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**Alignment  
planning model**

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

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

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

**Scenario planning**

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

General steps include the following:

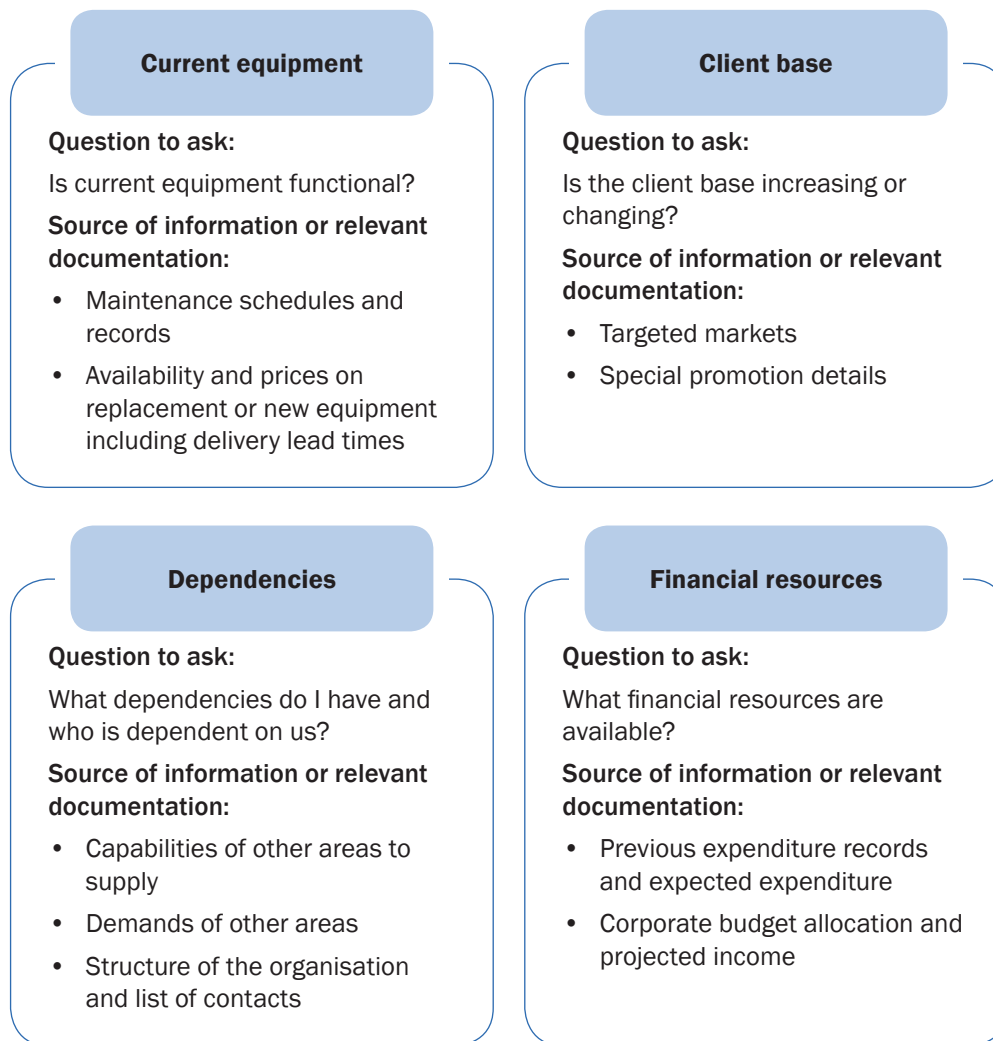
1. Examine external forces and predict related changes which might influence the organisation.
2. For each change discuss different possible future scenarios for the organisation: this should include best- and worse-case scenarios as these can be a strong source of motivation for organisational change.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

**Self-organising  
planning**

**This method of planning requires continual reference to common values.**

General steps include the following:

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



## Consultation

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

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

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

The people you may need to consult with:

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

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

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

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



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

## Practice task 1

You are required to develop a draft operational plan.

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

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

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

*continued ...*

## Methods of disseminating information

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

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

Methods of communication can include:

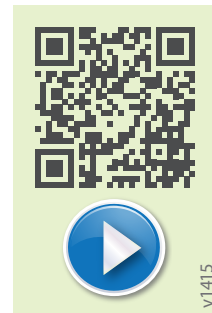
- advertising or informing through the press, radio or television
- direct phone communication or personal communication
- meetings of shareholders.



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

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

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



## Practice task 2

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

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

*continued ...*

Below are examples of KPIs for profitability.

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

## Approaches for developing KPIs

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

### Lifecycle approach

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



### Statutory and regulatory requirements

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

### Risk-based approach

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

### Cause and effect

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

### Levels

Organisations can assign KPIs at two levels:

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

## Contingency options and strategies for their implementation

**1**

**Contingency planning option:**

Contracting out/outsourcing

**Strategy:**

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

- human resources
- bookkeeping
- payroll
- security.

**2**

**Contingency planning option:**

Diversification of outcomes

**Strategy:**

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

**3**

**Contingency planning option:**

Cheaper or lower quality raw materials and consumables

**Strategy:**

Seek lower cost input options such as:

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

**4**

**Contingency planning option:**

Increasing sales or production

**Strategy:**

Adjust resources to provide increased effectiveness and efficiencies including:

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

**10****Contingency planning option:**

Strategies for reducing costs, wastage, stock or consumables

**Strategy:**

Reduce costs or waste by:

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

**11****Contingency planning option:**

Succession planning

**Strategy:**

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

## Disaster recovery plans

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

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

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



## Request resources

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

### Features of a well-written report

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

## Layout of a report

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

### The layout for an effective report

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

### ***Disability Discrimination Act 1992***

**What this means:**

The objectives of this legislation are to:

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

### ***Racial Discrimination Act 1975***

**What this means:**

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

### ***Sex Discrimination Act 1984***

**What this means:**

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

### ***Privacy Act 1988***

**What this means:**

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

These Australian Privacy Principles relate to:

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

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

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

Suggested inclusions for an application information statement:

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

## The selection process and interviews

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

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



## Interview questions

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

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



## 2B

## Ensure physical resources and services are acquired appropriately

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

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

### Standard operating procedures

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

### Organisational culture

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

### Organisational guidelines

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

## Categorise general resources

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

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

### **Purchasing**

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

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

### **Human resources**

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

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

### **Patented processes**

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

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

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## Topic 3

# Monitor and review operational performance

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

In this topic you will learn how to:

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

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

## Acceptable levels of variation

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

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

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

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

## Triple bottom line reporting

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

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

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

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

## The balanced scorecard

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

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



### Example: the National Library of Australia uses the balanced scorecard

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

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

*continued ...*



## 3C

## Identify under-performance, recommend solutions and rectify the situation

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

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

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

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

#### Methods of identifying problems

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

## Decision-making approach

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

## Disciplinary action

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



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

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

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

### Example: implement disciplinary action

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

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

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

**2**

### **Government centres**

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

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

**3**

### **Accountants**

Advice on:

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

**4**

### **Banks and financial institutions**

Provision of and advice on:

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

**5**

### **Consultants**

Advice on:

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

## 3E

## Negotiate recommendations for variations to operational plans

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

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

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

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

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

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

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

Product price changes with change in demand or competitors

New technology and equipment that must be acquired and installed

## Manage negative variances

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

