Unit 15: Managing Business Activities for Achieving Results

Lesson 4

Dwayne Cargill
Colbourne College

October 2016

Learning Outcome 2

- Be able to develop plans for own area of responsibility to implement operational plans:
  - AC 2.1 design plans which promote goals and objectives for own area of responsibility
  - AC 2.2 write objectives, which are specific, measurable, achievable, realistic and timebased to align people and other resources in an effective and efficient way
  - AC 2.3 implement appropriate systems to achieve objectives in the most efficient way, on time, to budget and meeting organisational standards of quality
  - AC 2.4 carry out work activities meeting the operational plan through effective monitoring and control

In This Session

- LO2 Be able to develop plans for own area of responsibility to implement operational plans:
  - AC2.1 Design plans which promote goals and objectives for own area of responsibility
  - AC 2.2 Write objectives, which are specific, measurable, achievable, realistic and time-based to align people and other resources in an effective and efficient way
- Assessment Criteria
- Review Questions
- References

Introduction

- Planning is one of the significant activity not only for the management of an organization but also in our day to day life we need planning to think in advance of what is to be done in future. It creates a rough draft in our mind of how can we fulfill our objectives? Strategic Planning is concentrated towards attaining the long-term objectives of business, but if we talk about Operation Planning, it is done to achieve short-term objectives of the company (Surbhi, 2015) .

- The operational plan details how the organisation will accomplish the goals, objectives and strategies outlined in the strategic plan (dpac.tas.gov.au, 2015).

- Operation is that part of an organization, which is concerned with the transformation of a range of inputs into services having the required quality level.

Features of OP

- Surbhi (2015) identifies the following as features of Operational Planning:
  - Objectives need to be clearly defined.
  - Achievement of the desired result.
  - The activities are to be performed as decided.
  - Maintenance of quality standards.
  - Measuring performance.

Key Components

- Dpac.tas.gov.au (2015) indicates that the key components of the operational plan include:
  - Strategies
  - Actions
  - Prioritise actions
  - Timeframes
  - Resources
  - Responsibility
  - Performance indicators
  - Risk management
  - Communication plan
  - Review of plan

How to Design a OP

- Andrews (n.d.) notes some steps that organisations can take to develop a strong operations plan:
  1. Start with your strategic plan
  2. Focus on your most important goals
  3. Use leading – not lagging – indicators
  4. Don’t develop your KPIs in a vacuum
  5. Communication is paramount

Planning Template

Planning Grid						
Goal						
Objective						
Strategies (what)	Actions (how)	Priority (L/M/H)	Time Frames (when)	Resources	Responsibility (who)	Performance Indicators (measurement)

Areas of the Plan

- **Strategies** – How the objectives in your strategic plan will be achieved.
- **Actions** – Detailed description of the key actions to be undertaken to achieve each strategy.
- **Prioritise actions** – The importance of each particular action: low, medium, high. This gives an indication of which actions should be completed earlier or later in the plan.
- **Timeframes** – Describes the 'due date' for completion of each action.
- **Resources** – Resource implications: financial, material and human resources.

Areas of the Plan

- **Responsibility** – Who is responsible for completing the actions.
- **Performance indicators** – Indicators of what successful completion of each action looks like.
- **Risk management** – Assess the potential for elements of the plan to be unsuccessful and plan to manage this.
- **Communication plan** – How will the plan be communicated to have maximum benefit.
- **Review of plan** – Develop annual systems to ensure the plan remains current and progress is monitored.

Areas of Responsibilities

- In an organisation, there are several areas of responsibilities that need to be carried out. These may include:
  - Marketing
  - Sales
  - Production
  - Accounts and Finance
  - Human Resources
  - Corporate Services
  - Administration

AC 2.2:

- Write objectives, which are specific, measurable, achievable, realistic and time-based to align people and other resources in an effective and efficient way.

Setting Objectives

Thompson et. al (2005)

- *Purpose* of *setting objectives*
  - Converts vision into specific performance targets
  - Creates yardsticks to track performance
  - Pushes firm to be inventive, intentional, and focused in its actions
- *Setting challenging, achievable objectives guards against*
  - Complacency
  - Internal confusion
  - Status quo performance

Characteristics of Objectives

- Represent commitment to achieve *specific performance targets*
- Spell-out *how much* of *what kind* of performance *by when*
- Well-stated objectives are
  - *Quantifiable*
  - *Measurable*
  - Contain a *deadline* for achievement

Establishing objectives *converts* the *vision* into *concrete performance outcomes!*

Smart Objectives

S	SPECIFIC	Details exactly what needs to be done
M	MEASURABLE	Achievement or progress can be measured
A	ACHIEVABLE	Objective is accepted by those responsible for achieving it
R	REALISTIC	Objective is possible to attain (important for motivational effect)
T	TIMED	Time period for achievement is clearly stated

SMART Objectives	Objectives that are not SMART
• Complete at least 25 cold calls to qualified prospects by September 1, 2010.	• Conduct as many sales calls as possible as soon as possible.
• Increase sales of Waffle Wraps to chain grocery stores by 8% over last year by December 31, 2010.	• Sell as many Waffle Wraps as possible this year.
• Convert 33% of leads to customers within 30 days of initial contact.	• Convert some leads every day so that you always have new customers.
• Follow up with every prospect and customer within 48 hours of sales call.	• Follow up with every prospect and customer after a sales call.

Further readings

- http://www.web-books.com/eLibrary/NC/B0/B67/43MB67.html
- http://keydifferences.com/difference-between-strategic-planning-and-operational-planning.html
- http://www.dpac.tas.gov.au/__data/assets/pdf_file/0003/228522/Strategic_Operational_and_Planning_Toolkit.pdf
- http://www.leoisaac.com/operations/ops001.htm

REFERENCES

- Andrews, Brittany (n.d.) Developing An Operations Plan: 5 Key Elements retrieved from http://www.bigskyassociates.com/blog/developing-an-operations-plan-5-key-elements#sthash.DJaJsHdS.dpuf
- Dpac.tas.gov.au (2016) Strategic and Operational Planning Toolkit retrieved from http://www.dpac.tas.gov.au/__data/assets/pdf_file/0003/228522/Strategic_Operational_and_Planning_Toolkit.pdf
- Surbhi, S (2015) Differences Between Strategic Planning and Operational Planning retrieved from http://keydifferences.com/difference-between-strategic-planning-and-operational-planning.html#ixzz4Lsf6XeCf
- Thompson, Arthur, Strickland A.J, Gamble, John (2005) Crafting and Executing Strategy: The Quest for Competitive Advantage, Concepts and Cases, 14th ed. McGaw-Hill/Irwin Company
- Web-books.com (2016) Identify Precall Objectives: Getting Smart about Your Sales Call retrieved from http://www.web-books.com/eLibrary/NC/B0/B67/43MB67.html