

Unit 34: Operations Management

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Learning Outcome 4

- **LO4 Be able to apply relevant techniques to the production of an operational plan for an organisation.**
 - Ac 4.1 Produce a set of clearly defined operational outcomes for a selected organisation
 - AC 4.2 Produce a network plan indicating the resultant critical path.
 - 4.3 Justify how quality management techniques are applied to improve operations in a selected organisation

In this Session

- LO4 **Be able to apply relevant techniques to the production of an operational plan for an organisation:**
- AC 4.1 Produce a set of clearly defined operational outcomes for a selected organisation:
 - Operational plan: using planning techniques, e.g. Critical Path Analysis, meeting the requirements
 - Outcome determination: the five performance objectives
- Further readings
- References

Introduction

- Careful planning in the operational area can bring you success. Analyzing the day to day operations of your business will pay off in the form of increased profits as you find ways to reduce costs and improve productivity.

Overview of the Planning Process

- The Operational Plan is the next step in the business planning process after the Strategic Plan has been formed. According to leoisaac.com (2016) the strategies identified in the Strategic Plan become the start point for the Operational Plan. In reality, a Strategic Plan has limited value unless an Operational Plan follows. It is the Operational Plan that ensures that things get done.
- The Operational Planning process should involve the planners in active consultation with those staff and volunteers that will be key drivers of the plan. This consultation determines many important factors such as timelines for getting things done, whether the budget is realistic and, of course, who will take responsibility for each strategy/task.

Purpose of Operational Plan

- It is important to understand the difference between an "operational plan" and a "strategic plan". The strategic plan is about setting a direction for the organisation, devising goals and objectives and identifying a range of strategies to pursue so that the organisation might achieve its goals.
- The strategic plan is a general guide for the management of the organisation according to the priorities and goals of stakeholders. The strategic plan DOES NOT stipulate the day-to-day tasks and activities involved in running the organisation.

Purpose of Operational plan

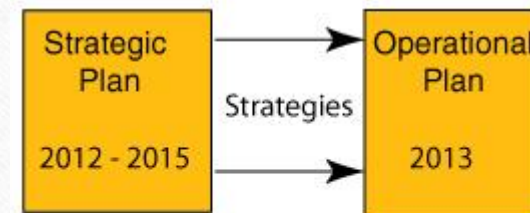
- On the other hand the Operational Plan DOES present highly detailed information specifically to direct people to perform the day-to-day tasks required in the running the organisation.
- Organisation management and staff should frequently refer to the operational plan in carrying out their everyday work.
- The Operational Plan provides the what, who, when and how much:

Purpose of Operational plan

- The Operational Plan provides the what, who, when and how much:
 - **what** - the strategies and tasks that must be undertaken
 - **who** - the persons who have responsibility of each of the strategies/tasks
 - **when** - the timelines in which strategies/tasks must be completed
 - **how much** - the amount of financial resources provided to complete each strategy/task

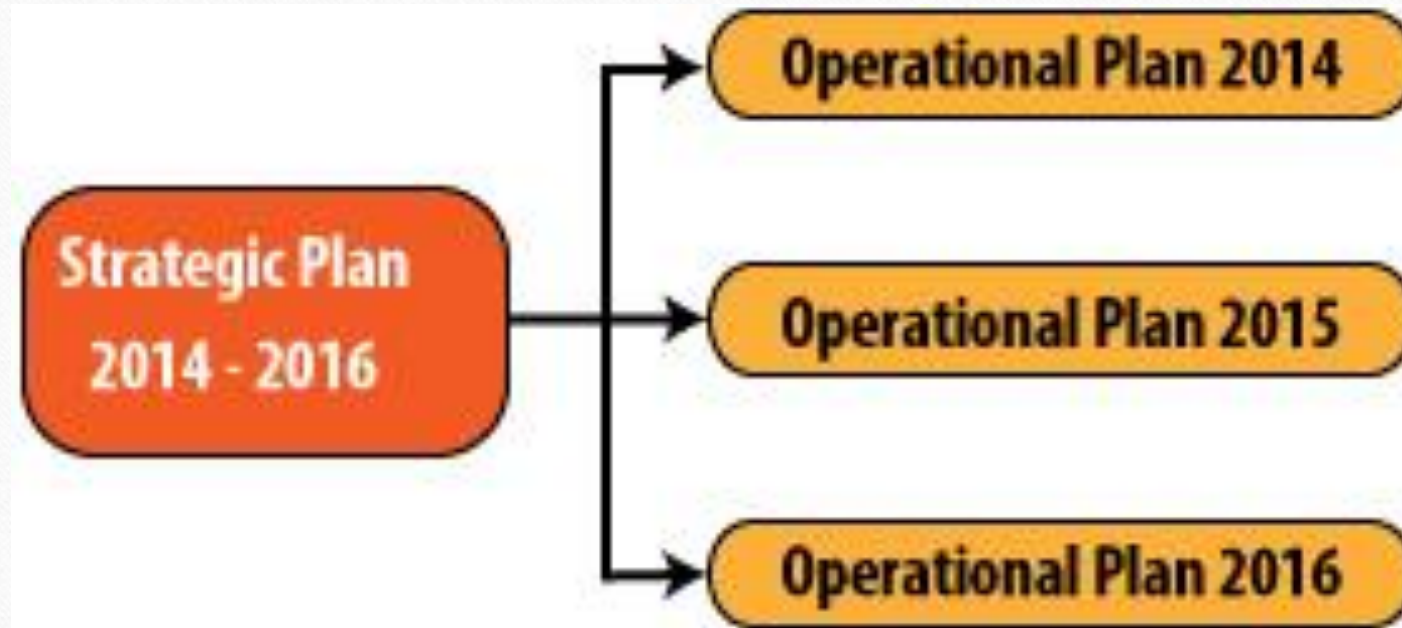
Purpose of Operational plan

- The purpose of the Operational Plan is to provide organisation personnel with a clear picture of their tasks and responsibilities in line with the goals and objectives contained within the Strategic Plan.
- Basically, the Operational Plan is a plan for the implementation of strategies contained within the Strategic Plan.
- It is a management tool that facilitates the co-ordination of the organisation's resources (human, financial and physical) so that goals and objectives in the strategic plan can be achieved.



Strategies are the end point of the Strategic Plan but the start point of the Operational Plan.

Strategic vs. Operational Plan



Planning Techniques

- Critical Path Analysis is used as planning, scheduling, and controlling techniques.
- The techniques calculate when an activity must start and end, together with whether the activity is part of the critical path.
 - Create an activity list
 - Create a precedence diagram
 - Assign estimates for each activity
 - Identify the critical path
 - Calculate the float of each activity in the project network diagram
- Critical Path technique can be used to control both the time and the cost of the project.
 - Best used in projects where the activity time estimate can be predicted fairly accurately.

Issues of Operational Plan

- Bennett (2015) indicates that in getting product or service out to the market, some issues that must be addressed in your operational plan:
 - ✓ Production or manufacturing
 - ✓ Facilities
 - ✓ Inventory
 - ✓ Distribution
 - ✓ Maintenance and service
 - ✓ Order fulfilment and customer service

Issues of Operational Plan

- Production or manufacturing: (size, location, nature of the machinery and equipment being used, techniques and processes, machinery.
- Facilities: Location must be adequate and positioned properly.
- Inventory: Have sufficient inventory at hand consistently. Develop systems to track the flow.
- Distribution: Develop excellent relationships with your suppliers and distributors. Have backups.
- Maintenance and service - Order fulfillment and customer service: Provide customer with guidance and support after a sale. Improve your order fulfillment process.

Operational Outcomes

- According to irap.appstate.edu (2016) operational outcomes are specific, measurable statements about improvements a unit would like to make to its programs or services.
- Each outcome should flow directly from a more general goal of the unit. For example, if an academic department has a goal of increasing diversity, then the department might have separate outcomes addressing the recruitment of more diverse students and recruitment of more diverse faculty.

Important Points about Operational Outcomes

- Irap.appstate.edu (2016) identify the following issues:
 - ❖ First, do not confuse outcomes with action plans. For example, setting up a table at Open House is not an appropriate outcome even though it may be part of an academic department's action plan to meet an outcome about increasing enrollment. One common problem with assessment reporting is that a unit might list tasks accomplished like a check list rather than focus on goals for continual improvement.
 - ❖ Second, it's ok to set lofty goals and outcomes. Always remember that assessment is about improvement. If the unit is constantly setting outcomes that are immediately attainable, then the unit probably has not set expectations high enough.
 - ❖ Outcomes should be SMART.

Developing Operation Outcomes

Question	Response
What is the overall unit Goal	
What specific objective are you focusing on?	
What do you know about your current status in this area (provide metrics where possible)	
How do you want to change this (provide numbers/percentages where possible)? These are the specific outcomes you will achieve	
What step(s) towards this goal can you complete (what specific outcomes can you achieve) this year (in some cases it may be all)? What activities will you implement?	
How will you measure this (provide at least one metric)? What's your data collection design?	

SMART Outcome

S	Specific	Clear and definite terms describing expected abilities, knowledge, values, attitudes, behaviors, and performance.
M	Measurable	Accurate, clear data – where possible, using a multi-method approach helps to make even more accurate.
A	Achievable	An achievable outcome – demonstrates real progress/change.
R	Realistic	Clearly describes expected standards of progress/ achievement
T	Time Sensitive	Provides a realistic time/frame to achieve the changes. May be multi-year with checkpoints

Source: Howell (2015)

Further Reading

- <http://www.leoisaac.com/operations/top025.htm>
- <http://scl.cornell.edu/sites/sas.cornell.edu/files/documents/ProgramandOperationalOutcomes.pdf>
- Process Map: Preparing an Operational Plan
 - http://www.leoisaac.com/operations/process_map_operational_planning.pdf

References

- Bennett, Claudette (2015) Operations Management Lecture Notes, Colbourne College
- Howell Linda (2015) SAS Writing Program and Operational Outcomes retrieved from <http://scl.cornell.edu/sites/sas.cornell.edu/files/documents/ProgramandOperationalOutcomes.pdf>
- Irap.appstate.edu (2016) What are Operational Outcomes retrieved from <http://irap.appstate.edu/node/400>
- Leoisaac.com (2016) Operational Planning retrieved from <http://www.leoisaac.com/operations/top025.htm>