Student workbook

BSBMGT516 Facilitate continuous improvement

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**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.**

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# Icon legends

| Icons | Descriptions |
| --- | --- |
| Pencil | **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. |
| Collaboration | **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. |
| Tick | **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. |
| Paper | **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. |

Topic 1

**What is continuous improvement?**

# Topic 1: What is continuous improvement?

In this topic you will:

* define continuous improvement
* learn the key terms related to continuous improvement.

## Key terms and definitions

### Continuous improvement

Continuous improvement is a management philosophy that involves constant and consistent improvement of policies, processes, products, services, systems and actions to improve organisational performance.

Improvements can be incremental or radical and can occur at a micro level or at a macro level in the organisation.

Continuous improvement relies on the principles of teamwork, quality, problem solving and communication.

No matter how effectively an organisation is currently performing, there is a need to continuously look for ways to improve performance. Effective teams are not content with past achievement. They pay constant attention to improving the quality of their products and services.

Continuous improvement is a systemic approach to the frequent incremental or radical improvement of products, services (design improvement) and/or processes (process improvement). By focusing on key business or organisational issues, teams can apply their creativity and experience to make improvements, as well as taking advantage of emerging technologies and markets of changing customer needs.

### Change

Change refers to the process of moving from one state or condition to another. Change includes any alteration to the status quo. Change has a broader meaning than innovation. All innovation implies change but not every change is innovative.

Change is an ongoing process, and the key is to foster an innovative culture open to and supportive of change. For an organisation to change in a significant way, it must have a culture that encourages and rewards innovation and change.

‘To improve is to change: to be perfect is to change often’. (Winston Churchill)

### Innovation

Innovation refers to a new idea that, when applied, leads to the development of, or improvement in, a process, product or service.

Innovation requires the imagination to envision something that has no precedent, and the adaptability and awareness to make the vision come true. Innovation has become an essential part of any organisation and is a key element to increasing profits, market share and maintaining a competitive advantage.

Innovation is closely related to organisational change, in that it includes new methods of production (process innovations) and new or improved products or services (product innovations). Innovations can range from major breakthroughs to incremental improvements and both of these are important.

Innovation is the practice of looking beyond existing processes and rethinking what is currently done and the way it is done, through leveraging new and exciting technology and business systems.

### Change management

As all continuous improvement requires some level of change, change management is the means in which innovations or any form of planned change are applied or implemented. Without one, you never can get the full benefit of the other.

Change management is the application of largely routine strategies used to successfully introduce planned change into the organisation. The introduced change may or may not be the result of innovation. Restructuring and downsizing are good examples that require little or no innovation but a lot of skilful leadership to implement.

Change management incorporates a very clear vision for the future and identifies the changes necessary to realise this vision.

One useful template for implementing any change is the change methodology defined by Dr John Kotter (Kotter, 2019) - the eight-step change process. Each stage acknowledges a key principle relating to people's response and approach to change, in which people see, feel and then change.

#### Kotter’s 8-step change process

1. Establish a sense of urgency.
2. Create a guiding coalition.
3. Develop a clear shared vision.
4. Communicate the vision.
5. Empower people to act on the vision.
6. Create short term wins.
7. Consolidate and build on the gains.
8. Institutionalise the change.

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© TAFE NSW 2019 Kotter’s 8-Step Change Process

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📚 Refer to [Kotters 8 Step process for leading change](https://www.kotterinc.com/8-steps-process-for-leading-change/) *(www.kotterinc.com/8-steps-process-for-leading-change*/) for further information.

📚 Read more about [Kotter’s 8-step change process](https://www.mindtools.com/pages/article/newPPM_82.htm) on the Mindtools website (*www.mindtools.com/pages/article/newPPM\_82.htm)*.

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| Self-check questions icon | Practice activity |

#### ****Activity 1.1: Change management****

1. Describe a change that has been implemented in your workplace.
2. Use the table below to describe the demonstrable actions that were taken at each step in the process.

| Step | Demonstrable action/s taken at this step |
| --- | --- |
| Establish a sense of urgency |  |
| Create a guiding coalition |  |
| Develop a clear shared vision |  |
| Communicate the vision |  |
| Empower people to act on the vision |  |
| Create short-term wins |  |
| Consolidate and build on the gains |  |
| Institutionalise the gains |  |

### Creativity

Continuous improvement is reliant on creativity. Creativity refers to a mental process or ability to combine ideas in different ways or to make novel associations between ideas that offer a solution to a problem. Creativity means bringing something new into existence, such as an idea or invention.

Creativity is about generating new ideas and concepts and this represents a step in the innovation process. This means that most organisations will need both creative and innovative staff as their skills are different.

For creativity to result in innovation, the change must bring something new into use or result in added value through some form of implementation.

A critical success factor for many organisations is developing a culture in which people are encouraged to be creative. If people know that their ideas are valued, listened to and acted upon if they have merit, then it is possible for managers to mobilise individual creativity on a broad front.

### Risk analysis

Risk analysis refers to the process of identifying the likelihood of a negative event occurring that prevents an organisation from achieving its objectives. In the case of continuous improvement initiatives, it involves an assessment of the consequences of these events.

### Rationale for continuous improvement

For an organisation to maintain a sustainable competitive advantage, they must continually improve performance, systems and processes.

Cole (2018) identifies five key questions for continuous improvement:

1. How can we do this better?
2. How can we do this easier?
3. How can we do this faster?
4. How can we do this cheaper?
5. How else can we do this?

There are three ways to improve the organisation’s performance. They are:

1. capital investment
2. cost reduction
3. improve its systems.

Ways to improve an organisation’s systems include:

* achieving higher quality
* saving money through lower inventory and less waste
* save time through flexible and well-organised processes
* making effective use of people and information.

Organisations research and define continuous improvement principles which formulate policy and standard operational procedures.

Topic 2

**Lead continuous improvement systems and processes**

# Topic 2: Lead continuous improvement systems and processes

In this topic you will learn about:

* continuous improvement strategies and policies
* the continuous improvement process
* communicating the strategies
* the process of communication
* mentoring and coaching
* knowledge management systems.

## Continuous improvement strategies

### What should continuous improvement address?

An organisation’s continuous improvement strategy should, at a minimum, address the need to provide the following:

* planning processes that engage employees in the development of short and long-term plans
* clarity in roles and responsibilities
* development of individual and team/workgroup performance plans
* effective communication of the plans, roles and responsibilities for implementation of the continuous improvement systems, tools and techniques, and the results obtained from their implementation
* mentoring and coaching of current and new employees in the use of continuous improvement systems, tools and techniques
* training and development of employees in continuous improvement systems, tools and techniques
* rewards and recognition for employees who embrace continuous improvement.

## Continuous improvement theories and approaches

Organisations are complex collections of interacting elements, from systems to human resources to procedures to customers. Continuous improvement plans are a set of activities designed to incrementally improve products, process and services in a gradual, ongoing way.

There are a number of well-known approaches used to support continuous improvement.

The term continuous improvement is interchangeable with the Japanese term Kaizen (Kai=change, Zen=good), translated this word means improvement.

It also has foundations in the quality movement and is commonly considered as one part of a management system called Total Quality Management (TQM).

We will consider the following examples of the different continuous improvement approaches:

### Kaizen

The Kaizen approach is: Let’s keep examining everything we do and see how we can do it better. It is the little things that add up to bigger things. Therefore, it is the ideology that small improvements can make a big difference.

Kaizen, originally a Buddhist term, comes from the words **renew the heart and make it good**. Adaptation of the Kaizen concept requires changes in **the heart of the business**, which includes organisational structure and culture. As Kaizen enables companies to translate the corporate vision in every aspect of a company's operational practice these changes are able to be realised.

The principles in Kaizen implementation are:

* human resources are the most important company asset
* processes must evolve by gradual improvement rather than radical changes
* improvement must be based on statistical/quantitative evaluation of process performance.

Support throughout the entire structure is necessary to become successful at developing a strong Kaizen approach. Every person within the organisation, management as well as workers, need to believe in the Kaizen idea and strive toward obtaining the small goals in order to reach overall success. Therefore, all members of an organisation need to be trained to support the success of this approach.

**Kaizen in practice**: The philosophy of Kaizen is one of Toyota’s core values. It means that no process can ever be declared perfect as it can always be improved.

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📚 To learn more about Kaizen in practice read the [Toyota Production System](https://www.toyota-global.com/sustainability/social_contribution/society_and_culture/overseas/tssc/) *(www.toyota-global.com/sustainability/social\_contribution/society\_and\_culture/overseas/tssc/)*.

### Total quality management (TQM)

Total quality management (TQM) is a collection of ideas to improve the profitability or customer satisfaction of a business by improving the quality of the product.

Dr W. Edwards Deming is a statistician and largely considered one of the forefathers of the American modern quality management movement, the origins of TQM.

TQM initiated the focus of building quality into products and services. TQM relates to the culture, mindset and methods that drive fewer in an organisation and support its formal quality systems and procedures. It is based on shared values and vision, commitment to goals, a supportive open management style and an empowered, creative workforce of people willing to learn, change, develop and grow, operating in a team environment.

#### 14 point guideline for TQM within an organisation:

1. Create constancy of purpose towards improvement — replace short-term reaction with long-term planning.
2. Adopt the new philosophy — managers should lead by example and adopt the philosophy.
3. Cease dependence on inspection of all facets of production to achieve quality.
4. Change to one supplier — multiple suppliers mean variations in quality. Although prices may be cheaper, overall costs are down with one supplier.
5. Improve constantly and forever — constantly strive to reduce variation.
6. Institute training on the job.
7. Adopt and institute leadership — Deming makes a distinction between leadership and supervision.
8. Drive out fear — engender a collaborative and supportive working environment
9. Break down barriers between staff areas — adopt an internal customer approach to managing internal relationships.
10. Eliminate slogans — another central TQM idea is that it's not people who make most mistakes – it's the process they are working within.
11. Eliminate management by objectives — Deming saw production targets as encouraging the delivery of poor quality goods.
12. Remove barriers to pride of work — many of the other problems outlined reduce worker satisfaction.
13. Institute education and self-improvement.
14. Instil the belief that the transformation is everyone's job.

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📚 Read more about the [history of TQM](https://asq.org/quality-resources/total-quality-management/tqm-history): *(https://asq.org/quality-resources/total-quality-management/tqm-history)* on the ASQ website.

### Six Sigma

This term refers to a methodology for achieving high-quality process and manufacturing standards. Originally it was a set of tools and strategies for process improvement developed by Motorola in 1985. The methodology is data-driven and aims to achieve near-perfect scores in process performance or defect levels.

Six Sigma became widely known after Jack Welch adopted the tools for use at General Electric. It can be applied across many industry sectors and organisations. Contemporary Six Sigma applications have moved more towards a focus on overall business improvement rather than the original literal definition of defects per million opportunities (DPMO).

The methodology focuses on:

* identifying, understanding and managing customers' expectations and requirements
* aligning processes to meet and exceed customer expectations and requirements
* systematic data collection and analysis to ensure minimal variation in processes
* driving rapid and sustainable improvement to the process.

**DMAIC** is an acronym for the five phases of improvement under Six Sigma and is a Six Sigma method used to improve an existing process:

* **D**efine current process and objectives.
* **M**easure important aspects and collect data.
* **A**nalyse the data to verify causes and effects.
* **I**mprove the process based on findings.
* **C**ontrol the process to ensure deviations are corrected before they result in defects.

### Plan, do, check, act (PDCA)

The PDCA cycle, also known as the Deming Cycle or PDSA (Plan, Do, Study, Act) is an interactive four-step management method used in business for the control and continuous improvement of processes and products. It is an effective tool for both problem solving and for testing new ideas before implementing them.

The cycle can be applied across many industry sectors, most organisations and in a wide variety of contexts.

1. **Plan:** Identify opportunities, set objectives and plan for change.
2. **Do:** Implement the change.
3. **Check:** Monitor performance. Compare actual and planned results and measure the difference.
4. **Act:** If the change was successful, implement the change on a wider scale and continue to monitor the results. If the change was unsuccessful, start the cycle from the beginning.

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| --- | --- |
| Collaboration | Collaboration |

#### ****Activity 2.1: Continuous improvement theories****

This activity may be done in class or by using the online forum to discuss and explain, out of the four theories identified, which you think would work best in your organisation and why?

Theory:

Why?

## Continuous improvement policy

Continuous improvement policies and strategies may include:

* team and individual performance plans
* opportunities for team input factored into long-term or short-term plans
* clarification of roles and expectations
* communication protocols and processes, such as an intranet, email and Skype/videoconferencing communication systems, to facilitate input into workplace decisions
* coaching, mentoring, and buddy systems to support team members and to assist them to participate in decision-making
* reward/recognition programs for high performing individuals and teams
* training and development activities.

Continuous improvement systems may include:

* forums, meetings and conferences policies
* policies and procedures designed to encourage and facilitate continuous improvements
* traditional communication methods such as newsletters, reports and company intranet
* web-based and virtual communications.

Continuous improvement processes may include:

* evaluation and monitoring of efficiency and effectiveness
* policies and procedures which allow an organisation to systematically review and improve the quality of its products, services and procedures
* cyclical audits and reviews of workplace, team and individual performance
* modifications and improvements to systems, processes, services and products
* seeking and considering feedback from a range of internal and external stakeholders.

Continuous improvement requires the involvement of all people within an organisation. Devising a philosophy on continuous improvement will serve as an integral basis for setting goals and developing strategies to support personnel in their participation in decision-making processes and to empower them in assuming responsibility and authority.

Continuous improvement strategies must be developed with team members actively encouraged and supported to participate in decision-making processes.

Organisational Behaviour: Core concepts and applications (Wood et al., 2016) describe two basic types of managerial decisions that relate to the presence of both **routine** and **non-routine**problems in the work situation.

**Routine problems**

Routine problems arise regularly and can be addressed through standard responses, called **programmed decisions**.  
These responses simply implement solutions that have already been determined by past experiences appropriate for the problem at hand, for example, reordering inventory automatically when stock falls below a predetermined level.

**Non-routine problems**

Non-routine problems are unique and new. When standard responses are not available, creative problem-solving is called for.

These **crafted decisions** are specifically tailored to a situation. Most decisions for senior managers relate to non-routine problems, for example, a marketing manager faced with countering a competitor's introduction of a new product from abroad.

Organisational Behaviour: Core concepts and applications also identifies four steps in the decision-making process (Wood et al., 2016).

1. Recognise and define the problem or opportunity.
2. Identify and analyse alternative courses of action.
3. Choose a preferred course of action.
4. Implement the decision.

Continuous improvement is about change. When change is about developing a new mindset, conflict can occur. One of the most significant things to consider when implementing change is that it must come from an informed basis of understanding. When people understand the basis of a decision they are more likely to accept it.

## Legislative requirements

Continuous improvement strategies are developed to achieve the overall vision and objectives of the organisation and must comply with the appropriate legislative requirements.

Some of the Regulations, Acts, codes or standards that apply to continuous improvement strategies include:

**Competition and Consumer Act 2010**

The Australian Competition and Consumer Commission (ACCC) promotes competition and fair trade in markets to benefit consumers, businesses, and the community through the [Competition and Consumer Act 2010](https://www.legislation.gov.au/Details/C2018C00437).

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)](https://consumerlaw.gov.au/australian-consumer-law) includes:

* a national unfair contract terms law covering standard form 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.

(Consumerlaw.gov.au, 2019)

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

[The Securities and Investments Commission Act 2001](https://www.legislation.gov.au/Details/C2018C00438) (ASIC Act) is in place so that financial products and services are treated in the same way.

**Product liability regulation 2019**

Australia 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).

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📚 Refer to [Australian Trade and Investment Commission website](https://www.austrade.gov.au/) *(*[*https://www.austrade.gov.au/*](https://www.austrade.gov.au/)*)* or the [Business.gov.au website](https://www.business.gov.au/products-and-services/selling-products-and-services/product-labelling/product-safety-rules-and-standards) **(***https://www.business.gov.au/products-and-services/selling-products-and-services/product-labelling/product-safety-rules-and-standards)* to find out more about Product liability regulations.

**Environmental legislation**

Environmental management in business involves being aware of how your business operations affect the environment (Business.gov.au, 2019).

Find out more about environmental legislation on the [Business.gov.au website](https://www.business.gov.au/products-and-services/selling-products-and-services/product-labelling/product-safety-rules-and-standards).

**Privacy Act 1988**

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.

Read more about the Privacy Act 1988 on the [Federal Register of Legislation.](https://www.legislation.gov.au/Details/C2014C00076)

**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.

Read more about the Corporations Act 2001 on the [Federal Register of Legislation](https://www.legislation.gov.au/Details/C2017C00328).

**ISO 14001:2004 Environmental management systems**

The AS ISO 31000:2018 Risk Management – Guidelines explain the key principles of risk management. These guidelines can be accessed through the TAFE NSW’s library guides: <https://tafensw.libguides.com/standards> .

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

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

**Fair Work Act Australia**

The Fair Work Act 2009 (Act) is 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.

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📚 Refer to [Federal Register of Legislation](https://www.legislation.gov.au/Details/C2017C00305). To read more about the Work Health and Safety Act 2001. *(https://www.legislation.gov.au/Details/C2017C00305)*

📚 Refer to the [Fair Work Ombudsman website](https://www.fairwork.gov.au/about-us/legislation) to read more about the Fair Work Act 2009. *(https://www.fairwork.gov.au/about-us/legislation)*

Your continuous improvement strategies, policies and procedures will be comprised of statements that describe the beliefs on which your continuous improvement system are based. The process of writing a policy is an introspective exercise in which you need to examine the core issues around how your organisation views continuous improvement and what priorities it has in relation to this. It is essential that you spend some time discussing this with a range of stakeholders from your organisation and considering associated ethical principles.

Continuous improvement strategies, policies and procedures are required to be monitored to ensure they are consistent with, and adhere to, the broader range of organisational policies, procedures and protocols.

## Communicating continuous improvement processes

To ensure that the organisation's continuous improvement system works and achieves the results required, it is essential that everyone is involved and informed. Any event that occurs within a section or department of an organisation will affect other sections and departments of that organisation, as well as its external stakeholders.

An important responsibility of team leaders is to encourage and support team members to participate in continuous improvement initiatives and activities. This involves informing them of any changes or improvements to the way their work is done and the overall organisational objectives.

To be truly committed to continuous improvement, the organisation must ensure that all employees and team members understand their role in the overall process and how they can contribute to achieving continuous improvement objectives.

The culture of an organisation also plays an important role in the success of continuous improvement initiatives. Organisational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organisations. Successful and productive cultures are usually positive, open to new ideas, goal-oriented and supportive.

Strong organisational cultures are built on a set of desired attributes such as:

* a widely shared philosophy of continuous improvement
* respect and value of employees
* trust and integrity displayed by all employees and leaders
* teamwork
* communication
* collaborative decision-making processes
* learning opportunities
* results orientation
* emphasis on achievement and excellence.

Clear and simple lines of communication foster good communication between the levels of staff found in most large organisations.

From a leadership and managerial perspective, the primary function of organisational communication is to achieve coordinated action. This process involves members exchanging communication and establishing a common understanding.

Communication and organisational success, as well as personal effectiveness, are directly related.

The process used to communicate continuous improvement processes should ensure that communication is both **effective:** the intended meaning of the source and the perceived meaning of the receiver are the same, and **efficient:** communication is performed at minimum cost in terms of resources used.

## The communication process

There are many models of communication. The main elements are a source (sender), the message, encoding, channel, receiver, decoding and feedback.

Other influences on communication are the context or setting and noise/interference.

**The elements of communication are:**

* **Information source** is a person or group with a reason to communicate with another person(s).
* **Encoding** is the process of translating an idea or thought into meaningful symbols.
* **Transmission** is the actual communication of a message from one person to another through a chosen channel.
* **Channels** are the media through which the message may be delivered.
* **Receiver** is the person or group that hears, reads or sees the message.
* **Decoding** is the interpretation of the symbols sent from the sender to the receiver.
* **Feedback** is the process of telling someone else how you feel about something the person did or said, or about the situation in general.
* **Noise** is anything that interferes with the effectiveness of a communication attempt

The diagram below demonstrates how the elements of the communication process interact with each other.

Organisational Behaviour: Core Concepts and Applications.
Source: Intended meaning, encoding. Receiver: Decoding, Perceived meaning. Noise: Physical distractions, semantic problems, cultural differences, mixed messages, absence of feedback, status effects. Source links to Receiver via 'sending', 'message' and 'receiving'. Source and Receiver are linked by 'feedback'. Noise is linked to source and receiver by 'feedback'. 'Channel' sits between 'sending' and 'receiving'.

© TAFE NSW 2019 Source: Wood, J., Zeffane, R, Fromholtz, M., Weisner, R., Morrison, R., & Seet, P.S. (2016). Organisational Behaviour: Core Concepts and Applications

### Communication channels

A communication channel conveys the message between the sender and the receiver. You must choose a channel that is appropriate for your communication purpose and the needs of the receiver. Communication channel options include:

* Personal or face to face communication – verbal and non-verbal messages.
* Broadcast media communication – signage, poster, TV, radio.
* Mobile communication – text, Twitter, Facebook.
* Electronic communication – email, text, MMS.
* Written communication – letter, note.

## Sustainability requirements

Sustainability in continuous improvement has two meanings.

* The impact of the improvements on the environment, including the use of natural resources, the impact of emissions, environmental hazards and maintenance of safe workplaces.
* The long term viability of the improvements.

Governments around the world are working towards a greener, more sustainable and liveable future. They are offering incentive schemes and introducing regulations to reduce the effects of both climate change and overuse of the planet's resources.

Like risk management, sustainability has become a key strategic issue for organisations.

Turning sustainability into lucrative opportunities, rather than expensive burdens, means organisations can operate more sustainably and at the same time more profitably, with considerably reduced risk exposure.

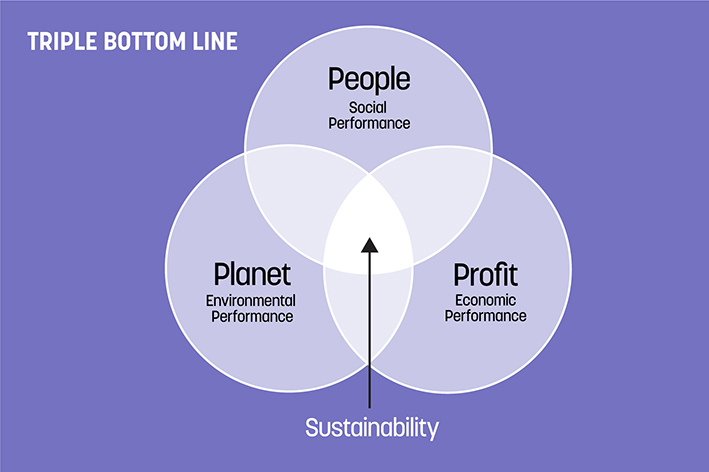
Those organisations going beyond the relatively obvious and simple initiatives in sustainability, view it as a path to profit through enhanced brand value, corporate image, employer branding and employer value proposition. This can result in:

* improved workforce attraction and retention
* increased sales and customer loyalty
* more supportive stakeholders.

Business sustainability requirements refer to the long-term viability of the organisation. It is the ability of an organisation to grow their business while ensuring that the use of resources, investments, technology and the development of change initiatives, are meeting their current needs without compromising the needs of future generations.

In organisations, sustainability requirements are concerned with managing their triple bottom line. That is the management of their financial, social and environmental performance.

The triple bottom line is commonly referred to as profits, people and planet, as outlined in the diagram below.



© TAFE NSW 2019 Triple bottom line

Sustainability initiatives for organisations can include:

* energy and water use
* office and building waste
* more efficient use of raw materials
* supplies, products and material use
* improving production processes to reduce greenhouse gas emissions.

To ensure that changes meet sustainability requirements, organisations must have:

* an awareness of activities that have an impact on the environment, such as the use of natural resources, the impact of emissions, environmental hazards and maintenance on a safe workplace.
* a vision or strategy for sustainability
* objectives and targets to reduce the environmental impact of activities
* plans to achieve the objectives and meet targets.

When evaluating improvement options in terms of sustainability, a manager must consider:

* how they align with strategic goals and policies
* how they will affect the team
* whether the team is likely to accept them
* how they will affect your customers, products and services
* which resources will be required
* what could go wrong.

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📚 Suggested reading Cole, Kris. Leadership and Management: Theory and Practice 7th Edition 2018, Chapter 23 ‘Managing for sustainability’ (page 701-726)

## Coaching and mentoring

### Coaching

Coaching provides employees with the skills and knowledge to understand, implement and support continuous improvement processes.

Coaching is designed to provide employees with the tools, skills, knowledge, and opportunities they need to fully develop themselves in their workplace and allow them to be as effective and efficient as possible. It is for the benefit of the individual, the team and the organisation as a whole.

Coaching is designed to improve employee and organisational efficiency and effectiveness, establish and work towards achieving goals, and increase employee engagement.

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

### Mentoring

By leveraging their experience and skills, mentors guide mentees on the continuous improvement processes of the organisation and how these should be implemented.

Mentoring is different from coaching; 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. Key characteristics of a mentor include:

* integrity
* respect
* professional success
* empathy
* sensitivity
* innovative.

Workplace coaches and mentors are an accepted and vital part of team operations. Team leaders and managers will call on these people when team members require support in training or behaviour modification.

Good coaches may assist team members in specific skill improvement and a mentor will support team members in a variety of ways. Coaches and mentors may be a permanent part of the team, or they may come from outside the team environment. Coaches and mentors can empower and give team members confidence in completing tasks.

### Develop effective coaching and mentoring

A coaching and mentoring program may include:

* procedures for accessing learning opportunities
* strategies for managing coaching and mentoring activities
* relevant personnel
* resources, including a budget
* timing of learning activities
* delivery methods
* monitoring and evaluation.

The types of competencies and processes which may be coached include:

* those which do not require formal or extended training sessions, but can be based on short, commonly used tasks
* service-related competencies, such as customer service
* technical or practical competencies, such as those related to participating in a quality circle or completing documentation to achieve workplace outcomes
* competencies related to dealing with people, such as management or communication
* workplace routines and systems
* new processes introduced to a job role.

#### Mentoring programs

A mentoring program related to continuous improvement could include:

**Shadowing** is where an employee works alongside a more experienced person.

**Action learning** is where an employee deals with specific workplace issues and implements change in collaboration with the mentor.

**Exchange or rotation**  is where an employee is temporarily moved to another team to acquire a new range of skills.

## Knowledge management systems

Knowledge management systems refer to combining disciples and professional specialisations, through a multidisciplinary approach, into making the best use of their knowledge to achieve organisational objectives.

Insights and experiences from all business activities and events are captured and accessible, providing a competitive advantage, an ongoing benefit and asset to any organisation.

Knowledge management supports continuous improvement initiatives by recording, storing and providing access to information from the organisations' databases to enable more informed decision-making.

Examples of knowledge management systems, include:

* shared databases
* project and research files
* planning software.

Knowledge management systems refer to information technology systems that:

* store and retrieve knowledge
* improve collaboration
* locate knowledge sources
* mine repositories for hidden knowledge
* capture and uses knowledge
* enhance the knowledge management process.

Knowledge management is the practice and process of ensuring the knowledge is stored for use to apply to future opportunities and improvements. Every discipline and department across the whole organisation share their unique experiences from their perspective. This ensures a multi-dimensional collection of information across every area of the organisation.

Knowledge management systems can produce a range of useful reports to assist organisations in developing business strategies. Reports can include information and insight into:

* customers
* competitors
* markets
* suppliers
* profit
* sustainability initiatives.

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| Self-check questions icon | Practice activity |

#### ****Activity 2.2: KMS in action****

List five pieces of information your workplace would like to know about their competitors, customers and suppliers.

| What a workplace would like to know about their competitors: |
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| What a workplace would like to know about their customers: |
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| What a workplace would like to know about their suppliers: |
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## Continuous improvement tools and techniques

### Brainstorming

Group suggestions are recorded as a result of a brainstorming session. All suggestions are written down, and the group suspends all discussion and criticism with the goal of recording every possible contribution on the identified topic.

Brainstorming helps to generate ideas quickly and enhances creativity within the team. When brainstorming, use whiteboards or flip charts to write down all ideas. This instant visual representation of ideas can act as a trigger for other team members to build on their ideas.

A brainstorming session should be informal with the team sitting in a circle where possible. Follow these guidelines:

* go for quantity of ideas
* suspend judgment of the ideas
* encourage a continual flow of ideas
* write all thoughts down.

Tips for brainstorming include:

* ensure that the topic is specific and everyone understands it
* brainstorm for ideas only
* allow no criticism, whether verbal or nonverbal as this kills creativity
* write up every suggestion as it comes
* ensure the list is up where all team members can view it
* ensure that everyone has a say – use round-robin technique if necessary
* forget normal limitations and constraints
* build on each other’s ideas
* do not expect to come up with ideas all the time
* have fun! Fun and laughter encourage creativity.

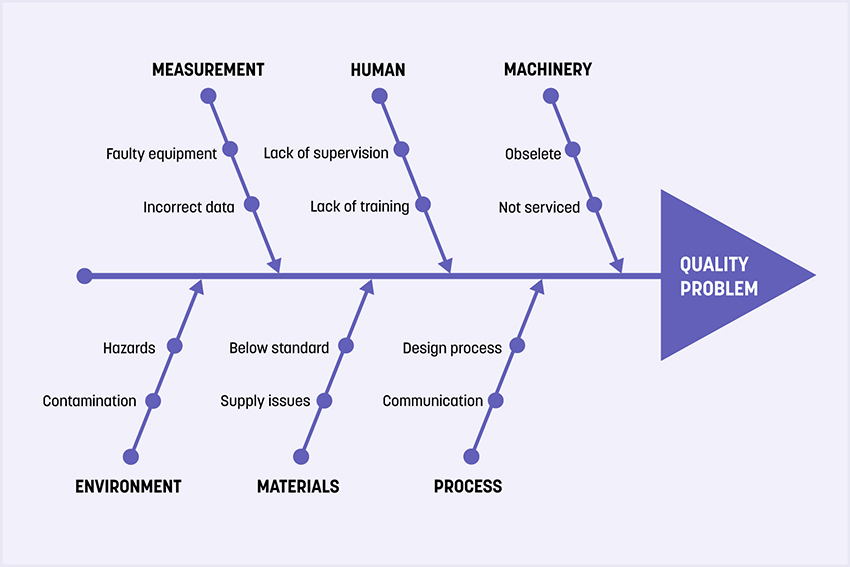
### Cause and effect diagram

A cause and effect diagram can be used to clarify the links between different factors that affect performance.

A cause and effect diagram can also be known as an Ishikawa diagram or fishbone diagram. It can be a tool and a technique. It is a way to break a problem down and determine the true cause. Cause and effect diagrams are especially helpful with complicated problems where a maze of facts needs to be sorted out to isolate the most likely cause(s) of a problem.

To make a cause and effect diagram, put the problem in the head of the fish and then decide on the possible categories of causes of the problem and show them as major bones off the central spine of the fish.

The following diagram is an example of a cause and effect diagram.



© TAFE NSW 2019 Cause and effect diagram

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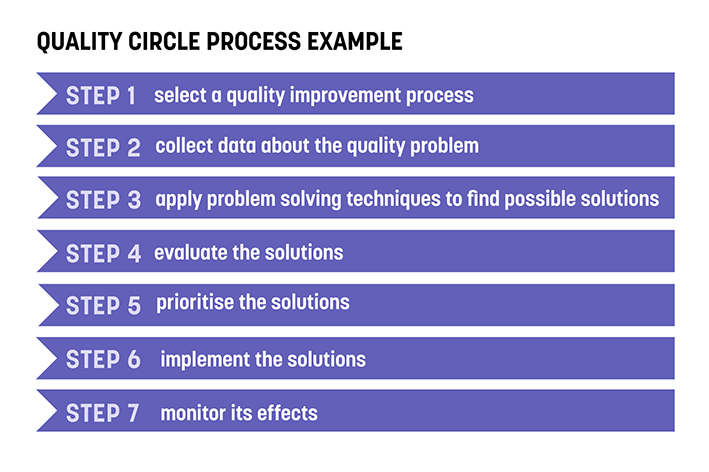
📚 Visit the [Plan2go website](http://plan2go.nctafe.edu.au/assets/document-library/3rd-party-tools-and-techniques-click-index/CauseEffect.html): *(http://plan2go.nctafe.edu.au/assets/document-library/3rd-party-tools-and-techniques-click-index/CauseEffect.html)* to review information about the cause and effect diagram.

### Quality circles

Quality circles are an excellent way to involve employees in identifying and resolving quality service problems and making continuous improvement to their own work areas. Small groups of employees meet regularly to address issues such as:

* product or service quality
* rate of output
* smoothness of operations or workflow
* obtaining and suitability of materials
* storage of materials.

Quality circles allow an employee to do something positive about the problems they face at work rather than making suggestions to management. Involved employees also learn new skills and develop their communication and problem-solving abilities. An example of a typical quality circle process is outlined below:



© TAFE NSW 2019 Quality circle process example

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| Self-check questions icon | Practice activity |

#### ****Activity 2.3: Quality circles****

Your local café has identified that their menu is six months old and needs updating. Which of their employees do you suggest they include in a quality circle (small group of employees who meet regularly) and why?

Topic 3

Monitor and adjust performance strategies

# Topic 3: Monitor and adjust performance strategies

In this topic you will learn about:

* monitoring operational progress
* adjusting and communicating updated strategies.

## Monitor and evaluate performance

Organisations monitor and evaluate planning and operational processes to identify ways to improve processes.

To maintain control of the operational progress of continuous improvement, organisations require a monitoring process. This process must adhere to organisational policies, procedures and protocols to compare the current progress against stated objectives.

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. These include:

* key performance indicators developed for plan actions
* observation of work-group members
* feedback forms from work-group members
* surveys or feedback forms from customers
* one-on-one interviews with work-group members
* the ultimate goals of the operational plan
* the establishment of standards, for example, cost, time and quality
* customer service indicators
* occupational health and safety indicators
* productivity gains
* success in meeting the agreed goals and performance indicators.

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

Performance measures provide managers with the ability to make decisions prior to a situation deteriorating and adversely affecting the improvement 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 includes:

* reviewing the objectives identified in the continuous improvement 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.

To make monitoring effective, you must:

* clarify responsibilities and accountabilities
* delegate responsibility for taking corrective action
* ensure the monitoring methods allows information to be collected, compared and used quickly and easily
* identify and acknowledge success.

When monitoring and evaluating continuous improvement initiatives, ask the following questions:

* Is the organisation achieving its goals and objectives?
* Are the improvement plans successful?
* Have you allocated the appropriate resources? For example money, equipment, people and facilities.
* What have you learned from your monitoring and evaluation that can be used in future planning activities?

### Measure success

There are several tools used to measure success. They include:

#### Key performance indicator (KPI)

A KPI is a type of performance measurement. KPIs evaluate the success of an organisation or of a particular activity.

When setting your KPIs for continuous improvement initiatives, it is vital that they are set in conjunction with the team. KPIs focus on vital aspects of performance and outcomes and can be used in a number of ways, including:

* assessment of current performance levels of the organisation
* underpinning performance standards
* information gathering that is consistent and reliable
* to help define purpose or direction within the organisation
* as criteria for evaluation
* improving processes
* planning at all levels
* remuneration and performance reviews
* increasing productivity.

#### SMART objectives

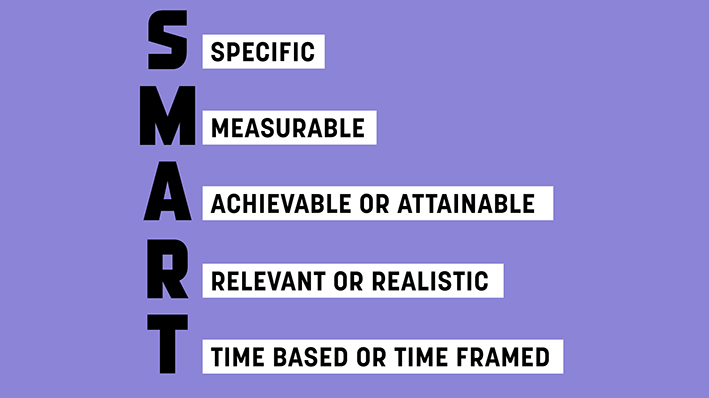
SMART objectives are goals that are designed to be specific, measurable, achievable, relevant and time-bound. When using SMART objectives, ask yourself the following questions:

* Have the continuous improvement objectives been met?
* If not, what adjustments need to be made?

Setting organisational objectives is essential. It gives the company direction over a period of time and can motivate staff to meet the objectives set.

**The SMART acronym stands for:**

* **S**pecific – Objectives should specify what they want to achieve.
* **M**easurable – You should be able to measure whether you are meeting the objectives or not.
* **A**chievable – Are the objectives you set achievable and attainable?
* **R**ealistic – Can you realistically achieve the objectives with the resources you have?
* **T**ime-bound – When do you want to achieve the set objectives?



© TAFE NSW 2019 SMART acronym

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📚 For more information on SMART objectives refer to [LearnMarketing.net](http://www.learnmarketing.net/smart.htm): *(www.learnmarketing.net/smart.htm)*.

#### Benchmarking

Organisational performance can be measured against other industry organisations. Continuous improvement processes and performance measures can be compared, and best practice established based on dimensions such as time, quality and cost.

Benchmarking is a measurement of the quality of an organisation's policies, products, programs and strategies, and their comparison with standard measurements or similar measurements of other organisations in their industry.

The objectives of benchmarking are to:

1. determine what and where improvements are required
2. analyse how other organisations achieve their high-performance levels
3. use this information to improve performance.

#### SWOT analysis

One of the most effective ways of reviewing the strengths and weaknesses of the organisation’s existing arrangements for planning and operations is to conduct a SWOT analysis. SWOT stands for:

* **S**trengths – What the organisation is doing better than its competition? For example, they have a higher market share, fewer product returns, a more efficient salesforce.
* **W**eaknesses – What the organisation is doing worse than its competition? For example, they have higher waste during production, higher staff turnover, an inexperienced leadership group.
* **O**pportunities – What can the organisation capitalise on from its external environment? For example, favourable overseas exchange rates, technological development, a new market opportunity.
* **T**hreats – What external factor could be a potential problem for the organisation? For example, an increase in interest rates, a new competitor in their market, lack of access to raw materials (from drought or flood).

SWOT is a commonly used planning tool and a way to consider the pros and cons of a situation from both internal (strengths and weaknesses) and external (opportunities and threats) viewpoints.

SWOT is useful for continuous improvement as it gives a clear picture of where the organisation is at, therefore highlighting the path to where it wants to go.

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📚 Visit the Plan2go website to review information about [SWOT analysis](http://plan2go.nctafe.edu.au/assets/document-library/3rd-party-tools-and-techniques-click-index/SWOT.html). (*http://plan2go.nctafe.edu.au/assets/document-library/3rd-party-tools-and-techniques-click-index/SWOT.html)*.

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| Self-check questions icon | Practice activity |

#### ****Activity 3.1: SMART objectives****

Reword these objectives to make them SMART:

1. We want to sell more products than last year
2. Our goal is to increase profit.

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| Self-check questions icon | Practice activity |

#### ****Activity 3.2: Benchmarking****

If you worked for an organisation in the telecommunication industry in Australia, what companies would you benchmark against? Why? (List three)

| Company | Reasons for benchmarking |
| --- | --- |
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## Adjust and communicate strategies

### Adjusting your continuous improvement strategy

If you discover process KPIs and personal performance are not being met when planning targets, you may need to conduct an analysis. This careful examination will help you determine what might have changed so you can adjust your strategy. Some elements of your strategy that you may need to review include:

* planning processes
* clarity in roles and responsibilities
* development of individual and team/workgroup performance plans
* effective communication of plans, roles and responsibilities
* mentoring and coaching of current and new employees
* training and development
* rewards and recognition for employees.

Some examples of adjustments to performance in accordance with organisational procedures are:

**Products**:

* develop higher quality products to meet the changing needs of the consumers
* develop better designed products more durable products
* increase or decrease product attributes as required by consumers
* respond to environmental initiatives to source more sustainable raw materials and more functional and sustainable packaging
* enhance appeal to customers with more effective pricing strategies.

**Services**:

* focus more on the needs of customers in terms of delivery timing and availability
* deliver services more efficiently**,** in order to optimise customer satisfaction.
* consider the augmented service by developing additional delivery strategies.

**Processes**:

* produce at a lower cost, faster and to a higher quality standard through obtaining quality certification
* modifications and improvements to systems, processes, services and products
* apply six sigma or total quality management (tqm) practices and safer work practices.
* use industry benchmarks to complete processes in accordance with the set standards
* set clear objectives when initiating process improvement efforts and always identify processes that fall within the context of business goals.

**Systems**:

* prepare more timely systems output that is focused on critical issues and is easier to maintain and update.
* develop or adjust policies and procedures
* develop or adjust web-based communication devices
* modify any performance or cost management systems.

**Structures**:

* develop structures to have more efficient use of labour and be better able to respond to the external environment
* improve internal communication and relationships
* make appropriate changes to divisional, functional or reporting structures.

### Communicating with stakeholders according to organisational procedures

You must establish a work environment that allows you to freely and regularly communicate continuous improvement and adjustment strategies to team members and stakeholders. When talking about stakeholders, we could be referring to:

* board members
* business or government contacts
* suppliers
* customers
* union/employee groups and representatives
* all level of management
* work teams.

When you solicit feedback from stakeholders, you can learn about issues and resolve problems before things escalate.

Your stakeholders could provide you with useful feedback on any aspect of improving workplace efficiencies.

You can use several different media to communicate with your stakeholders and the communication process is identical to the process shown in Topic 2 and below.

Organisational Behaviour: Core Concepts and Applications.
Source: Intended meaning, encoding. Receiver: Decoding, Perceived meaning. Noise: Physical distractions, semantic problems, cultural differences, mixed messages, absence of feedback, status effects. Source links to Receiver via 'sending', 'message' and 'receiving'. Source and Receiver are linked by 'feedback'. Noise is linked to source and receiver by 'feedback'. 'Channel' sits between 'sending' and 'receiving'.

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Topic 4

Manage opportunities for further improvement

# Topic 4: Manage opportunities for further improvement

In this topic you will learn about:

* keeping team members informed
* work team performance
* identifying areas for improvement.

## Keeping team members informed

Keeping your team focused on continuous improvement is at the core of all future improvement efforts.

It is advisable to gain feedback from stakeholders in a continuous improvement process to:

* test the understanding of the process (feedback indicates if the message has been successfully received)
* get ideas for improvement
* identify potential problems
* let the organisation know what value it wants and how it can provide this value.

### Downstream (or downwards) communication process

Within any successful business, it is vital for information to be communicated from the managers to the team, known as downstream communication. It is important that this process is in context, timely and accurate.

It must also be presented in a manner that is in accordance with the organisation's communication protocols so staff members can perform their roles proficiently.

You will need to ensure the communication is clear and concise and is passed on in a timely manner. Staff members need information on time so they can perform their roles as expected by management, so you will need to ensure the information is passed on in the correct amount of time.

Processes to ensure that team members are informed of outcomes of continuous improvement efforts include:

* email
* communities of practice
* intranet updates
* committees
* information sharing meetings
* cross-functional team meetings
* coaching sessions
* easily accessible reporting documents
* site visits.

### Upstream (or upwards) communication process

Good managers will also understand the importance of communication flowing upward as a way to receive feedback from the team. This sort of information may be in the form of complaints and grievances, but it could also include positive suggestions that are helpful to the business. This type of communication is becoming more popular in organisations, as traditional organisational structures and hierarchies are becoming flatter with fewer layers of management.

This open, two-way communication system creates a culture of mutual trust and confidence.

Processes to ensure that managers and leaders are informed of outcomes of continuous improvement efforts include:

* team meetings
* information-sharing meetings
* performance reviews
* reports
* communities of practice
* surveys.

## Work team performance

A work team is a group of two or more people who work together and have direct input into the achievement of common work goals. Work teams can contribute to further opportunities for improvement by working effectively together.

Team effectiveness is dependent on having the following:

* **A common purpose** provides direction, momentum and commitment for all team members. Members of successful teams put a lot of time and effort into discussing, shaping and agreeing on a common purpose.
* **Specific team goals** facilitate clear communication and help teams maintain their focus on getting results.
* **A sense of team worth** creates confidence in individuals and in their team members.
* **The ability to manage conflict**
  + Functional conflict: Conflict that’s constructive and supports an organisation’s goals. In a functional conflict, problems are resolved and relationships are developed. Effective teams can benefit from functional conflict.
  + Dysfunctional conflict: Conflict that’s destructive and prevents an organisation from achieving its goals. This type of conflict can be stressful and disruptive and cause poor service or output, lower productivity, unfair dismissals or bullying claims and high turnover.
* Minimal social loafing should be the goal of effective teams. Social loafing is the tendency for individuals to expend less effort when working collectively than when working individually. Successful teams make members individually and jointly accountable for the team’s purpose, goals and approach.

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| Self-check questions icon | Practice activity |

#### ****Activity 4.1: Social loafing****

Think about a situation, either at work or in your studies, where a team member has not made a meaningful or equitable contribution to achieving the team’s goals. Answer these questions:

1. What was the impact of this on the rest of the team?
2. What could you have done to manage this issue?

Managers must ensure processes are in place to record work team performance to assist in identifying further opportunities for improvement.

Work team performance records and reviews assist organisations in:

* recognising and valuing team members
* clarifying their roles
* identifying training and development needs.

These reviews also help you create a culture of open communication and identify further opportunities for continuous improvement.

Performance review data may include:

* daily targets, such as quality and quantity
* non-conformance with standards
* variances (positive and negative) and processes to identify causes and solutions to variances
* learnings from activities
* critical metrics, such as customer satisfaction or budgets
* quantitative data such as production and sales figures
* performance plans
* team members' recommendations for improvement.

Any combination of this data can assist in decision-making and prioritising investment and commitment to further opportunities for the organisation.

## Identifying areas for further improvement

Information on areas identified for future continuous improvement is stored in the organisation's management information system. This information contributes to the development of all future planning.

Future planning is one of the most important responsibilities of the management team. It requires the assessment and analysis of data and information, identifying the organisation's immediate and long-term objectives, and formulating and monitoring specific strategies to achieve them. Areas that have been identified for further improvement are considered when developing continuous plans for the future.

Continuous improvement plans can include the following categories:

* overview of the organisation
* improvements to be achieved
* stakeholder analysis
* implementation strategies
* monitoring processes
* manage opportunities for further improvement.

Employees can be involved in future plans through feedback systems via their line management, organisation-wide surveys and representation in decision-making bodies, such as WHS committees.

Future planning for continuous improvement provides an organisation with:

* clarity in individual and team roles and responsibilities
* the development of individual and team/workgroup performance plans
* the effective communication of the plans, roles and responsibilities
* the use of continuous improvement systems, tools and techniques
* the training and development of employees in continuous improvement systems
* rewards and recognition for employees who embrace continuous improvement
* mentoring and coaching of current and new employees.

Once you learn to identify areas for further improvement, the planning process continues.

Organisations should ask the questions as outlined in Cole's (2018) five key questions for continuous improvement:

* How can we do this better?
* How can we do this easier?
* How can we do this faster?
* How can we do this cheaper?
* How else can we do this?

With the benefit of having identified areas for improvement, organisations should incorporate in their planning, the widely used continuous improvement approaches identified in Topic 2: Lead continuous improvement systems and processes:

1. Kaizen
2. Total Quality Management (TQM)
3. Six Stigma
4. Plan, Do, Check, Act (PDCA)

#### Plan, Do, Check, Act (PDCA)

The PDCA cycle, also known as the Deming Cycle or PDSA (Plan, Do, Study, Act) is an interactive four-step management method used in business for the control and continuous improvement of processes and products.

It is an effective tool for both problem-solving and for testing new ideas before implementing them.

The cycle can be applied across many industry sectors, most organisations and in a wide variety of contexts.

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