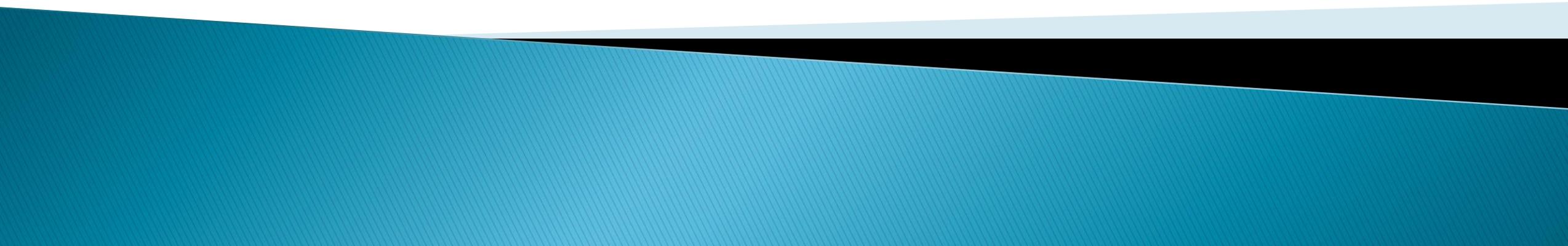


# Unit 15: Managing Business Activities for Achieving Results

Lesson 9  
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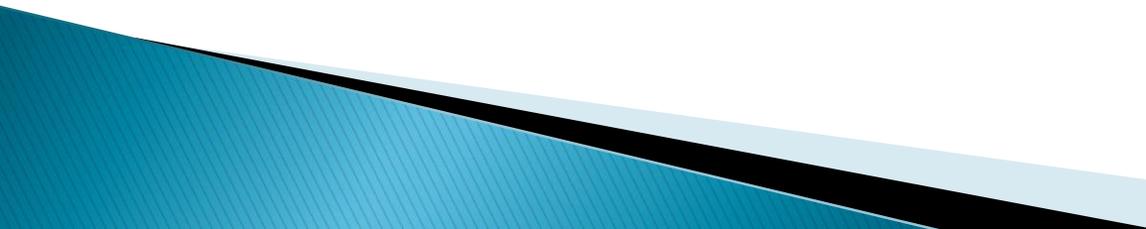
November 2016



# Learning Outcome 3

- ▶ Be able to monitor appropriate systems to improve organisational performance:
  - AC 3.1 Design systems to manage and monitor quality standards specified by the organisation
  - AC 3.2 Demonstrate a quality culture to ensure continuous monitoring, evaluation and development of the process
  - AC 3.3 Recommend improvements which align with the organisation's objectives and goals and which result in improvements
  - AC 3.4 Report on the wider implications of proposed changes within the organisation

# In This Session

- ▶ LO3 Be able to monitor appropriate systems to improve organisational performance:
    - AC 3.3 Recommend improvements which align with the organisation's objectives and goals and which result in improvements
    - AC 3.4 Report on the wider implications of proposed changes within the organisation:
  - ▶ Assessment Criteria
  - ▶ Review Questions
  - ▶ References
- 

# Organisational Performance

- ▶ According to Nadeau (2014) there are 6 steps that, executed effectively, drive performance improvement and growth capacity. These are:
  1. Engage Your People
  2. Leverage high-impact leadership practices
  3. Identify and remove internal roadblocks
  4. Align your metrics
  5. Use Training and development strategically
  6. Focus on your business strategy: you can't please every market
- ▶ Refer to <http://www.hrcsuite.com/organizations-performance/>

# Assessment Methods for Improvement

- ▶ Management can do utilised various methodologies to identify issues which requirement improvements in the organisation. The method selected is dependent on the issues that are being considered. Some the following techniques can be used:
  1. **Cost benefit Analysis** – Cost–Benefit Analysis (CBA) estimates and totals up the equivalent money value of the benefits and costs to the community of projects to establish whether they are worthwhile (Watkin, n.d). These projects may be dams and highways or can be training programs and health care systems.

In order to reach a conclusion as to the desirability of a project all aspects of the project, positive and negative, must be expressed in terms of a common unit; i.e., there must be a "bottom line." The most convenient common unit is money. This means that all benefits and costs of a project should be measured in terms of their equivalent money value.

# Assessment Methods for Improvement

2. **Risk Assessment** – Risk analysis is the review of the risks associated with a particular event or action (techopedia.com, n.d.). It is applied to projects, information technology, security issues and any action where risks may be analyzed on a quantitative and qualitative basis. Risk analysis is a component of risk management.

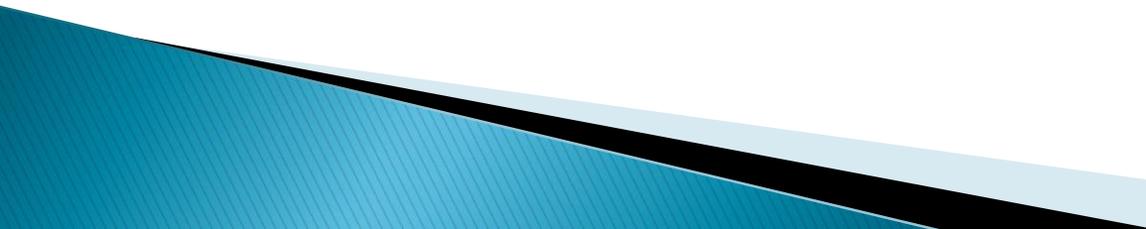
Risks are part of every IT project and business endeavor. As such, risk analysis should occur on a recurring basis and be updated to accommodate new potential threats. Strategic risk analysis minimizes future risk probability and damage.

3. **Business Process Re-engineering** – Kamam (2012) states that Reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service and speed

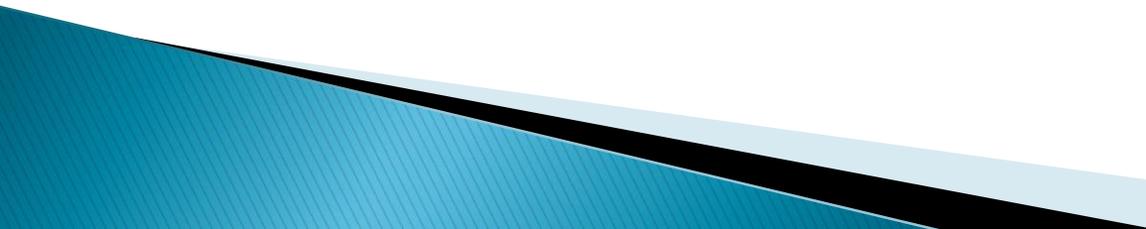
# Assessment Methods for Improvement

3. **Business Process Re-engineering** – BPR advocates that enterprises go back to the basics and re-examine their very roots. It doesn't believe in small improvements. Rather it aims at total reinvention. • BPR focuses on processes and not on tasks, jobs or people. A business process is a series of steps designed to produce a product or a service. It includes all the activities that deliver particular results for a given Customer(external or internal).
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# 3 Stages of Implementing Change

- ▶ Kirke (2013) indicate the following steps when implementing change:
    1. **Communicate the Rationale Behind the Need for Change** – is to explain to employees why it is important for the change to occur and the intended benefits.
    2. **Implement the Change in Phases** – Change is usually best received when it is implemented in bite sized chunks, unless of course, this is impossible (as in the case of mass redundancy or bankruptcy).
    3. **Evaluate, Review and Report on Change** – Careful monitoring of the entire change process is essential in order to be able to measure its impact and evaluate its success.
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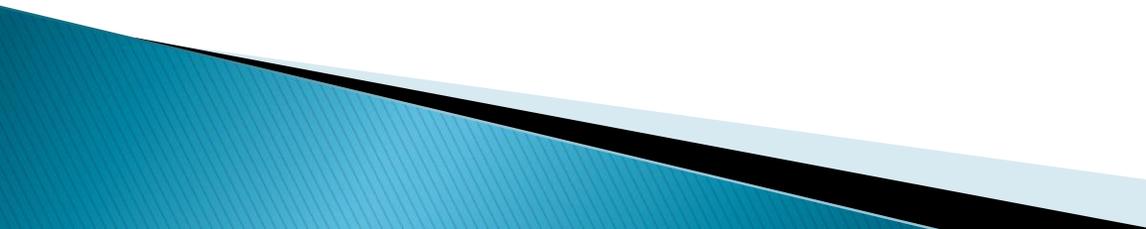
# Prevention over Correction

- ▶ Quality management is focused on the customer and meeting the customer's needs (referenceforbusiness.com, n.d.). Quality is controlled by prevention, i.e., quality is built in at every stage.
  - ▶ Teams solve problems and everyone is responsible for the quality of the product.
  - ▶ Just like in your business, it is best to make sure that you give proper care and/or maintenance to your equipment, property and workers before damage or health and hazardous risks can happen (paragonchemicals.com.ph, 2015).
  - ▶ Finally, it is best to train and provide all workers and staff with proper first aid measures in case an accident happens in the workplace.
  - ▶ Do not wait until an accident has already occurred or damage has been done to your property and your business. It is best to be aware, alert and vigilant at all times because after all, prevention is always better than correction.
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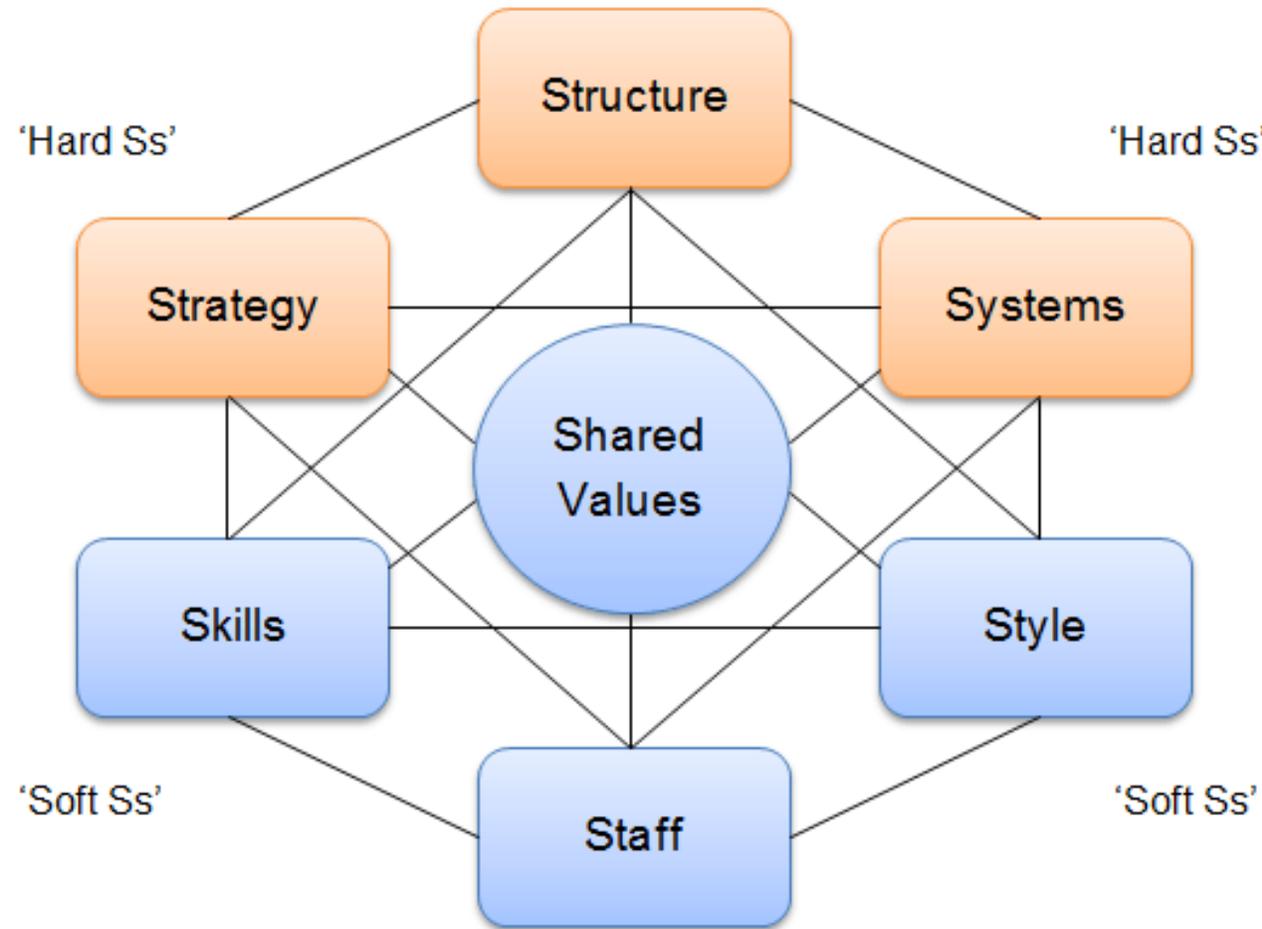
## Assessment Criterion 3.4:

Report  on the wider implications of proposed changes within the organization

# Dealing With Change in Business

- ▶ Management of Change (MOC) is about dealing with the technical side of change, often seen in a manufacturing or industrial setting, but it can be applied anywhere.
  - ▶ Change Management (CM) is about dealing with the people side of change, or changing people's behavior. Change management has at least three different aspects, including: adapting to change, controlling change, and effecting change.
  - ▶ Prosci.com (2016) indicates that change management is the discipline that guides how we prepare, equip and support individuals to successfully adopt change in order to drive organizational success and outcomes.
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# Diagram of McKinsley 7-S Framework



# 7S Framework

- ▶ McKinsey 7s model is a tool that analyzes firm's organizational design by looking at 7 key internal elements: strategy, structure, systems, shared values, style, staff and skills, in order to identify if they are effectively aligned and allow organization to achieve its objectives.
- ▶ The model can be applied to many situations and is a valuable tool when organizational design is at question. The most common uses of the framework are (Jurevicius, 2013):
  - To facilitate organizational change.
  - To help implement new strategy.
  - To identify how each area may change in a future.
  - To facilitate the merger of organizations.

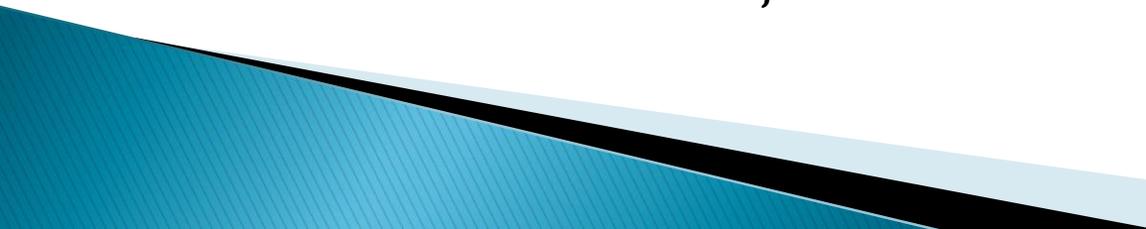
# 7S Framework

- ▶ Strategy is a plan developed by a firm to achieve sustained competitive advantage and successfully compete in the market. What does a well-aligned strategy mean in 7s McKinsey model? In general, a sound strategy is the one that's clearly articulated, is long-term, helps to achieve competitive advantage and is reinforced by strong vision, mission and values. But it's hard to tell if such strategy is well-aligned with other elements when analyzed alone.
- ▶ So the key in 7s model is not to look at your company to find the great strategy, structure, systems and etc. but to look if its aligned with other elements.

# 7S Framework

- ▶ **Structure** represents the way business divisions and units are organized and includes the information of who is accountable to whom (Jurevicius, 2013). In other words, structure is the organizational chart of the firm. It is also one of the most visible and easy to change elements of the framework.
  - ▶ **Systems** are the processes and procedures of the company, which reveal business' daily activities and how decisions are made. Systems are the area of the firm that determines how business is done and it should be the main focus for managers during organizational change.
  - ▶ **Skills** are the abilities that firm's employees perform very well. They also include capabilities and competences. During organizational change, the question often arises of what skills the company will really need to reinforce its new strategy or new structure.
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# 7S Framework

- ▶ **Staff** element is concerned with what type and how many employees an organization will need and how they will be recruited, trained, motivated and rewarded.
  - ▶ **Style** represents the way the company is managed by top-level managers, how they interact, what actions do they take and their symbolic value. In other words, it is the management style of company's leaders.
  - ▶ **Shared Values** are at the core of McKinsey 7s model. They are the norms and standards that guide employee behavior and company actions and thus, are the foundation of every organization.
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# Conclusion

- ▶ The McKinsey 7-S model is one that can be applied to almost any organizational or team effectiveness issue. If something within your organization or team isn't working, chances are there is inconsistency between some of the elements identified by this classic model (mindtool.com, n.d.). Once these inconsistencies are revealed, you can work to align the internal elements to make sure they are all contributing to the shared goals and values.
  - ▶ The process of analyzing where you are right now in terms of these elements is worthwhile in and of itself. But by taking this analysis to the next level and determining the ultimate state for each of the factors, you can really move your organization or team forward.
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# Further readings

- ▶ <http://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/enduring-ideas-the-7-s-framework>
  - ▶ <http://www.educational-business-articles.com/7s-model/>
  - ▶ <http://www.hrbsite.com/organizations-performance/>
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