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BSC benefits

According to Kaplan and Norton, the Balanced Scorecard:

- measures the processes that drive performance and identifies the processes that are strategic
- complements financial measures of past and current performance with measures of the drivers of future performance
- captures critical value-creation activities
- translates a strategy into measurable objectives
- can drive organisational change, providing a focus and integration for continuous improvement
- can be used as a management system for long-term growth, therefore creating sustainability.

BSC perspectives

Kaplan and Norton believe an organisation should be viewed from four perspectives: financial, customer/stakeholder, internal business processes and learning growth.

Managers should develop objectives, measures and metrics; collect data; and analyse the data for each perspective.

The argument is that improving performance in the learning and growth perspective enables the organisation to improve its internal process perspective objectives, which in turn enables the organisation to create desirable results in the customer and financial perspectives.

Example: applications of the Balanced Scorecard

For examples of the application of the Balanced Scorecard, see:

- Australian Taxation Office, Literature review: measuring compliance effectiveness 2007, at: www.ato.gov.au – search for the report title and download the pdf
- Queensland Government, Department of Infrastructure, Local Government and Planning, 'Strategic planning frameworks', at: www.dsdlp.qld.gov.au/councils-toolbox/strategic-planning-frameworks.html – select '3.5 The Balanced Scorecard'
- The Balanced Scorecard Institute, 'Examples & success stories', at: www.balancedscorecard.org – click on 'Resources' then 'Examples & success stories'



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Learning from others:

- Staff attend conferences and disseminate information from these conferences.
- The Firm undertakes benchmarking and has a benchmarking policy.
- The Firm has networking arrangements in place; for example, Certified Practicing Accountants.
- The Firm has developed a mentoring program where staff can either elect to be mentored or act as a mentor.
- Staff are encouraged to become members of professional and industry associations.
- Staff represent the Firm on consultative committees.

Deployment:

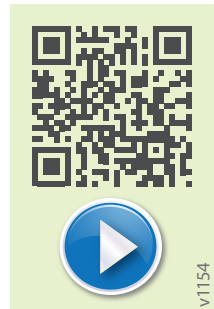
- The Firm has achieved ISO 9001:2004 Quality Management Systems Certification.

Improvement:

- Replace the existing risk and audit assurance database with a web-based quality assurance system.
- Review and improve the performance benchmarking policy and procedures; communicate changes to stakeholders.
- Conduct a risk analysis to determine which improvements have greater priority and implement these improvements.
- Establish a process map illustrating the improvements that are to be undertaken and when.

The organisation's control system

Measuring organisational performance is the first critical stage in a control system. An organisation's control process involves continuous monitoring, regular comparisons between planned and actual performance, and corrective actions or revisions of objectives and indicators to improve performance. Here is an outline of those three organisational control processes.



1. Measure performance

How performance is measured, the tools and techniques to be used, and what is to be measured should be outlined. Measurement is generally focused on analysis of performance compared to what was forecast. Criteria are identified in performance measures.

2. Compare actual performance with planned performance

This step involves analysing the variance between actual performance and what was budgeted, forecast, projected or anticipated. Regular monitoring will reveal variance, and this variance is what will guide action to improve performance.

3. Improve performance

If the variance between actual and planned performance is minimal, no action is needed. If there is a large deviation, management take immediate corrective action to resolve issues, such as to redevelop a process to minimise time between steps.

Example: continuous improvement procedure and process analysis

The procedure takes the DMAIC approach – define, measure, analyse, improve, control. DMAIC is similar to the PDCA cycle, in that it is designed to guide a structured analysis of processes to identify and make improvements. DMAIC is used by organisations as a critical part of the Six Sigma system.

Here is an overview of the process.

Define

Define the process or method to be analysed

This step involves identifying the improvement opportunity from performance analyses, defining critical requirements, and selecting a project team. Generally, the manager of the unit or area in which the project takes place will be the project manager and will recruit team members to work on developing solutions and implementing improvements. The team should develop an action plan, with time lines, resources required and responsibility for tasks assigned.

Tools and techniques involved in the step:

- Interpretation of variance analyses
- Gap analysis
- Process mapping, which identifies the stages, steps and tasks involved in any one process
- Action planning

Key outputs of the process:

- Action plan
- Process or methods maps, illustrating each step and task
- Project team selection

Measure

Measure process or method performance

In this step, data is collected to establish measures to evaluate the success of improvements. The current performance needs to be clearly identified so that improvements made can be measured.

Tools and techniques involved in the step:

- Charts
- Graphs
- Data analysis

Key outputs of the process:

- Input, process, and output indicators and current results
- Data collection requirements
- Baseline performance to measure variances or deviations

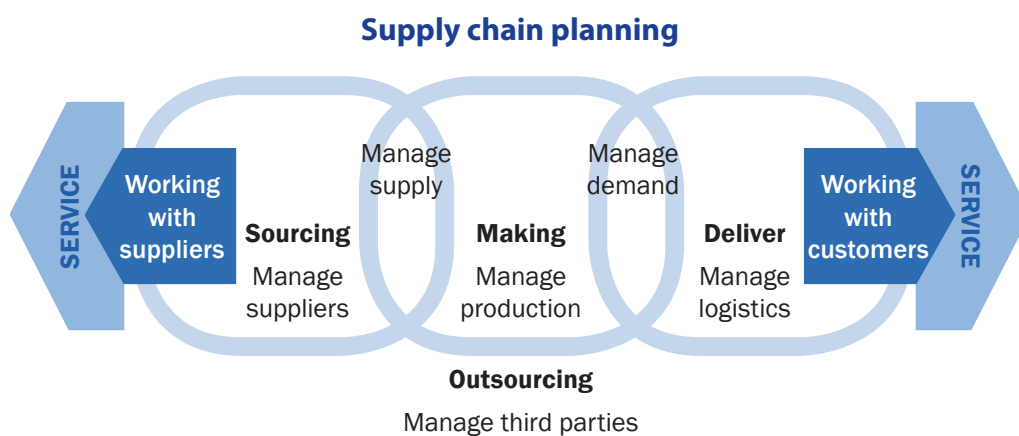
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Integrated supply chains, processes and performance measurement

To learn more about supply chains, and the need for integration of organisational systems to achieve sustainability, watch the video 'Module 1: What is supply chain management?', which is part of a series produced by Arizona State University's WP Carey School of Business. This video is available at: www.youtube.com – search for the title of the video. Modules 6, 9 and 10 are also recommended viewing.

Example: supply chain map

The key components of a supply chain map will involve the need for an organisation to work with external suppliers to help source materials. Managing the supply of these materials is a vital part of the supply chain and the management of the production process. Here is a standard supply chain map that clearly illustrates the supply chain planning process.



Understand the value chain

Value chain theory was developed by management academic Michael Porter in the 1980s, when he proposed a process view of organisations. In this view, an organisation is a system made up of subsystems, each with inputs, transformation processes and outputs. Value chain theory has evolved into a management methodology that is used to understand how value is created, make improvements to organisational systems and processes, increase value and reduce costs. Effective value chain management will lead to increased competitive advantage – the ability to outperform competitors. Value chain management underpins the Balanced Scorecard approach.

According to Porter, the various activities that comprise an organisation's value chain can be divided into primary and secondary (support) activities. These activities are organisational systems, and they create valuable products or services. The argument is that the greater the value captured, the greater the profit margin, as the consumer is willing to pay more for a more valuable product or service.

Efficiency measures

Efficiency measures are used to determine productivity or cost effectiveness, and involve comparing inputs to outputs. Examples include the number of calls taken by a customer service team per day (on average), cost per product or outputs per unit of time.

Quality measures

Quality measures are used to determine effectiveness in meeting customer expectations related to product reliability and service responsiveness. Manufacturing organisations will also measure error rates. For a customer service team, a quality measure may relate to the satisfaction level of customers who had contact with the team.

Sources of performance data

Performance data is collected from a number of sources, as is evident in the list that follows.

Sources of performance data

1

Reports, charts and other data generated by the organisation's information systems

2

Statistical reporting tools such as Gantt charts (schedule of events, milestones and measures of performance in relation to time); control charts (show upper and lower statistically acceptable limits of performance); pie charts to compare all data in the system; Pareto charts to compare one set of data against another

3

Identified benchmarking measures to establish key performance indicators for key areas of the business (these become the benchmarks that you use to measure and monitor your performance)

4

Formal and informal surveys and feedback from team members, customers, suppliers, shareholders, other staff and managers

5

Regular discussions (formal and/or informal) with key staff members, managers and others in the organisation who can keep you abreast of incidents, issues and trends

Cause and effect diagram



One way to capture and tease out ideas on the root causes of a problem is to construct a cause and effect diagram. Also known as a fishbone, this diagram allows you to visualise the many potential causes for a specific problem. It is particularly useful in a group setting and for situations in which little quantitative data is available for analysis. To construct a fishbone, use the following steps as a guide:

1. Start with the head of the fish by stating the problem in the form of a question, such as 'Why have customer complaints risen in the last six months?'
2. The rest of the fishbone then consists of one line drawn across the page, attached to the problem statement, and several lines (or bones) coming out vertically from the main line. These branches are labelled with categories chosen by team members.
3. Once you have the branches labelled, begin brainstorming possible causes and attach them to the appropriate branches. For each cause identified, continue to ask 'Why does that happen?' and attach that information as another bone of the category branch. This will help get you to the true drivers of a problem.

Control chart

A control chart can be used to show the variation of a measure over time. The chart will help to demonstrate the consistency of a process and whether it needs adjusting, and to compare process performance to requirements, highlighting where improvement may be made.

For more information on developing control charts, visit the American Society for Quality (ASQ) site at: <http://asq.org/learn-about-quality/data-collection-analysis-tools/overview/control-chart.html>.

Run chart

A run chart is used to show the behaviour of a variable over time. It is useful for identifying trends and predicting future outcomes.

For more information on developing run charts, visit the ASQ site at: <http://asq.org/service/body-of-knowledge/tools-run-chart>.

Evaluate the effectiveness of measures, tools and techniques

To ensure their effectiveness, measures, tools and techniques need to be evaluated. You need to make sure you are measuring the right thing, at the right time to enable an objective assessment of performance. Should the measures be not appropriate to the objective, or the wrong tools and techniques used, you risk missing opportunities for improvement.

Consider the following questions when evaluating the effectiveness of measures, tools and techniques.

1E

Identify and analyse trends and opportunities, seeking advice from specialists, where appropriate

Managers need to continually analyse the external environment to identify the changes that affect performance. Analysis of the external environment, including competitors, will determine changes in trends, their effect on the organisation, and identify opportunities to increase value to the customer. Essentially, analysis enables you to determine threats and opportunities. During this process, you will need to seek advice from specialists, particularly for opportunities involving technology and electronic commerce (e-commerce).



The external environment

The external environment consists of two categories: macro and micro factors. The macro environmental factors include the politico-legal, economic, socio-cultural and technological factors that may affect the organisation. The micro environmental factors are related more specifically to the organisation and include customers, competitors, suppliers and pressure groups; for example, environmental and consumer action groups.

Macro environmental factors will present opportunities and pose threats as shown below.

Politico-legal forces

Legislative requirements and regulations affect operations and relate to areas such as taxation, corporate structure, environmental practices, workplace relations, and workplace health and safety. State/territory and local government can also implement changes that influence an organisation's activities.

Economic forces

Changes in inflation and interest rates affect not only the organisation's transactions but also customers' disposable income. Local changes may be felt worldwide, due to the global economy.

Demographic shifts

Changes in population size, location and composition affect service or product demand, and the availability and capability of the workforce. Increased levels of higher education may mean an increase in availability of workers for professional positions, but a decrease for skilled trades.

2A

Brief groups on performance improvement strategies, innovation and competitive advantage

A critical factor in taking advantage of an improvement opportunity is ensuring that the groups involved have a strong understanding of the role of innovation in achieving competitive advantage.

The approaches the organisation uses to manage continuous improvement must be communicated clearly to all organisation members so everyone knows what is expected of them. People also need to understand why making improvements leads to competitive advantage. This awareness will give meaning to innovation activities, and motivate staff to commit to continuous improvement.

What to communicate	Conduct a briefing
<ul style="list-style-type: none"> • Make sure organisation members have access to continuous improvement policies and procedures. • Define innovation and competitive advantage, and explain the relationship between them. • Highlight the benefits of improvements, and describe how innovation adds value to the product or service delivered to the customer. • Explain exactly how improvements will lead to a competitive advantage. • Encourage all staff to get involved, and tell them how the ideas they share will be used to generate continuous improvements • If possible, provide simple graphics such as line graphs or bar charts to illustrate how previous innovation initiatives have led to increases in performance and market share. 	<ul style="list-style-type: none"> • Call a special meeting of staff and stakeholders to present strategies and discuss examples of improvements. • Make sure the printed plan is made available to each member of the audience. • Encourage questions so people can seek clarification; and ask questions in return to check their understanding of key points. • Give people an opportunity to raise issues or concerns, but keep the briefing positive and focused. • Listen attentively, and make sure you respond to all questions and statements. If you can't answer on the spot, make a note and tell the person you will get back to them by a certain time. • If someone asks detailed or lengthy questions that are bogging down the meeting, ask them to make an appointment to see you, and move on to the next question. • Make sure you follow up all queries and requests that come out of the briefing.

Innovation, teams and collaboration

There are many resources you can access related to innovation, teams and collaboration.

In an INSEAD Knowledge video, Professor Hal Gregersen discusses 100 innovative companies. To learn more about the characteristics of innovative organisations, go to: www.youtube.com – search for ‘INSEAD Gregersen 100’.

The Australian Government has developed an innovation toolkit. To access this information, visit: www.innovation.govspace.gov.au/tools/innovation-values.

In the *Forbes* article ‘7 ways leaders can foster innovation’, Kevin Cashman discusses ways leaders foster innovation, citing examples from leaders of organisations such as Amazon and Novartis. This article is available at: www.forbes.com – search for the article title.

In a *Harvard Business Review* video, Cisco CEO John Chambers explains how the company has been able to innovate more quickly using teamwork. To develop your understanding of the importance of teams and collaboration, go to: www.youtube.com – search for ‘Harvard teamwork Chambers’.



Organisational learning

Peter Senge, the systems scientist who developed the concept of the learning organisation, argues in his 1999 book *The dance of change: the challenges to sustaining momentum in a learning organization* that there are five disciplines for building a learning organisation. These disciplines enable learning and knowledge transfer between individuals in teams, and between teams.

Here is a summary of the five disciplines. Detailed information on each discipline is available from the Society for Organizational Learning at: www.solonline.org – click on ‘About organizational learning’.

Personal mastery

We all need to create a vision for desired results and identify the current reality. Personal mastery is about using the gap between these two states. People need to ensure their vision can be achieved, which may involve adjusting the vision if it is unrealistic or being creative in finding ways to solve problems.

Individuals and teams need to ensure that the vision for improvement is achievable, and this may require creative thinking to identify solutions to improvement implementation barriers.

Mental models

Mental models are the knowledge and beliefs we have about the world and our organisation and how we participate and work in these environments. They can present barriers to learning and therefore innovation as they lead to assumptions that affect our ability to make decisions. To avoid making assumptions, people need to constantly question the views and attitudes they hold.

For teams to be effective, the members need to share a common purpose and to share mental models in how improvements will be realised. They also need to share an understanding of how the work will be performed. Without a common approach, conflict will occur in the team.

2C

Determine the feasibility of new ideas

To evaluate new ideas and to determine whether they should be taken any further, you can conduct a feasibility study to determine whether an idea is financially, commercially and technically viable.

Financial viability refers to whether the amount the organisation invests in the product, service or process will lead to an increase in net profits in an appropriate amount of time. Commercial viability refers to whether the implementation of the new idea will result in competitive advantage and, therefore, organisational sustainability. Technical viability refers to whether the new or adjusted product, service or process will perform as it is supposed to; that is, the product, service or process will work.



Financial viability

To establish the feasibility of a product, service or process, it is critical to conduct a cost-benefit analysis and establish a payback period. The following explains the steps involved.

Identify costs

Identify the costs involved in creating a new product/service or in making the improvement, such as time, physical resources and equipment. It may be difficult to assign a monetary value to some requirements, and to benefits, so input from the organisation's finance team is critical. External resources are also available; for example, the Commonwealth government has developed such resources for organisations implementing e-business.

Consider also the costs of not acting – the costs incurred taking the new product/service to market and making the improvements to systems or process may be less than the costs that could be incurred if the organisation does not innovate.

Identify benefits

Benefits may be articulated in terms of improved products, increased market share and reduced operation costs, and the effect of these improvements on the organisation's competitive advantage. When quantifying benefits, enlist the support of the organisation's finance team to assign values.

Benefits need to be considered in light of their relationship to meeting organisational objectives. You must also work on the basis that the benefits you identify are predictions, not certainties.

Compare costs and benefits

To determine whether the benefits outweigh the costs, calculate total costs and total benefits. Compare them by dividing the total costs by the benefits. Should the costs only slightly outweigh the benefits, a risk analysis will help to identify strategies to manage costs and maximise benefits.

Evaluate risks

A risk assessment matrix can be used to evaluate a risk. The likelihood and consequences of a risk intersect on the matrix, showing you the level of risk. High-level risks become priorities for treatment, and may require contingency plans. Moderate-level risks will need attention. Low-level risks may be resolved through routine procedures or practices.

Consider the likelihood and consequences of an activity you have been involved in and use the matrix below to estimate the risk level.

Level of likelihood	Level of consequences				
	1 (insignificant)	2 (minor)	3 (moderate)	4 (major)	5 (catastrophic)
A (expected)	Low	Medium	High	Very high	Extreme
B (probable)	Medium	Medium	Medium	High	Extreme
C (possible)	Low	Medium	Medium	High	High
D (improbable)	Low	Low	Medium	Medium	High
E (rare)	Low	Low	Medium	High	Medium

Treat risks

Even when risk tolerance is high, risks will need to be treated. The objective is to eliminate or avoid the risk where possible. Should the risk occur, the objective is to control the outcome.

Following are five options to manage or control risks.

Avoid the risk

- Do not become involved in activities that could lead to the risk eventuating.
- Outsource risk-related tasks to contractors or specialist providers.
- Discontinue practices that may cause the risk to eventuate.

Retain the risk

- Negative risks may be rendered acceptable if the likelihood and consequences can be adequately managed internally.
- Low-level risks may not warrant any action. For example, occasional staff absences may not have a significant effect on meeting time lines, so this risk can be retained.

Change the consequences

- Contingency plans can reduce the impact or consequence of a risk event.
- Establish measures to control or minimise damage if the risk is realised, such as fraud control planning, public relations, disaster recovery planning or pricing controls.
- Develop administrative measures, controls, policy or procedures to provide guidance.

Project management approach

Project management is a management discipline that focuses on the initiating, planning, execution and control of a one-off project that will produce a unique product, service or outcome. For improvement projects, the outcome is the planned benefits of changes to existing or the development of new systems and processes. There are a number of frameworks and methodologies that organisations use or adapt to manage projects. These include the Project Management Body of Knowledge (PMBOK), PRINCE2, agile project management, and critical chain management. In managing an improvement project, be guided by your organisation's policies and procedures.

The following outlines the generic steps that are common to most methodologies, even if phases and processes vary.

Project management phases and processes

1

Define project objectives

Objectives are developed from a business case or a proposal that includes a cost-benefit analysis. The objectives are generally set by a dedicated project team, whose members come from areas affected by the project and may include external experts. This is common for technology and e-commerce projects. The project objectives need to be aligned to organisational objectives to ensure that benefits will be realised.

2

Determine activities and resources required to implement the project

The project is broken down into activities required to meet objectives, then the tasks to complete activities. For example, an IT project will require system design. This activity will then be broken down into tasks such as investigating the current system, establishing user requirements, and addressing current gaps.

A commonly used tool is the work breakdown structure (WBS). Once tasks have been identified, the resources to perform them can be estimated. These may include time for an IT staff member to review the current system or money to hire specialists to design functions. The resources need to be costed to develop a project budget.

3

Sequence activities and estimate times for activities

All activities need to be sequenced to establish the order in which they should be carried out. Remember to take into account that some tasks cannot be started until others are finished. Determine the time each task takes to complete, and add these together to obtain the total time to complete an activity. At this stage, responsibilities for the activities may be assigned to team members.

Summary

1. If an organisation is to succeed, its members must have a strong understanding of the role of innovation in achieving competitive advantage.
2. The approaches the organisation uses to manage continuous improvements need to be communicated clearly to organisation members so everyone knows what is expected of them, and the role they play in achieving competitive advantage.
3. Creative ideas for innovative products and processes are only generated in an environment in which collaboration, learning, sharing and taking risks is fostered. This includes recognising and rewarding creativity and entrepreneurial behaviour.
4. Organisation members need to continually improve and share their skills and knowledge with their own and other teams to enable the continuous improvement of products and processes.
5. The evaluation of new ideas involves investigating the financial, market and technical feasibility of the proposed product, service or process.
6. Technical viability refers to whether the new or adjusted product, service or process will perform as it is supposed to, and involves testing and trialling of the product, service or process.
7. Failure needs to be accepted as part of the cycle of learning, and success celebrated to encourage creativity and innovation.
8. Innovation initiatives require approval from senior management. The process is determined by the organisation's policies and procedures, which may require specific reports to justify recommendations.
9. The approaches to implementing the innovation initiative may take the form of project management methodology or a change management framework.

7**Determine communication requirements**

Change implementation requires a communication plan to ensure that people understand the reasons for the improvements and are provided the full facts and expectations on how they will need to change. Information sessions, team meetings, newsletters and blogs can be used to communicate requirements, and to keep staff up to date.

Those responsible for the change – the change leaders – need to build trust with those affected by the change. This can be achieved through employee participation in the transition planning process. Feedback should always be encouraged, and suggestions for improvements sought at every briefing, training session or meeting.

8**Develop strategies to manage barriers and resistance**

Change leaders must make training and development available to the people who will be required to change. Training and development will address skills and knowledge gaps, and build organisational learning. Opportunities to share skills and knowledge need to be made available during the transition process. As noted earlier in the unit, a reward system may be useful in encouraging organisation members' behavioural change.

Consider recruiting people who are adaptable to change as 'change champions'. As with creativity and entrepreneurial behaviour, those who readily accept new values and change should be supported and promoted where possible. These champions can be asked to speak at forums and to contribute to blogs or wikis to promote the value of continuous improvement.

9**Identify methods for monitoring and evaluation**

Evaluation criteria need to be developed to assess progress and success of the transition. Considerations include the following:

- How will performance results and feedback from those involved be collected?
- How will you know when you have reached a milestone; that is, when a major stage or activity has been completed?
- What activities need to be reported on, what types of reports need to be generated, when, and who will be responsible for each?
- How will progress be communicated – forums, meetings, email, intranet, social media?
- What factors indicate success of the transition – achievement of organisational objectives, increase in productivity, sales or profit?
- When will final evaluation of the transition be conducted and who will be involved in conducting the evaluation?
- What tools can be used to determine whether the change has been embedded – interviews, surveys, focus groups?

Develop the communication plan

To make the transition to the new situation or state, a communication plan is required. The aim of the communication plan is to engage the people affected by the change (the stakeholders) and to reduce uncertainty, particularly for those whose ways of doing things will need to change. The communication plan needs to describe the specific communication methods that will be used to communicate with all stakeholders.

The preparation considerations and plan elements are shown below.

Preparation considerations	Plan elements
<p>Consideration needs to be given to the resources and tools available, which may include methods used to communicate information, such as videoconferencing, social media and internet channels. A review of the impact, readiness and risk, and activity and assignment analyses, will identify target audiences and gain an understanding of their needs.</p> <p>Actions for educating and training staff on the need for change in the current way of doing things – producing a new product or service or implementing a new or improved process – will need to be included; as will strategies on managing resistance to change. Continuous improvement and sustainability must be promoted as essential to doing business.</p>	<p>The communication plan sets out:</p> <ul style="list-style-type: none"> • information to be communicated by the group/audience (format, content and level of detail) • when the information is required and how often (time frames and frequency) • responsibilities for preparing information • responsibilities for delivering information • who will receive the information • methods and technologies used to convey the information (email, wiki, meeting, forum) • time and costs allocated for communication activities (printed documents, workshop facilitators, training resources) • escalation processes for issues that cannot be resolved at a lower staff level • templates to be used for progress reports, meeting minutes or status emails.

Use Kotter's change process to manage transition

John Kotter, an academic who studies leadership and change, developed the 8-Step Process for Leading Change. In his model, Kotter outlines an approach to change that reduces barriers and promotes enablers of change. An enabler is a person or action that will help the change to happen. Further information is available on the Kotter International site at: www.kotterinternational.com – click on '8-Step Process' at the top of the home page.

The following outlines Kotter's approach.

Kotter's 8-Step Process for Leading Change

1

Create a sense of urgency

Change leaders need to ensure that employees feel an urgent need for change. They can do this by formulating a compelling and persuasive reason for why change is needed. Continuous improvement and innovation needs to be consistently promoted to ensure people understand the role they play in sustaining organisational success.

Process consultation

This method is used to continuously improve the new or adjusted process being implemented. Groups and teams come together to work on process effectiveness and efficiency. The process is re-mapped at various points during the transition and performance reviewed to identify habits and practices that could be improved to better meet objectives. For example, the consultation could lead to removing unnecessary approvals on completion of steps and revising procedures to manage reworks so other steps are not affected.

Survey feedback

Survey feedback involves presenting employees with questionnaires to obtain feedback to identify and assess attitudes. The survey results help to identify issues or inconsistencies. The questions may look at the organisation and team cultures, employment and pay conditions, the chain of command and senior leadership styles, and team structures. Differences between the current attitudes and those required during the change and for the future can be discussed and resolved in feedback groups.

Sensitivity training

Sensitivity training involves the use of unstructured group interaction to change behaviour. It is an intervention designed to help people understand how their behaviour affects others, and involves each member of a group or team putting themselves in another's position to be able to better relate to that person and their position. Team and group members need to be encouraged to share their perceptions of others and their values, beliefs and attitudes.

Training and development

Training is a critical component of any strategy for assisting organisation members to implement new ways of working, and is a key principle of building a learning organisation. It can take many forms including:

- mentoring to provide encouragement and guidance
- developing an employee's formal qualifications to help them adjust to new responsibilities
- offering internal and external opportunities to build communication, leadership, problem-solving and decision-making skills
- coaching for support and to resolve underperformance
- having redeployment strategies in place
- retraining when a redundancy is made to help the person find employment.

The training needs analysis (TNA) undertaken during the planning phase will have identified requirements. Leaders need to encourage team members to participate in the required training.

Understand needs

A coach needs to understand the people they are working with and select methods and strategies to suit them. Learner characteristics and needs can shape how the training is structured and delivered, the length of the training sessions, resources required and even the environment in which the training takes place. For example, a coach may use examples, verbal explanations, written instructions, demonstrations or shadowing, depending on the situation. If learners have language or literacy issues, these can be addressed with graphics, support in the person's first language, audiovisual material or a translator.

GROW model

The GROW model is a successful coaching model.

- G – goal: What behaviour needs to change? What SMART goal will enable the behaviour to change?
- R – reality: What is the current reality; what is happening and what is the effect?
- O – options or obstacles: What will enable you to solve the problem and what are the barriers?
- W – will or way forward: What will you do to reach the goal and what will enable you to commit to meeting the goal?

Success factors

Coaching is most effective when:

- the coach understands that their role is to help people learn and develop
- individuals and teams have the motivation to learn and improve the way they do things
- the coach gives guidance on what needs to be learnt and feedback on efforts and performance as learning progresses
- the learner's needs are taken into consideration (including language and literacy issues)
- the approach to learning is proactive, not simply a response to a problem
- the coach listens to individuals and teams and understands the complexity of the issues
- the coach uses the learner's past experiences and new experiences as a tool and opportunity for learning
- there are specific and definable goals to achieve, areas an individual or team can improve in, tasks to complete or challenges to meet.

Take advantage of opportunities

Analysis may reveal a positive or favourable variance in actual performance. As with negative variances, the root cause needs to be established to identify potential opportunities.

Consider the situation of a three-stage process to make significant improvements to a product and thereby increase your market share. At the end of stage one, variance analysis reveals that sales have increased. You discover that the root cause is that your only competitor for this product is experiencing quality problems. You could take advantage of this by seeking an increase in funding from senior management to get your product to market sooner than originally planned. This increased value to your customers could push your competitors out of the market.

Evaluate effectiveness of the initiative

To evaluate the effectiveness of the improvements or innovation, team, unit and organisational performance can be measured in relation to organisational objectives.

Evaluation questions

- Have the forecast benefits been realised?
- Has organisational performance improved as a consequence of the initiative?
- Are there any unforeseen positive or negative consequences of the initiative?
- Have the costs outweighed the benefits of the initiative?
- What has the team learnt and what needs be done to improve future initiatives and continuous improvement approaches?

Capture lessons learnt

Once the improvement or innovation has been introduced and is being evaluated, managers and team leaders should spend time with their groups, encouraging people to reflect on the learning and experiences that have come out of the process. This process should occur whether the change was successful, unsuccessful, or somewhere in between.

Through the debriefing process, organisation members can understand that they have the skills and capabilities to adapt to change and to accept and learn from failure. This is a critical and essential step in helping organisations promote learning and innovation. The organisation will increase its capacity to develop creative ideas and respond effectively to change internally and externally.

It can be easy for observations, suggestions and problems to be forgotten unless they are documented systematically in an organisation's knowledge management system (KMS). The aim of a KMS is to collect, analyse, organise and store information accurately and promptly and make it easy to retrieve and distribute.



2

Gather and analyse data and information

- Collect the data through review of documentation and figures, interviews and questionnaires.
- Organise the data.
- Examine collected information.
- Brainstorm information with the team.
- Compare information to evaluation criteria.
- Identify root causes of issues through cause and effects analysis.
- Prioritise issues for improvement.

3

Develop recommendations and plan improvements

- Determine what can be done to improve the policies, procedures and processes.
- Develop recommendations.
- Identify tasks to implement improvements and resources required.
- Prepare an action plan for improvement.
- Assign responsibilities to tasks required to implement improvements, such as new policies and procedures or software add-ons to improve reporting.
- Seek approval from senior management.

4

Implement and monitor improvements

- Implement the approved action plan.
- Ensure relevant staff are aware of changes and any training required in new procedures is carried out.
- Monitor performance according to identified time lines.
- Assess the effectiveness of improvements.
- If successful, inform stakeholders and adopt the improvements as the new standard practice.
- If not successful, then reassessment is required and the implementation of adjustments must be monitored.
- Set up processes to continue to monitor the improvements.
- Determine the timing for the next holistic evaluation.