team leader or manager, you must obtain approval for the plan from all relevant stakeholders. Approval on the investment of financial and human resources, time and expertise must be signed off before the plan can commence.

It is a responsibility of the manager to ensure that their team or section understands the plan and is able to fulfil its role, achieve its tasks, and contribute to the overall goals of the organisation, as identified in the operation plan.

An explanation of the plan helps to ensure that all teams need to align their goals and activities to the organisation's operational and business plan.

Topic 3

**Plan and manage resource acquisition**

# Topic 3: Plan and manage resource acquisition

In this lesson, you will learn how to:

* plan and manage resource acquisition
* implement the operational plan.

## Operational plan resources

In the next phase of operational planning, you need to plan and manage resource acquisition to ensure you have the human, physical, systems and financial resources your plan needs to succeed.

The resources must be acquired in accordance with the organisation's policies, practices and procedures.

Resources are people, equipment, technology, finance and other materials that will contribute to the achievement of relevant actions. Some resources are available within the organisation and some need to be purchased, hired or loaned.

***For example****, new team members may need to be temporarily hired on contract to provide sufficient human resources to process a large amount of incoming mail due to competition. In addition to these team members, office space, computers, stationery and finance will need to be sourced to cover the successful implementation of this plan.*

*These resources must be identified and planned for to ensure they are available at the correct stage of the plan, to minimise delays and maximise productivity.*

Identifying the resources required to achieve your goals and objectives is a critical step in reaching the desired end state.

As individual actions are identified, the resources required to complete these become apparent and should be noted. However, not all of the required resources will be identified in a brainstorming session; it is important to consider additional resources required as you implement your plan.

You may need to consult with other managers, staff or consultants and procurement specialists to assist in identifying and obtaining additional resources.

### Resource types

* **Human:** Full-time, part-time and casual employees and contractors.
* **Financial:** Budget to implement the operational plan and pay for resources, loans, government grants and cash.
* **Technology:** Computers, phones and software.
* **Materials:** Raw materials, building supplies, consumables and stock.
* **Transport:** Logistics, forklifts and freight.
* **Equipment:** Plant, furniture and machinery.
* **Facilities:** Buildings and space.
* **Services:** Security, information processing and advisory.

### Resource acquisition

Not all resources will be available within your organisation. You will need to procure some externally at additional cost and with a supplier lead time. This lead time could be very short (next day) or very long (3 months+) depending on whether the resource is in stock or needs to be manufactured.

Recruiting personnel can also have variable lead times. Contract staff may be available the next day, but recruiting a permanent team member could take many months.

It is also worth considering the skill level of current employees against the desired skills to achieve the goals. Additional training may be required to upskill staff.

Consider the following example:

*A manufacturing company is implementing a new software program to better manage inventory levels.*

*Team members will need to undergo training on how to use the software effectively.*

### Resource policies and procedures

Your operational plan must ensure resource acquisition complies with organisational policies and procedures.

This process will depend on your organisation's protocols. It may involve briefing a project manager or other manager in person or in writing, about what you need, why you need it and the estimated costs. Your briefing will be supported by quotes from relevant service providers as well as an explanation of the rationale and benefits of acquiring the resources.

To secure financial resources you will need to estimate the money you will need for wages, overtime, purchasing equipment or materials, for hiring equipment or additional personnel such as contractors. You must determine available funds, how to process expense claims, invoice processes and approvals and your level of authority.

Many organisations have policies to control the process and restrict the purchasing of resources at each management level.

One of these policies is the **Delegation of Authority**, which lists the purchasing limit each employee is authorised to spend. Organisations may have purchasing agreements with suppliers to simplify the sourcing of resources.

These purchasing arrangements will generally result in the organisation receiving discounts because they have combined their purchases and have an agreement with one supplier.

Your organisation may employ dedicated procurement manager to assist with sourcing products and services. These managers are a good starting point when gathering information about possible suppliers.

Consider the following factors when obtaining resources:

* Does the supplier have a current purchase agreement with your organisation?
* Is there a review available of the reliability of the supplier?
* Is the supplier accredited by a quality system that is recognised by your organisation?
* Is the supplier a local, interstate or international organisation and what are their lead times for supply?
* Does the supplier have local personnel to assist if there are any issues?
* Is the supplier cost-competitive?

### Intellectual property

Intellectual property (IP) is the ‘creations of the mind or intellect that can be legally owned’ (Department of Industry, Innovation and Science, 2018).

For an operational plan, you may need to develop and implement strategies such as policies and procedures to protect IP. This will require you to recognise and incorporate IP rights and responsibilities when you are acquiring or using resources and services.

In Australia, we have laws which protect the IP of your business. They protect your organisation's competitiveness and stop competitors from copying your IP assets.

If your organisation has a unique idea, product, service or design you can apply for IP rights with IP Australia: www.ipaustralia.gov.au to protect them. The risk of someone else using your IP comes from competitors, contractors or even employees who may reveal your IP to others.

Intellectual property can include:

* **patents**—a right to commercially use an invention or idea
* **trademarks**—a feature that distinguishes your service or product from others such as a logo, shape or phrase
* **copyright**—protection of the organisation's information that is contained in writing, music, visual images, computer programs or broadcasts
* **registered designs**—you can register the design of a product if it has a shape, pattern or appearance which is new and distinctive.

|  |  |
| --- | --- |
| Collaboration icon of two rectangle speech bubbles | Collaboration |

#### Activity 3.1****: Scenarios****

**Consider the following examples and discuss with your colleagues / peers**.

1. ***Buttons Cars*** have a standing operational plan where they provide a replacement car to their clients when a car comes to their garage for servicing. They want to advertise this as Right2drive.

***Buttons Cars'*** legal expert has advised them that this would be a breach of a trademark as another company has already registered this phrase and logo.

1. ***Genius IT*** have a single-use operational plan to update their website following a recent merger with another company.

They have found an image online that will look great on their website.

The project manager finds out that this image has been protected by the Copyright Act 1968 and Genius IT does not have the authorisation to use the image.

## Human resources

Employees are a critical asset of any high-performance organisation. Staff share knowledge, experiences and develop new ideas that contribute to the overall advantage an organisation possesses over its competitors.

Therefore choosing the right staff is crucial to the success of the operational plan and ultimately the organisation.

The process of finding the right staff is called recruitment and choosing between candidates is called selection. Poor staff choices can lead to poor performance, high turnover, low motivation and engagement, and a general deterioration in the relationships between workgroup members.

Most organisations have policies in place to guide managers through the process of recruitment and selection. These policies assist managers who do not recruit staff regularly and may have limited experience in staff selection. The policies will also cover relevant Work Health and Safety (WHS), privacy, and discrimination requirements.

You may need to consult with external organisations such as Fair Work Australia or internal experts such as the Human Resources Manager when planning for the human resources required for your operational plan.

If your operational plan requires specific human resources you may need to recruit from inside the organisation or externally.

There are many activities involved in this process including:

* preparation of role description
* preparation of selection criteria
* preparation of, and approval for, a job advertisement
* reviewing applicants’ resumes and shortlisting the most appropriate
* organising interview location and times
* contacting the shortlisted applicants for interviews
* inviting other managers or a Human Resources Manager to sit in on the interviews
* conducting interviews and other selection methods such as testing
* selection of the successful applicant
* preparation of induction programme
* the setting of job goals and performance measures
* coaching, training and mentoring to support the successful applicant and the team.

|  |  |
| --- | --- |
| Collaboration icon of two rectangle speech bubbles | Collaboration |

#### ****Activity 3.2 Human resource acquisition****

Many organisations use specialists in the recruitment and selection process. This activity may be done in class or by using the online forum.

List three recruitment and selection specialists and identify when it would be appropriate to use them in an operational plan. Use the context of a workplace you are familiar with.

Some examples of specialists include recruitment agencies, head hunters, assessment centres, panel members, government organisations such as Centrelink, job analysts and labour-hire companies.

Discuss your responses with other class members, a colleague or your assessor. During your discussion ensure you use appropriate vocabulary, listen and comprehend exchanges and confirm understanding.

| Specialist | When to use |
| --- | --- |
| **1.** |  |
| **2.** |  |
| **3.** |  |

### Role description

Understanding the dimensions of the role from the outset will assist the manager in choosing the best applicant for the job. The role description is the specification of the job requirements and covers the following:

* required knowledge, skills and experience
* minimum qualifications
* key tasks and responsibilities
* relevant performance measures
* remuneration package details.

Most organisations have standard formatting and content requirements for their role descriptions, and templates will exist to assist in populating the relevant fields. This is most useful when a role to be filled is a newly created position and very little existing information exists.

### Job advertisements

Once the human resources department approves the role description, the next step is to prepare an appropriate advertisement to attract suitably qualified applicants.

There are many advertising options, including:

* internal advertisement on the intranet
* internal advertisement on noticeboards
* internal advertisement using email to all employees that lists vacancies
* external job websites
* external social networking websites
* printed newspaper advertisements
* industry magazines and newsletters
* recruitment agencies.

Your operational plan should allow for the time, costs and personnel required.

### Selection process

Once all the applications for the role have been received, the process of selecting the most suitable applicant begins.

The selection process involves comparing the resumes of applicants with the role description. Inevitably, an organisation will receive applications that do not meet the basic qualifications and required knowledge. These applicants are eliminated from the selection pool, leaving only the most appropriate to progress to the next stage.

### Applicant Interviews

The interview process allows both the organisation and the applicant to find out more about each other and whether there is compatibility. Some organisations allow the manager to conduct the interviews on their own. Alternatively, they may use an interview panel, composed of at least three people, to provide additional perspectives and to eliminate interviewer bias.

Successful interviewing is an acquired skill. It requires considerable preparation to ensure each applicant is fairly evaluated. Preparation involves reviewing each of the applicants' resumes to identify:

* gaps in employment
* additional training undertaken
* frequency of job changes
* general misalignment of information.

If multiple applicants are successful after the first interviews, it may be necessary to schedule a second round of interviews. Alternatively, other selection techniques may include aptitude, psychometric or skills-based testing to refine the applicant list.

Verification of the applicant's details may occur through reference checks and academic qualification validation. Once satisfied that the applicant is the best choice, they are contacted and given an offer of employment.

It is also important to contact unsuccessful applicants and provide feedback on their performance.

Your operational plan should include recruitment and selection steps to ensure the human resources required are in accordance with the organisation's human resources policies, practices and procedures, as well as the relevant legislation.

### Employee induction

The first day in a new job or project can be both exciting and daunting. The induction process covers several actions to ensure a smooth transition:

* completion of the relevant paperwork
* introduction to the workgroup members
* orientation with the employee’s workspace
* workplace safety policy review and induction
* review of the organisation’s mission statement and vision
* review of the organisation’s code of conduct and acceptable use of resources policies
* job-specific training, access to information technology systems and a tour of facilities.

Depending on the role and whether the new employee has transferred internally or is completely new to the organisation, the induction process can occur over a number of hours up to some weeks. The manager needs to consider what information will be relevant to the new employee without overloading them during this period.

The induction program administration often depends on the size of the organisation and the number of recruits. Several staff could be involved, including:

* line manager
* human resources
* peer or buddy
* mentor
* experts, for example, payroll, marketing or senior management.

The time, finances and other resources required to induct and train people involved in implementing your operational plan must be considered when developing it.

### Employment law

When recruiting, selecting and inducting employees, it is important to know the different types of workplace legislation. These give employees rights including minimum wages, leave and superannuation. The laws that apply to recruiting, selecting and inducting employees for your operational plan include:

* [Work Health and Safety Act 2011 (Cth)](http://www.legislation.gov.au/Series/C2011A00137): (*www.legislation.gov.au/Series/C2011A00137*)
* [Fair Work Act 2009 (Cth)](http://www.legislation.gov.au/Series/C2009A00028): (*www.legislation.gov.au/Series/C2009A00028)*
* [Privacy Act 1988 (Cth)](http://www.legislation.gov.au/Series/C2004A03712): (*www.legislation.gov.au/Series/C2004A03712*)
* [Anti-Discrimination Act 1977 (NSW)](http://www.legislation.nsw.gov.au/#/view/act/1977/48): (*www.legislation.nsw.gov.au/#/view/act/1977/48)*
* [Age Discrimination Act 2004 (Cth)](http://www.legislation.gov.au/Series/C2004A01302): (*www.legislation.gov.au/Series/C2004A01302*)
* [Disability Discrimination Act 1992 (Cth)](http://www.legislation.gov.au/Series/C2004A04426): (*www.legislation.gov.au/Series/C2004A04426*)
* [Racial Discrimination Act 1975 (Cth)](http://www.legislation.gov.au/Series/C2004A00274): (*www.legislation.gov.au/Series/C2004A00274*)
* [Sex Discrimination Act 1984 (Cth)](http://www.legislation.gov.au/Series/C2004A02868): (*www.legislation.gov.au/Series/C2004A02868*)

**Workplace discrimination** may occur during the recruitment and selection process if decisions about people are made ‘on the basis of a number of protected attributes including age, disability, race, sex, intersex status, gender identity and sexual orientation’ (Attorney-General’s Department n.d., para 1).

**Direct discrimination** occurs when one person treats another person differently based on one or more of the protected attributes. For example, not hiring a woman because she is female and may become pregnant in the future.

**Indirect discrimination** occurs when there is an unreasonable rule or policy that is the same for everyone but has an unfair effect on people who share a particular attribute (Australian Human Rights Commission, n.d., para 1). For example, if an applicant has a disability and is required to undertake the same competency test as other applicants and no adjustments are made to accommodate the applicant’s disability.

As a job offer is part of a legally binding contract, it is essential you follow the advice of experts in keeping up to date with legislative changes and as a result your responsibilities. When a job offer is made and accepted a legally binding contract results.

This contract of employment is the foundation of the legal relationship between employer and employee. Each has rights and obligations in common law resulting from this contract.

|  |  |
| --- | --- |
| E:\TAFE Digital\Projects\Accessibility Project - 03.04.2018\Template - SkillsPoint\Template - Icons\Reading LAVENDER.png | Reading list |

📚 Refer to [A guide to hiring new employees](http://www.fairwork.gov.au/find-help-for/small-business/hiring-employees): (*www.fairwork.gov.au/find-help-for/small-business/hiring-employees*) which lists a summary of legal requirements for employers.

## Step 6: Implement the plan

The implementation stage involves putting the operational plan into effect and includes activities such as:

* acquiring physical resources and services in accordance with the organisation’s policies, practices and procedures
* mentoring and coaching to support individuals and teams to effectively, economically and safely use resources
* making variations to the plan where needed
* keeping records of performance in accordance with organisational requirements
* managing the work of others
* facilitating effective group interactions
* collaborating with others to achieve outcomes
* taking a leadership role on occasion
* managing the budget
* following the work breakdown structure.

Topic 4

**Monitor and review**

# Topic 4: Monitor and review

Managers must develop and implement actions to ensure that operational plan performance is monitored and documented according to policies and procedures.

In this lesson, you will learn how to:

* monitor and review operational performance
* document and manage underperformance.

## Step 7: Monitor and control

The central activity in managing an operation plan is control. To maintain control a monitoring process is required that compares the current progress against stated objectives. Earlier, effective KPIs were discussed as a means of measuring performance. The capturing of these KPIs and their dissemination across the workgroup is a key process in monitoring performance.

Effective communication of performance against operational plan objectives is critical to maintaining motivation and alignment across the workgroup. There are a number of input sources for monitoring performance:

* KPIs developed for plan actions
* observation of workgroup members
* feedback forms from workgroup members
* surveys or feedback forms from customers
* one-on-one interviews with workgroup members
* the ultimate goal(s) of the operational plan
* the establishment of standards, for example, cost, time and quality.

An important aspect of monitoring performance is to identify information that will assist in managing the operational plan as well as providing insight into any potential deviation that may occur.

Performance measures provide the manager with the ability to make decisions prior to a situation deteriorating and adversely affecting the operational plan. Monitoring will allow the manager to implement contingency actions quickly and with little or no disruption to the progress of the overall plan.

### Monitoring and control process

Monitoring is the process of checking that the actions taken are achieving their objectives, goals or desired outcomes. Monitoring is required to ensure your actions are not a waste of time or money.

Those responsible for an operational plan must develop, monitor and review performance processes to assess progress in achieving profit and productivity targets.

The monitoring and control process include:

* reviewing the objectives identified in the operational plan
* establishing standards for measuring progress towards the plan objectives
* collecting data over time
* measuring actual performance, comparing it with the plan and diagnosing any variances
* identifying areas of under-performance, recommending solutions, negotiating changes
* gaining approval for, and taking corrective action.

### Measure performance, compare with the plan and diagnose any variances

This stage of the monitoring process involves comparing actual performance against your objectives. This analysis may indicate performance gaps or positive outcomes.

Sources of information may include:

* surveys—customers, suppliers, distributors, employees
* research—questionnaires, focus groups
* data analysis—budget, productivity, schedules, output, quality, the achievement of objectives.

Monitoring the performance of the operational plan against KPIs will highlight variances against outcomes. Variation in performance is common, therefore you need to determine an acceptable range of variation and whether managerial action needs to be taken.

After analysing the data, managers can choose to:

* do nothing (or wait and see)
* correct the actual performance
* revise the objective or standard.

You may find the internal or external environment of the organisation has changed since you developed your operational plan and you need to update the plan.

Variances can occur in many aspects of the operational plan:

* labour costs have escalated due to weather-affected delays, equipment failures or delays in the arrival of resources
* raw material costs may have escalated due to increased global demand
* the organisation may have hired additional staff over and above the forecast that must be paid.

Sometimes the variation is too extreme, deemed unsatisfactory, and if allowed to continue will place the whole operational plan in jeopardy. There are many possible contributing factors to unsatisfactory performance:

* delays in the receipt of resources
* staff motivation and engagement
* poor quality of resources and equipment
* excessive variation in the costs of resources
* legislative changes that require changes to work practices
* insufficient training or knowledge to complete actions effectively
* poor management as a result of scheduling conflicts
* poor negotiation practices.

The manager must investigate the reasons for unsatisfactory performance in a factual and unbiased manner. This is particularly important where individuals are concerned.

|  |  |
| --- | --- |
| Collaboration icon of two rectangle speech bubbles | Collaboration |

**Consider the following examples and discuss with your colleagues or post your comments in the online forum:**

**Scenario 1: Quality variation**

*Leonie is at the counter of a popular chain of clothing retailers, buying a skirt. She notices that the sales assistant is confused, flustered and slow as she searches for tissue paper to wrap the skirt and for a bag to place it in.*

*'Sorry', she explains 'I normally work in our other shop and everything is different here, it's all rearranged'.*

*Leonie thinks 'this retailer needs consistent systems to deliver quality customer service, so staff can work in all shops effectively and quickly. There are too many variations.'*

**Scenario 2: Time variation**

*Jack, the Project Manager is meeting his project team for their monthly progress update.*

*Jack reviews the run chart and notices that the project is running two weeks behind schedule. He wonders what the cause of the variation is.*

*At the meeting, the team acknowledge the time variation but explain that two members of the team have been absent for three weeks with the flu and, although the rest of the team has been able to take on additional tasks in their absence, not all tasks have been able to be performed.*

*Jack and the team now need to decide how to deal with the contingency, and what they should do.*

|  |  |
| --- | --- |
| Self-check questions icon | Practice activity |

#### ****Activity 4.1: Variance in performance****

This activity may be done in class or by using the online forum.

Interpret the October sales report for Gary’s Garden Centre. Comment on which areas of variance you think require management’s attention.

| Product | Objective | Actual | Variance | Comments |
| --- | --- | --- | --- | --- |
| Vegetable seedlings | 1050 | 950 | − 100 |  |
| Annual flowers | 530 | 534 | +34 |  |
| Packets of seeds | 560 | 700 | + 160 |  |
| Bags of compost | 220 | 200 | − 20 |  |

## Manage underperformance

After identifying areas of under-performance in the operational plan, a manager must recommend whether an action is required, and if it is, recommend solutions to rectify the problem.

Actions to rectify underperformance may require you to negotiate with stakeholders to vary the original operational plan.

This process generally involves:

* clarifying variance/problem and agreeing to take action to improve
* generating ways of improving to meet the goals of the operational plan
* negotiating acquisition of additional resources such as personnel, time and budget, where required
* incorporating the changes into the operational plan implementation steps
* monitoring the changes to see if they met the objectives.

### Recommended solutions for human resource underperformance

Where it is identified an employee’s performance contributed to the unsatisfactory results, the manager can consider the following approaches:

* schedule a mediation meeting to discuss the employee’s performance against their role objectives
* ask for employee feedback on their performance and the reasons for the variance
* assist the employee in developing a plan to improve their performance against their role objectives
* follow up the with employee regularly to share progress on performance improvement
* provide additional coaching or mentoring
* provide acknowledgement when the employee achieves a satisfactory level of performance.

In some circumstances, the mediation process is insufficient to improve the performance of the employee. The manager may need to consider termination of the individual’s employment. Most organisations have policies and procedures governing the dismissal of employees in line with industrial relations agreements and awards.

An employee’s dismissal must be conducted fairly and with consideration of the individual’s circumstances for poor performance. In addition, replacing the employee is likely to be a costly process involving further loss of productivity, recruitment costs and on-boarding expenses such as training.

#### Addressing underperformance

Addressing any under-performance should be a managerial priority. Taking quick and decisive action to rectify the situation allows plans to be adjusted through contingency planning, employees to be coached or retrained and results to be put back on track to achieving the desired outcomes.

If the unsatisfactory performance is determined to be caused by lack of knowledge or skills, you can arrange additional coaching and mentoring to support the individual and team.

Consider the following:

*An employee lacks information technology (IT) skills and has demonstrated poor performance in using the new company IT system effectively.*

In this situation, a more skilled colleague can coach the team member to improve their ability to effectively use the system.

Consider the following:

*Several employees are demonstrating poor work health and safety practices.*

In this situation, the team can be retrained in how to use equipment safely.

You will need to make sure coaching and mentoring fit into the operational plan schedule and are followed up to ensure new skills and knowledge have been applied to operations.

In some circumstances, the performance management process is insufficient to improve the performance of the employee. The manager may need to consider termination of the individual's employment. Most organisations have policies and procedures governing the dismissal of employees in line with industrial relations agreements and awards.

An employee's dismissal must be conducted fairly and with consideration of the individual's circumstances for poor performance.

In addition, replacing the employee is likely to be a costly process involving further loss of productivity, recruitment costs and on-boarding expenses such as training.

## Financial performance

Many strategic and operational-level decisions are driven by the quest to improve the financial position of an organisation to meet its obligations to owners, shareholders, other stakeholders and the broader community.

Operational plans have costs associated at every stage from development to implementation. Organisations will allocate a budget to each section, division or project. Operational Managers determine how this budget is allocated across the project, therefore require the skills to analyse and interpret budget and financial information to assess performance.

### Budgets

Budgets provide insight into the current financial position of the organisation and allow comparison with planned performance. Some operational plans are deployed to install new capability and/or products that will create additional sources of revenue. All of these plans have costs associated with them.

Budgeting allows the organisation to consider the costs involved, when they will occur, and what financial benefit will result.

To prepare budgets the Operational Manager must:

* understand the organisation’s current financial resources
* develop a forecast for the projected financial outcome of actions
* compare the current and projected scenarios
* distribute the budget to relevant personnel
* set financial measures to monitor performance against budget
* review actual performance against budget to enable decision making.

Budgets provide a simple means of measuring the variances that exist between the current state and the proposed financial outcomes. This allows managers at all levels to understand the impact of decisions in a financial context.

Two cost types generally cover activities related to operational plan implementation:

* **Fixed costs.** These costs are constant whether the actions are progressing or stalled. For example, the organisation will pay rent, electricity, water rates and wages, even if no work is actually being done.
* **Variable costs.** These costs vary with the amount of work that is being done. For example, the amount of raw materials required to manufacture a production run will vary with the total number of items produced.

Sometimes fixed costs can be changed to variable costs. Using contract labour means that an organisation only pays wages when work is being done.

Cost-benefit analysis can be used to determine the difference in the financial benefits offered by alternative uses of limited organisational resources.

### Financial variances

As a manager, you need to understand where costs are likely to be incurred, and budget for them. If a variation occurs between the anticipated spend and budgeted amount, you must investigate the difference to understand the reasons for this.

Variances can derail the progress of an operational plan and you may need to reduce expenditure on other resources to bring the overall cost of the plan under control.

Once the variances have been identified, you need to recommend solutions and take prompt action to rectify the situation.

As a follow-up, the records related to financial performance should be documented using the organisation's policies and procedures.

|  |  |
| --- | --- |
| Self-check questions icon | Practice activity |

#### Activity 4.2: Track financial performance

📚 Review the [T07 Project Budget for Plan2go](http://plan2go.nctafe.edu.au/assets/document-library/Project-Office/Project-templates/T07-Project-Budget.xltx) (XLTX*). (http://plan2go.nctafe.edu.au/assets/document-library/Project-Office/Project-templates/T07-Project-Budget.xltx)*

You will notice how the financial performance is tracked in the tabs at the bottom of the spreadsheet.

Outline how the project manager can report on the project status and document actions to mitigate problems.

## Case study: Budget and cash flow

*Nik has some market research suggesting up to 5000 purchases of his new product could occur next year. At $20 per unit, he's excited about the potential until his business partner points out a few financial facts.*

* *it has cost $40 000 to research and develop the prototypes*
* *it has cost another $30 000 to produce current stock*
* *a marketing campaign to reach the potential customers will cost at least $20 000*
* *handling, transport and storage costs on current stock are likely to be $5000*
* *the business has a profit objective of at least 20% per year on each product.*

*In other words, even if all 5000 purchases sell at $20 per unit ($100 000) there are base costs ($90 000) that leave only $10 000 profit. If sales are down, or costs are higher than expected, their basic profit objective is not met next year (RMIT(b), n.d.).*

Notes:

### Providing support

Providing support to individuals and teams to ensure that all resources are being used safely, effectively and economically is essential. Formal training options vary across organisations. Simply put, formal training is planned, focused on outcomes and involves some sort of evaluation. It could be registration in a formal learning program with a registered training organisation, such as TAFE, or a planned staff development activity organised to meet a specific workplace requirement.

Two common types of formal learning used in teams to improve performance and to develop capabilities and skills are:

#### Coaching

Coaching happens in the workplace and usually focusses on tasks and performance.

Coaching is a means of maximising the learning that staff can gain from their day-to-day experiences at work. It is a two-way communication process that provides staff with the tools to enable them to reach their full potential.

Coaching staff performance brings benefits to both the individual and the organisation. Successful coaching helps a person to realise their natural ability to learn, achieve and perform, and aids the organisation to achieve their goals.

Specific coaching on resource management is designed to support individuals and teams through:

* development of specific areas
* focussing on short-term issues
* limiting to agreed and specific goals
* establishing a specific duration for the coaching relationship
* being structured, regular and scheduled.

#### Mentoring

Mentoring is different from coaching and usually focusses on building capabilities.

It is a process whereby a more senior or experienced person takes an interest in someone's career and provides positive help, support, advice and encouragement.

* Here are some key characteristics of a mentoring role.
* A focus on career and personal development.
* It is a less formal relationship that can last for a long period of time.
* Provides a more comprehensive view of a person and their support needs.
* The agenda is set by the mentee (the person being mentored), with the mentor providing support and guidance to prepare them for future roles.
* A mentor is often a senior person in the organisation who can pass on knowledge and experience.

Workplace coaches and mentors are now an accepted and essential part of team operations. Team leaders and managers will call on these people when support in training or behaviour modification is required.

Good coaches may assist team members with specific skill improvement and mentors will support team members in a variety of ways. Coaches and mentors may be a permanent part of the team, or they may be brought in from outside the team environment. Their role is to empower and give team members confidence, providing support to individuals and teams to ensure that all resources are being used safely, effectively and economically.

## Summary

This unit described the skills and knowledge required to develop and monitor the implementation of an operational plan to provide efficient, effective and profitable workplace practices within the organisation.

Strategic level management requires systems and procedures to be developed and implemented to facilitate the organisation’s operational plans.

In this lesson, you have learned how to:

* develop operational plans
* plan and manage resource acquisition
* monitor and review operational performance.

# References

Attorney-General’s Department n.d., *Australia’s anti-discrimination law*, Australian Government, viewed on 23 May 2019: www.ag.gov.au/RightsAndProtections/HumanRights/Pages/Australias-Anti-Discrimination-Law.aspx

Australian Human Rights Commission n.d., *Indirect Discrimination*, Australian Human Rights Commission, viewed on 23 May 2019: www.humanrights.gov.au/quick-guide/12049

Department of Industry, Innovation and Science 2018, *Types of IP explained*, Australian Government, viewed on 23 May 2019: www.business.gov.au/registrations/intellectual-property/types-of-ip-explained

Dwyer, J 2012, *The business communication handbook 9th edition*, Pearson, Australia.

RMIT, n.d. Business operations, *Small Business Management*, viewed on 9 May 2019: www.dlsweb.rmit.edu.au/Toolbox/smllbusmang/content/06\_monmanagebus/01\_managesystems/01\_busops/page\_001.htm

RMIT (b), n.d., The financial section, *Small Business Management*, viewed on 9 May 2019: www.dlsweb.rmit.edu.au/Toolbox/smllbusmang/content/05\_underbizplan/05\_finances/intro.htm

# Image attributions

| Image | Page # | Attribution |
| --- | --- | --- |
| Cover | 1 | © Getty Images copied under licence |
| Topic 1 | 12 | © TAFE NSW 2019 The operational plan process |
| Topic 1 | 13 | © TAFE NSW 2019 Hierarchy of the planning structure |
| Topic 2 | 19 | © TAFE NSW 2019 SMART diagram |
| Topic 2 | 30 | © TAFE NSW 2019 Gantt chart |
| Topic 2 | 31 | © TAFE NSW 2019 Sample PERT chart |
| Topic 2 | 36 | © TAFE NSW 2019 Example of stakeholders |