

National Occupational Qualification: Grain Handling Controller

Curriculum Code 313911000

CLUSTER 1: OPERATIONS SUPERVISION AND MANAGEMENT

KNOWLEDGE MODULE



**agbiz** **GRAIN**
agricultural business chamber
the way to prosperity

Table of Contents

Introduction	1
Qualification Description	1
Occupational Curriculum: Grain Handling Controller	4
Module 1: Introduction to Supervision	6
Role of a supervisor	6
Functions of a supervisor	7
Planning, organizing, directing, controlling	12
Module 2: Manage People	16
Recruitment and selection	18
Training and development	18
Coaching and mentoring	21
Module 3: Manage performance	32
Introduction to performance management	33
Work scheduling	42
Module 4: Employee Relationship Management	64
Managing employee relationships	65
Discipline in the workplace	66
Workplace conflict and grievance procedures	69
Manage capacity-related problems	73
Module 5: Motivation and team leadership	77
Motivation	78
Leadership	83
Team work	94
Module 6: Basic Finance	109
Basic financial terminology	110
Budgeting	113
Financial Statements	125
Managing working capital	132
Assessing financial performance	134
Module 7: Communication	142
Introduction to communication	143
Presentations	149
Business writing skills	153
Module 8: Group interaction	159
Conduct meetings	159
Module 9: Decision making and problem solving	168
Principles of problem solving	168

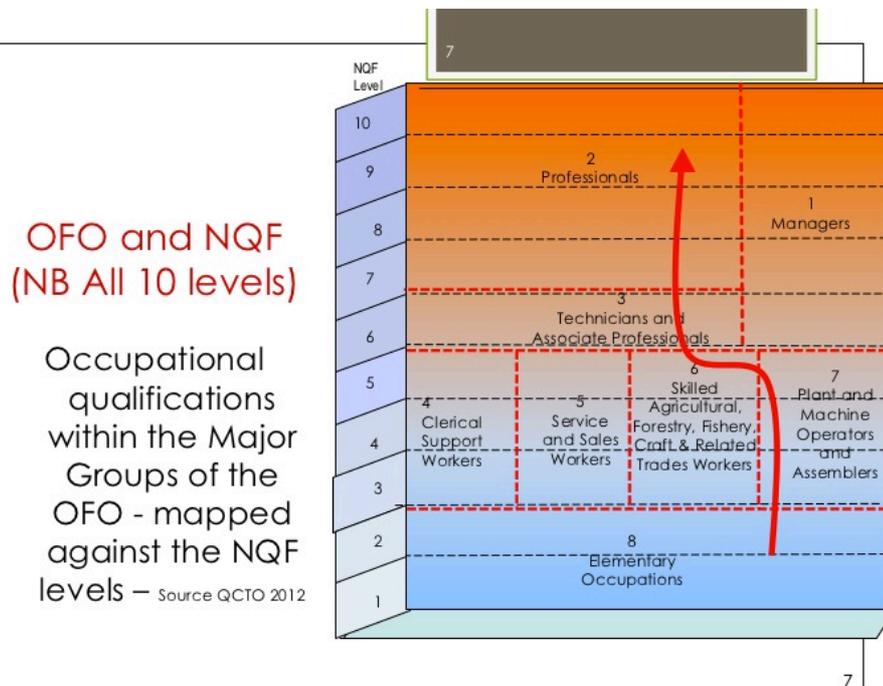
INTRODUCTION

Qualification description

The Department of Higher Education and Training (DHET) published the proposed Qualifications Sub-Frameworks for General and Further Education, and Trades and Occupations in the Government Gazette on 23-12-2011.

The QCTO was established in terms of the Skills Development Act in 2008 to oversee the design, development and quality assurance of qualifications required for the practise of trades and occupations

The sub-framework introduces two types of qualifications to be registered on the OQF. The National Occupational Qualification is the main qualification. It is a full qualification of 120 or more credits, and is associated with a trade, profession or occupation (or specialisation within an occupation). Occupational Awards will be the second type of qualification in the OQF, with a minimum of 25 and maximum of 119 credits. Occupational qualifications will be based on occupations listed in the Organising Framework for Occupations (OFO), and could be on all 10 levels.



Occupational qualifications will be designed to include three different types of unit standards, i.e. knowledge, practical and work experience unit standards. Each type of unit standard must cover a minimum of 20% of the total credits of the qualification, with the remaining 40% allocated according to the need of the particular occupation or occupational specialisation. The knowledge and practical unit standards can be taught and assessed in an integrated way.

All occupational qualifications will be assessed externally through an appropriate nationally standardised integrated summative assessment. The QCTO will issue occupational qualifications to learners who successfully complete these assessments

Each occupational qualification will have an Occupational Curriculum Document that describes:

- Specifications for the three learning components, with internal assessment guidelines for each
- Provider accreditation requirements for knowledge and practical skills components
- Workplace approval requirements for the work experience components
- Foundational learning competence that is a pre-requisite for the awarding of the national occupational qualifications on NQF Levels 3-4 (optional on NQF Levels 1 and 2)

Occupational Curriculum: Grain Handling Controller

Grain handling controllers are employed by enterprises involved in handling, storage and distribution of grain products. The need for formal certification of these persons has long been recognised and was achieved through the SAQA registered qualifications to date (23154 NC: Grain Handling Processes and 14873, ND: Grain Handling Management).

Upon meeting of the requirements of this curriculum, the learner will achieve a National Occupational Qualification: Grain Handling Controller (NQF Level 4). This qualification represents the first management level for persons seeking a career path in the grain handling industry. This qualification also addresses the need to promote employment opportunities in the grain silo industry as well as progression for many employed in the industry.

Further progressive career opportunities to higher management levels require of learners to gain work experience but do not require a further formal qualification.

Horizontal mobility and career opportunities to operational controllers in other industries are promoted in the design of the occupational qualification through standardisation of the management components of the curriculum.

PURPOSE OF THE QUALIFICATION

The core competencies of grain operations have been defined as the basic understanding and practical application of the management of grain quality and grain handling equipment as well as the management of operational technology, facility operations and human resources.

ENTRY REQUIREMENTS

Grade 12

Methodology



Knowledge Modules facilitated in classroom with a knowledge assessment.



Practical Activities in simulated environment with observation sheets



Prescribed workplace activities in a real work environment with logbook

Overview of Curriculum: Grain Handling Controller: 313911					
Knowledge Modules			NQF	Credits	Module nr
KM 01: Operations Supervision			4	8	
	KT 01	Introduction to supervision			KM 1 Mod 1
	KT 02	Performance management			KM 1 Mod 3
	KT 03	Motivation and team leadership concepts			KM 1 Mod 5
	KT 04	First-line discipline			KM 1 Mod 4
	KT 05	Basic financial concepts			KM 1 Mod 6
	KT 06	Work Efficiency and effectiveness			KM 1 Mod 3
KM 02: Communication studies			4	8	
	KT 01	Workplace Communication			KM 1 Mod 7
	KT 02	Group Interaction			KM 1 Mod 7
KM 03: Operations Management			5	16	
	KT 01	General business management concepts			KM 1 Mod 3
	KT 02	Grain handling industry structure and markets			KM 2 Mod 5
	KT 03	Personnel management concepts			KM 1 Mod 2
	KT 04	Employee relations management			KM 1 Mod 4
	KT 05	Financial Management Concepts			KM 1 Mod 6
	KT 06	Delegation			KM 1 Mod 3
KM 04: Stock Control			4	8	
	KT 01	Basic grain quality specifications			KM 2 Mod 2
	KT 02	Stock control and quality assurance concepts in grain handling and storage operations			KM 2 Mod 2
	KT 03	Introduction to stored grain pests			KM 2 Mod 2
KM 05: Bulk Grain handling and Storage Process Technology			4	24	
	KT 01	Grain handling and storage technology			KM 2 Mod 1
	KT 02	Grain handling facility and equipment maintenance and hygiene			KM 2 Mod 4
	KT 03	Statutory safety and health requirements and standard practices.			KM 2 Mod 3

MODULE 1 : INTRODUCTION TO SUPERVISION



Learning Outcomes

- Demonstrate understanding of the roles and responsibilities of a supervisor
- Explain the use of standard workplace practices and procedures to direct work process

Role of a supervisor

Supervisors manage both processes and people.

Process responsibilities include activities such as:

- Work unit planning
- Budgeting
- Scheduling
- Task/work assignment
- Work implementation and problem solving

- Monitoring work unit progress
- Evaluating results

People responsibilities include activities such as:

- Developing work team and individual employee skills and capabilities
- Motivating employees
- Monitoring and providing feedback on day-to-day performance
- Conducting formal performance reviews
- Carrying out disciplinary activity

In the majority of organizations today, supervisors typically have dual roles: that of supervisor and that of worker. This means that a percentage of a supervisor's time is spent on supervisory activities and a percentage of their time is spent on doing his or her own functional/technical activities.

Typically the amount of time spent on supervisor activities, versus functional/technical activities, increases with:

- The seniority (level) of the managerial job
- A greater number of employees being supervised
- Greater complexity of the goals and responsibilities within the function
- Lower expertise and knowledge of employees being supervised
- Greater risks associated with the work being completed

Functions of a supervisor

The following are examples of typical supervisory functions: **people management** and **task management**. Each organization will need to define the functions that best meet the specific needs of the organization and what the proper balance is between the two functions.

People management functions

Typical people management functions of a supervisor include:

- Developing work team and individual employee skills and capabilities
- Motivating employees

- Monitoring and providing feedback on day-to-day performance
- Formal performance review
- Disciplinary action

Developing work team and individual employee skills and capabilities

As part of achieving objectives, supervisors need to ensure that their work team is comprised of individuals with the skills, knowledge, and capabilities to carry out the work. Supervisors can achieve the desired mix of skills, knowledge, and capabilities through effective staffing and/or through the development of current employees.

Supervisors should identify development needs jointly with their employees to determine appropriate development opportunities and activities. While the identification of development needs is often part of the formal performance management process, it is important to have the discussion with employees whenever assigning a new project or activity, or when the supervisor observes the employee struggling to achieve assigned objectives. Development opportunities could include things such as job shadowing, working on a particular task force or project or a temporary job assignment. Development activities could include coaching or mentoring (often from the supervisor, but could be from another employee or manager), on the job training or a training course.

Motivating employees

Supervisors are responsible for ensuring that work unit goals and objectives are achieved. Critical to fulfilling this responsibility is motivating employees to successfully accomplish assigned activities. Supervisors can use a number of motivation techniques, including:

- Providing positive feedback on employee achievements
- Assigning interesting and challenging work
- Providing effective guidance, support and training
- Recognizing and rewarding positive performance
- Tailoring work assignments, rewards and recognition to individual employee needs and desires
- Leading by example (nothing is more de-motivating than a supervisor who expects employees to "do what I say" not "what I do")

Monitoring and providing feedback on day-to-day performance

While most organizations require an annual performance review be done with all employees, effective people management is based on on-going feedback, coaching and support throughout the year. Supervisors are responsible for monitoring day-to-day performance and providing employees with timely and constructive feedback - both positive and negative.

Monitoring day-to-day performance does not mean watching over every aspect of how the employee carries out assigned activities and tasks. Supervisors should not micro-manage employee performance but instead should focus their attention on results achieved, as well as individual behaviours and team dynamics affecting the work environment.

Formal performance review

In most organizations supervisors are required to conduct a formal review with all of their employees (usually annually, more often in other organizations). Performance management is an on-going process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the business.

Disciplinary action

Supervisors are required to carry out disciplinary actions with employees, when required, to ensure performance expectations are met and a positive work environment is maintained. Discipline in the workplace is the means by which supervisory personnel correct behavioural deficiencies and ensure adherence to established company rules. The purpose of discipline is correct behaviour. It is not designed to punish or embarrass an employee. Often, a positive approach may solve the problem without having to discipline. However, if unacceptable behaviour is a persistent problem or if the employee is involved in a misconduct that cannot be tolerated, management may use discipline to correct the behaviour.

Process management functions

Typical process management functions of a supervisor include:

- Work unit planning and budgeting
- Scheduling
- Task/work assignment
- Implementation and problem solving
- Monitoring work unit progress

- Evaluating and reporting on results

Work unit planning and budgeting

Work unit planning involves establishing goals and objectives for the work unit being supervised. Work unit planning is done at the operational level, but should be developed based on an understanding of the organization's strategy (organization mission, goals and objectives) and how the work unit contributes to the achievement of that strategy.

As a management team, supervisors need to identify a combination of qualitative as well as quantitative measures for the organization as a whole, and individually, for their own work unit.

Qualitative goals could relate to things such as the satisfaction of employees, clients and funders, reputation in the industry, recognition in the community, and service quality.

Quantitative goals could relate to things such as meeting budget targets, cost of administration versus service provision, clients served and employee turnover and retention.

For each goal, whether qualitative or quantitative, supervisors should reflect on and document:

- What - the activities involved and expected outcomes related to this goal
- How -- the activities and desired behaviours required to complete the goal
- When - the timing of activities and the target date for goal achievement

Budgeting is a key element of work unit planning. Budgeting is usually an iterative process, based on:

- Assessing the previous year's estimated and actual budget
- Determining the money needed to carry out the work required to achieve the upcoming year's goals and objectives
- Presenting the budget request to the senior management team
- Adjusting the budget and work unit plan to match the amount allocated by the senior management team
- Monitoring and effective management of income/cost
- Implement corrective measures

Scheduling

Scheduling can refer to assigning staff to particular shifts or work hours in an organization where services are provided and/or organizational activities occur outside the normal business week.

Scheduling can also refer to organizing work unit tasks for the day, week, month and/or quarter in order to produce outputs or deliver services in a timely manner. This includes coordinating with the outputs or services of other work units and ensuring that organizational needs and commitments are met.

Task/Work assignment

Task/work assignment involves assigning specific work tasks and responsibilities to employees in the work unit. The supervisor:

- Determines the skills, knowledge and capabilities required to carry out the task
- Assesses the skills, knowledge and capabilities of the individual employees
- Assigns work to the most appropriate individual

When assigning work to employees, the supervisor needs to consider not only what each employee is capable of doing but also what assignments will provide challenges and development opportunities to employees.

Implementation and problem solving

The supervisor is responsible for ensuring that activities and tasks within the work unit are implemented effectively. This requires the supervisor to oversee the implementation of activities and tasks at the individual employee level as well as managing the implementation at the work unit level.

During implementation of activities and tasks the supervisor is often required to solve problems impacting the ability of the work unit to achieve its goals and objectives. The cause of the problem can be internal to the work unit, such as a lack of skills, knowledge, resources, or time to complete tasks, or external to the work unit, such as coordination issues with other work units or external parties. The supervisor needs to determine the root cause of the problem and determine an effective course of action to resolve the issue.

Monitoring work unit progress

Monitoring work unit progress on achieving goals and objectives involves tracking progress on projects and individual employee assignments. The tracking process should reflect the

work cycles within the work unit (typically monthly or quarterly, but can also be weekly in certain work environments). Supervisors should develop a method for tracking progress that provides them with enough information at the right time to identify and resolve problems but is not overly burdensome to either themselves or their employees.

Evaluating and reporting on results

Supervisors are responsible for evaluating the results achieved by the work unit and reporting those results to their manager. Evaluation of results involves not only determining if planned goals and objectives have been met, but also how effectively they were met. The supervisor is also required to explain causes and impacts of unmet goals, as well as recommend solutions for addressing any issues/risks accrued to the organization as a result of unmet goals.

The content requirements and format of reports are usually established at the senior management level to ensure consistent measurement and reporting across the organization.

Planning, organizing, directing, controlling

Planning

Planning is the function of management that involves setting objectives and determining a course of action for achieving these objectives.

There are many different types of plans and planning.

- **Strategic planning**

Strategic planning involves analyzing competitive opportunities and threats, as well as the strengths and weaknesses of the organization, and then determining how to position the organization to compete effectively in their environment. Strategic planning has a long time frame, often three years or more. Strategic planning generally includes the entire organization and includes formulation of objectives. It is often based on the organization's mission, which is its fundamental reason for existence. An organization's top management most often conducts strategic planning. The manager in a bulk grain handling environment will have to plan strategies to increase market share in a very tough, competitive environment. The manager also needs to ensure that niche markets are identified in line with the consumers' needs. Lastly, he needs to ensure that the bulk storage facility consistently increases its storage capacity in order to be competitive in the market.

- **Tactical planning**

Tactical planning is intermediate-range planning that is designed to develop relatively concrete and specific means to implement the strategic plan. Middle-level managers often engage in tactical planning. Tactical planning often has a one- to three-year time horizon.

- **Operational planning**

Operational planning generally assumes the existence of objectives and specifies ways to achieve them. Operational planning is short-range planning that is designed to develop specific action steps that support the strategic and tactical plans. Operational planning usually has a very short time horizon, from one week to one year.

Planning by a depot manager is crucial when it comes to bin allocation. Planning assists the manager in determining which hopper is allocated to the type/grade of product.

The separate storage of different grain types may seem like a logical storage method, but this may result in being impractical due to the fact that the speed of the depot is restricted when receiving or discharging products.

The distribution of types of product to either side of the silo complex means that two conveyer belts can be used for offloading/dispatch and allows the depot to manage the process more efficiently.

In order to plan these management actions, the manager must at all times know what is going on in his depot and production area with respect to:

- Crops planted (product type, colour, grade and class)
- Harvest estimates
- Potential tons yield per hectare (climatic conditions)
- Types of product to be delivered
- When intake will happen (irrigation planning, early and late planting)
- Dispatching programme – when dispatching grain an intake hopper is removed from the receiving system

Organizing

Organizing is the function of management that involves developing an organizational structure and allocating human resources to ensure the accomplishment of objectives. The structure of the organization is the framework within which effort is coordinated. The structure is usually represented by an organization chart, which provides a graphic representation of the chain of

command within an organization. Decisions made about the structure of an organization are generally referred to as "organizational design" decisions.

Organizing also involves the design of individual jobs within the organization. Decisions must be made about the duties and responsibilities of individual jobs as well as the manner in which the duties should be carried out.

Directing

Directing involves influencing others toward the attainment of organizational objectives. Effective leading requires the manager to motivate subordinates, communicate effectively, and effectively use power. If managers are effective leaders, their subordinates will be enthusiastic about exerting effort toward the attainment of organizational objectives. To become effective at leading, managers must first understand their subordinates' personalities, values, attitudes, and emotions.

Controlling

Controlling involves ensuring that performance does not deviate from standards. Controlling consists of three steps, which include establishing performance standards, comparing actual performance against standards, and taking corrective action when necessary. Performance standards are often stated in monetary terms such as revenue, costs, or profits, but may also be stated in other terms, such as units produced, number of defective products, or levels of customer service.

The measurement of performance can be done in several ways, depending on the performance standards, including financial statements, sales reports, production results, customer satisfaction, and formal performance appraisals. Managers at all levels engage in the managerial function of controlling to some degree.

	Please complete Knowledge Activity: Multiple choice test
	Please complete Workplace Activity: Task 2

MODULE 2: MANAGE PEOPLE



Learning outcomes

- Demonstrate an understanding of the recruitment and selection process
- Demonstrate an understanding of the training and development environment in South Africa (including The Occupational Qualifications Framework, Training delivery models, Defining training needs of employees)
- Demonstrate an understanding of the application of coaching and mentorship in building competencies

Recruitment and Selection

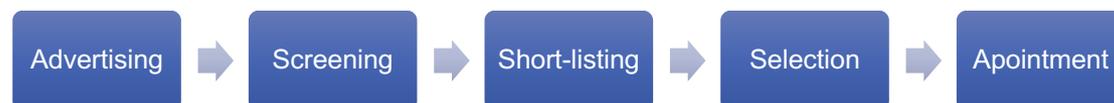
Recruitment can be defined as searching for and obtaining a pool of potential candidates with the desired knowledge, skills and experience to allow an organisation to select the most appropriate people to fill job vacancies against defined position descriptions and specifications.

The purpose of the recruitment process is to find the widest pool of applicants to provide the greatest opportunity to select the best people for the required roles in an organisation.

Acquiring the best applicants for a role can be a competitive advantage for an organisation whereas ineffective recruitment and selection can result in enormous disruption, reduced productivity, interpersonal difficulties and interruptions to operations, customer service and long term costs.

Once a pool of candidates has been identified through the recruitment process the most appropriate candidate, or candidates are identified through a selection process including but not limited to interviewing, reference checking and testing. **The purpose of the selection process is to ensure that the best person or people are appointed to the role or roles using effective, fair and equitable assessment activities.**

Recruitment and selection is a process consisting of different phases, which follow onto one another and are also interdependent.



The recruitment process usually begins with the placement of an advertisement. The wording of the advertisement is, of course, pivotal and the employer should take care that the advertisement is worded in such a way that it does not directly or indirectly discriminate against any group of people or places undue obstacles in their way. For example, it may amount to discrimination to require qualifications that are not absolutely necessary for the job.

The screening process therefore seeks to identify those applications that meet the basic entry-level requirements and those advertised. Applications that are therefore incomplete or do not meet the basic appointment criteria are considered unsuccessful applications.

For the screening process to meet its objectives, certain basic principles need to be adhered to.

- A fair set of screening criteria should apply, which should have the sole purpose of identifying those applicants who meet the basic appointment and advertised requirements.
- Screening criteria must be in line with the job content and appointment, as well as advertised requirement so that applicants screened are clear on the criteria that apply.
- The criteria should apply to all applicants in a consistent manner.

After having completed the screening process and eliminated those applicants that do not meet the basic requirements, the next objective should be to identify a manageable size (pool) of applicants (a short-list) who are best suited to fill the position successfully and from whose ranks the most suitable candidate(s) is/are to be selected.

Advertisements generally only specify the minimum appointment requirements in respect of qualifications and competencies (knowledge, skills and, where required, experience). Such candidates enjoy a legitimate expectation to be considered for the position. However, this does not prohibit an employer from giving a more favourable consideration to applicants that surpass the minimum requirements as long as it is in line with the job content. At the end of the day it is about identifying a manageable pool of best suited candidates for a specific position, in the interest of the employer, taking into account Affirmative Action and Employment Equity objectives.

The screening and short-listing phases are directed at identifying a pool of candidates from amongst those who qualify for appointment that are best suited for the position. The final selection phase is to identify the most suitable candidate(s) from amongst this pool of candidates (short-listed candidates) with due regard to the –

- departments' HR, Affirmative Action (AA) and strategic service delivery objectives; and
- advertised post and person specifications.

Selection can be based on one or more of the following well-structured techniques:

- Interviews
- Psychometric testing
- In-basket simulations
- Written tests
- Review of past accomplishments
- Assessment centers

- Reference-checking.

Training and Development

Training can be defined as “the steps taken to qualify a person for his present job”, while development can be defined as “equipping an employee for work at a higher level”

All employees have a right to expect adequate training before being held responsible for their work.

Remember:

Training does not compensate for:

- Weaknesses in the organisation structure or procedures
- Ineffective management or supervision
- Poor selection practices

Problems arising from these factors must be corrected at the source.

Required performance – Actual Performance=Need

The main test for a training need is this:

Does the employee know how to meet the performance standards for an accountable task? If the answer is “yes”, then there is no training need. There is a performance problem that will not be solved through training. The employee already knows how. There are other obstacles to satisfactory performance.

The Training and Development environment in South Africa

South Africa's employee training and development is seen as a key factor in meeting an organisation's strategic, business and operational goals. The government has also realised the importance of training and development and have passed the following acts: South African Qualifications Authority Act, No. 58 of 1995, the Skills Development Act, No. 97 of 1998 and the Skills Development Levies Act, No. 9 of 1999. These acts have gone a long way in order to sustain training and development in South Africa.

The skills development legislation was promulgated in response to:

- poor quality and relevance of occupational learning in South Africa
- limited learning pathways for students and unemployed poor investment in training by employers despite the skills content of jobs increasing

The SAQA Act, the Skills Development Act, the Skills Development Levies Act and the Employment Equity Act aim to increase both the relevance and credibility of education and training, and to enhance the quality and quantity of learners entering the labour market.

South African Qualifications Authority (SAQA), Act no 58 of 1995

SAQA's purpose:

- To oversee the development of the National Qualifications Framework (NQF)
- To formulate and publish policies and criteria
- To oversee the NQF registration and standard qualifications
- To ensure compliance for accreditation

Skills Development Act, 97 of 1998

Purpose:

- To develop the skills of the South African workforce
- To increase levels of investment in education and training
- To encourage employers to use the workplace as an active learning environment
- To provide employees with opportunities to acquire new skills
- To encourage employees to participate in learnership and other training programmes
- To improve employment prospects of the previously disadvantaged through education and training

Skills Development Levies Act, 9 of 1999

The National Skills Fund was established by the Skills Development Act (SDA). The purpose of the Act will be achieved through the NSF and the Levy Grant Scheme where employers

have to contribute to training and education through the payment of levies. This requires registration with the SA Revenue Services (SARS) for levy purposes.

Who must pay the levy?

Every employer in South Africa who is registered with SARS for PAYE and that has an annual payroll in excess of R500 000. This constitutes 1.0% of the annual payroll.

The Workplace Skills Plan (WSP) and the Annual Training Report

Employers wishing to be eligible for the claiming of grants must compile a Workplace Skills Plan (WSP) and submit it for approval to the relevant Seta by the 30th of September of each year. In the WSP the employer provides a demographic profile of his workforce and also identifies training needs in consultation with the training committee.

After the training has been completed, it is reported in the Annual Training Report (ATR), which is submitted together with the WSP for the following year.

The Future of training and development in South Africa

Upon a review of the implementation of the NQF that was initiated in 2001, it was decided that improvements needed to be made. One concern was that there were too many bodies responsible for standards generation and quality assurance, which led to confusion and the duplication of work. Also, there was a need for the different approaches and practices within the education, training and skills development system to be accommodated. The design of the NQF architecture followed a 'one size-fits-all' approach and it became clear to all stakeholders that different kinds of learning in different contexts required different qualification types and quality assurance models. The review revealed that, although there was agreement on the NQF principles, not all of these were reflected in practice.

The Skills Development Act Amendment Bill introduces the **Quality Council for Trades and Occupations (QCTO)**, which will coordinate learning towards occupational competence within our national learning system.

The Skills Development Act Amendment Bill will facilitate the development of a demand-driven occupational learning system that will provide relevant occupational skills (especially in terms of workplace experience) and be less bureaucratic. The QCTO will ensure that learning programmes can be developed to address specific scarce and critical skills needs. The legislation also allows for different kinds of learnerships, so that apprenticeships and internships can be accommodated and different learning routes can be selected. The QCTO

recognises the need for all occupational learning to build on general knowledge and theory, and provides for linkages and partnerships with both public and private provider systems. In order to fulfil its mandate, the QCTO will cooperate closely with SAQA, the other QCs and professional bodies.

The QCTO will manage and coordinate the qualifications in the occupational qualifications framework in terms of their development, provision, assessment and impact. Its scope will be the development and quality assurance of fit-for-purpose occupational qualifications and unit standards as required by the labour market for work and employment purposes.

The QCTO will develop fit-for-purpose occupational qualifications that will be certificated as National Occupational Awards or National Skills Certificates. The awards will name the relevant occupation that the learner is now competent to practice. The focus of occupational qualifications will be the development of occupational competence which, in turn, contributes to increased employment rates and productivity.

Coaching and mentoring to build competencies

What is Mentoring?

Mentoring is a relationship in which one person (the mentor) - usually someone more experienced - helps another (the mentee) to discover more about themselves, their potential and their capability. The relationship between mentor and mentee can be informal - where the mentee leans on the mentor for guidance, support, help and feedback.

Mentoring has become an effective method for businesses to help employees with orientation, career advancement, problem solving, coaching, and support. In addition, mentors can assist employees to deal with the challenges associated with successful, productive, meaningful work life.

The Difference between the Managerial Role and Mentoring Role

While many managers demonstrate mentoring behaviour on an informal basis, it is very different from having a structured mentoring program. There is a qualitative difference between a manager- employee relationship and a mentor-mentoree relationship.

Mentoring is a formal voluntary arrangement where an experienced individual provides one-to-one support and encouragement over a period of time to another person in order to assist them set and achieve goals; develop their skills; manage their own learning and development; and maximise their potential to become the person they want to be.

Mentoring is equipping, teaching, training, encouraging, motivating and enabling someone else to maximise his or her potential it is a one-to-one, non-judgmental relationship in which an individual voluntarily gives time to support and encourage another.

The manager-employee relationship focuses on achieving the objectives of the department and the company. The manager assigns tasks, evaluates the outcome, conducts performance reviews, and recommends possible salary increases and promotions.

Because managers hold significant power over employees' work lives, most employees demonstrate only their strengths and hide their weaknesses in the work environment.

A mentor-mentoree relationship focuses on developing the mentoree professionally and personally. As such, the mentor does not evaluate the mentoree with respect to his or her current job, does not conduct performance reviews of the mentoree, and does not provide input about salary increases and promotions.

This creates a safe learning environment, where the mentoree feels free to discuss issues openly and honestly, without worrying about negative consequences on the job.

Difference between mentoring and coaching

Mentorship refers to a developmental relationship between a more experienced person / mentor and a less experienced partner referred to as a mentee or protégé - a person guided and protected by a more prominent person. For example, in some programs, newcomers to the organisation (protégés) are paired with more experienced people (mentors) in order to obtain information, good examples, and advice as they advance.

Coaching is a useful way of developing people's skills and abilities, and of boosting performance. It can also help deal with issues and challenges before they become major problems.

A coaching session will typically take place as a **conversation** between the coach and the coachees (person being coached), and it focuses on helping the coaches discover answers for themselves. After all, people are much more likely to engage with solutions that they have come up with themselves, rather than those that are forced upon them! In some organisations, coaching is still seen as a corrective tool, used only when things have gone wrong. But in many companies, coaching is considered to be a positive and proven approach

for helping others explore their goals and ambitions, and then achieve them.

Managers and leaders in the organisation can be effective coaches. Managers don't have to be trained formally as coaches. As long as they stay within the scope of their skill set, and maintain a structured approach, they can add value, and help develop their people's skills and abilities.

People often confuse mentoring and coaching. Though related, they are not the same. A mentor may coach, but a coach is not a mentor. Mentoring is “relational,” while coaching is “functional.”

Coaching		Mentoring
Task focus, skill development, narrower perspective	What is the focus?	Relationship focus, personal development, broader perspective
Coach is responsible for training	Who is responsible for what?	Mentee is responsible for learning
Coach may be hired or may be matched by others	Who selects?	Mentor is typically identified by mentee but may be matched
Training, instructing, assessing, providing feedback	What are the key activities?	Providing information, suggesting, guiding, sharing experience
Regular meetings, formalized structure with monitoring and evaluation	What is the structure?	Can be formal or informal, meetings as planned or when needed
Short-term, may be time-bound	What is the timeline?	Long-term, may be lifelong
To develop specific skills and/or improve work performance	When to use it?	To guide personal and/or career growth and development

<http://tarunagoel.blogspot.ca/>

10 QUALITIES OF A GREAT MENTOR

Every successful person in the world whether they're an entrepreneur, an athlete or a musician all had great mentors who helped them unlock their potential. Here's how you can tell whether or not you have a great mentor or not.

A great mentor...



Mentoring Models

One of the advantages of mentoring is that it can be adapted to any organisation's culture and resources. There are several mentoring models to choose from when developing a mentoring program, including the following:

One-On-One Mentoring

The most common mentoring model, one-on-one mentoring matches' one mentor with one mentee. Most people prefer this model because it allows both mentor and mentee to develop a personal relationship and provides individual support for the mentee. Availability of mentors is the only limitation.

Resource-Based Mentoring

Resource-based mentoring offers some of the same features as one-on-one mentoring. The main difference is that mentors and mentees are not interviewed and matched by a Mentoring Program Manager. Instead, mentors agree to add their names to a list of available mentors from which a mentee can choose. It is up to the mentee to initiate the process by asking one of the volunteer mentors for assistance. This model typically has limited support within the organisation and may result in mismatched mentor-mentee pairing.

Group Mentoring

Group mentoring requires a mentor to work with 4-6 mentorees at one time. The group meets once or twice a month to discuss various topics. Combining senior and peer mentoring, the mentor and the peer's help one another learn and develop appropriate skills and knowledge.

Group mentoring is limited by the difficulty of regularly scheduling meetings for the entire group. It also lacks the personal relationship that most people prefer in mentoring. For this reason, it is often combined with the one-on-one model. For example, some organisations provide each mentoree with a specific mentor. In addition, the organisation offers periodic meetings in which a senior executive meets with all of the mentors and mentorees, who then share their knowledge and expertise.

Training-Based Mentoring

This model is tied directly to a training program. A mentor is assigned to a mentoree to help that person develop the specific skills being taught in the program. Training-based mentoring is limited, because it focuses on the subject at hand and doesn't help the mentoree develop a broader skill set.

Multiple Mentors

In this model, the mentee has more than one mentor, and the mentors meet individually with the mentee. While some of the benefits of team mentoring are lost, this method may be easier to manage, given busy schedules and the possibility that mentors are located across the country.

Peer Mentoring

Peer mentoring involves mentoring by colleagues who are at a similar point in their career or are maybe a year or two ahead of the mentee. The peer mentoring model is less formal and less inhibiting than other mentoring models.

Distance Mentoring

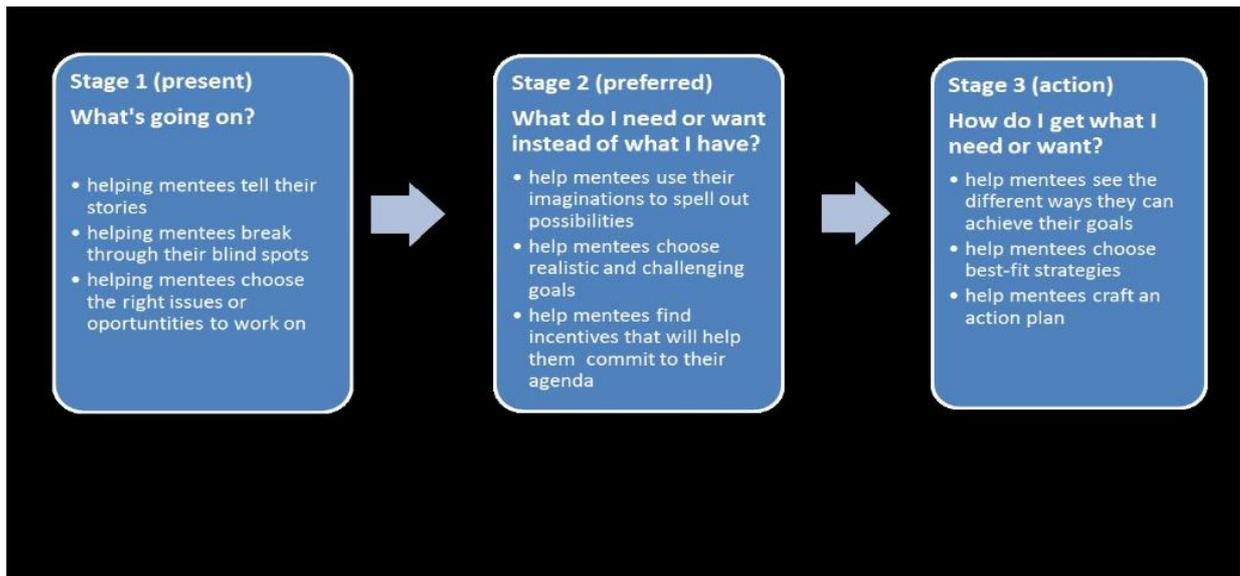
Mentoring via e-mail, supplemented by telephone calls and occasional visits, can be highly effective for mentees with mentors at different institutions. We encourage mentees to look outside their institution to find an external expert. This is especially true if a particular area of expertise is needed and is not represented within the institution. However, there are other reasons for seeking an external mentor, such as broadening networking possibilities and increasing contacts with others in the field.

Egan's Skilled Helper Model

Egan's Skilled Helper model is not a specific mentoring model but is a problem solving / 'helping' model. As such this model could lend itself well to an informal mentoring situation as the focus of the model is the individual (mentee) who is supported to help themselves in identifying and taking up opportunities to aide their situation.

The model was developed to aid people 'to manage their problems in living more effectively and develop unused opportunities more fully and to 'help people become better at helping themselves in their everyday lives.'

In Egan's model a 3 stage framework addresses the following:



Coaching

Management coaching aims to encourage individuals to solve problems for themselves rather than pass them back to their manager.

Coaching can be defined as unlocking a person's potential to maximise their own performance. It is helping them to learn rather than teaching them. (Whitmore 2002)

As a manager you need to ensure that your coaching skills are effective and efficient so that the benefits you bring to your team maximise their productivity.

The most important thing to understand about coaching is that it is a collaborative process. This means that the coach and the person being coached are working on creating changes together.

This type of relationship makes the responsibilities of both parties easier to understand:

- The coach is responsible for keeping the focus on a clearly defined goal, facilitating the coachee's thinking and delivering constructive feedback.
- The coachee is responsible for generating ideas and options, taking action to achieve the goal, and reporting progress.

The main skills required by the coach involve focusing on goals, listening, asking non-leading questions and giving non-judgmental feedback. All of these require conscious effort and practice if they are to be done properly because they are to some extent the opposite of the manager's first instincts, which are:

- To fix problems as quickly as possible
- To identify the root cause of the problem as quickly as possible
- To take charge and give direction
- To make a judgment in order to “reward or correct” behaviour

The GROW Model



A model is a predetermined procedure that provides a framework for navigating a route through a coaching session, as well as providing a means of getting the session back on track if necessary.

GROW stands for:

- **G**oal.
- Current **R**eality.
- **O**ptions (or Obstacles).
- **W**ill (or Way Forward).

A good way of thinking about the GROW Model is to think about how you'd plan a journey.

First, you decide where you are going (the goal), and establish where you currently are (your current reality). You then explore various routes (the options) to your destination. In the final step, establishing the will, you ensure that you're committed to making the journey, and are prepared for the obstacles that you could meet on the way.

To structure a coaching or mentoring session using the GROW Model, take the following steps:

Establish the Goal

First, you and your team member need to look at the behaviour that you want to change, and then structure this change as a goal that he/she wants to achieve.

Make sure that this is a SMART goal: one that is Specific, Measurable, Attainable, Realistic, and Time-bound.

When doing this, it's useful to ask questions like:

- How will you know that your team member has achieved this goal? How will you know that the problem or issue is solved?
- Does this goal fit with her overall career objectives? And does it fit with the team's objectives?

Examine the Current Reality

Next, ask your team member to describe his / her current reality.

This is an important step: Too often, people try to solve a problem or reach a goal without fully considering their starting point, and often they're missing some information that they need in order to reach their goal effectively. As your team member tells you about his /her current reality, the solution may start to emerge.

Useful coaching questions in this step include the following:

- What is happening now (what, who, when, and how often)? What is the effect or result of this?
- Have you already taken any steps towards your goal?
- Does this goal conflict with any other goals or objectives?

GROW COACHING MODEL TEMPLATE

This checklist enables you to record the coaching process using the GROW model. It helps you to monitor progress and keeps a record of the goal and commitments the coachee has made.

GROW Model Stage	Coachee Final Notes
<p>Goal - is the end point that the coachee wants to achieve. The goal must be SMART so that the individual knows when it is attained.</p>	
<p>Reality - is where the coachee is now. This requires the current issues and the challenges to be stated. Then an assessment of how far the coachee is away from their goal can be made.</p>	
<p>Obstacles/Options – first the obstacles stopping the coachee attain their goal need to identified. (Without any obstacles the goal has already been attained!). Then the coachee needs to come up with different ‘options’, ways to deal with them.</p>	
<p>Way forward – once the coachee has defined their options they can then devise the necessary action steps required to meet their goal.</p>	

Explore the Options

Once you and your team member have explored the current reality, it's time to determine what is possible – meaning all of the possible options for reaching his/her objective.

Help your team member brainstorm as many good options as possible. Then, discuss these and help him/her decide on the best ones.

By all means, offer your own suggestions in this step. But let your team member offer suggestions first, and let her do most of the talking. It's important to guide her in the right direction, without actually making decisions for her.

You then both review her options. To get the experience she needs she could lead a small team on a small project. She could also spend time in the overseas team.

Finally, you establish the will. As her manager, you offer to let her lead a small team on a minor project. If she performs well, she can take on additional projects with more responsibility in the future. Julie must also approach the overseas team to arrange to spend time in that department, and continue performing well in her current role. You agree to review her progress in three months' time.

	Please complete Knowledge Activity: Multiple Choice Test
	Please complete Workplace Activity: Task 9

Module 3 : MANAGE PERFORMANCE



Learning outcomes

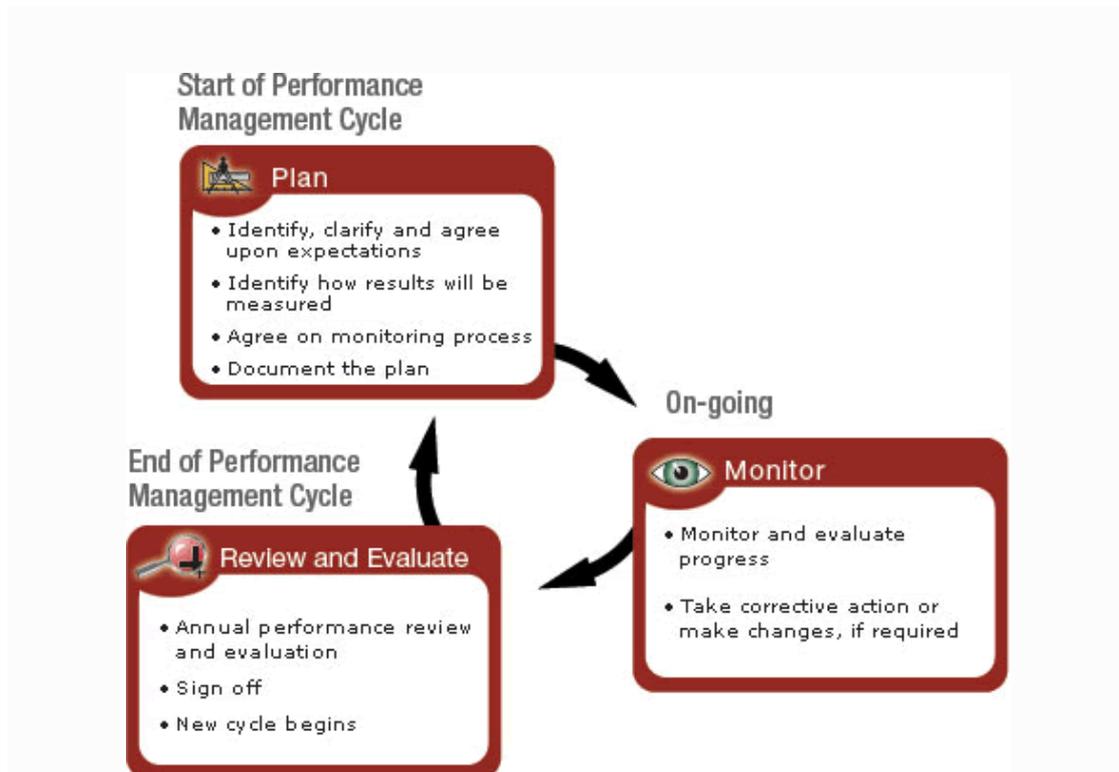
- Explain the principles of setting clear, realistic and measurable work objectives
- Draft a work schedule indicating the tasks to be performed
- Explain the importance of clear instruction,(including the structure of a good instruction, and how to ensure understanding)
- Formulate and issue a verbal instruction
- Formulate and record a written instruction
- Draft a performance standard
- Demonstrate understanding of steps to correct performance-related problems (including, coaching to address performance problems)
- Define productivity and explain the concepts of productivity measurement and improvement
- Demonstrate an understanding of the importance of a productive work environment in terms of sustainable grain handling
- Explain the role of productivity and daily activity planning to ensure work efficiency and effectiveness (including organising and prioritising time, using a diary, time schedules, following up on planned activities)
- Schedule and plan a production cycle
- Demonstrate an understanding of the concept of continuous improvement

Introduction to Performance Management

One of the most important aspects of management is that of monitoring and improving performance.

The fundamental goal of performance management is to promote and improve employee effectiveness. It is a continuous process where managers and employees work together to plan, monitor and review an employee's work objectives or goals and his or her overall contribution to the organization.

The cyclical appraisal process is usually conducted on an annual basis and is a vital aspect of managing your organisation's overall performance. Your responsibility as a manager is to ensure that the annual appraisals you conduct are effective and have a positive impact on your team's performance.



Phase 1: Plan

The planning phase is a collaborative effort involving both managers and employees during which they will:

- Review the employee's job description to determine if it reflects the work that the employee is currently doing. If the employee has taken on new responsibilities or the job has changed significantly, the job description should be updated.

- Identify and review the links between the employee's job description, his or her work plan and the organization's goals, objectives and strategic plan.
- Identify three to five areas that will be key performance objectives for the year. The choice of areas may be determined by the organization's strategic plan, by the employee's desire to improve outcomes in a certain part of their job, or by a need to emphasize a particular aspect of the job at this time. These are objectives that are critical to the overall success of the position. If the employee does not meet his/her critical objectives then overall performance will be evaluated as unsatisfactory.
- Identify training objectives that will help the employee grow his or her skills, knowledge, and competencies related to their work.
- Identify career development objectives that can be part of longer-term career planning.

Setting objectives and measurements

Often the most difficult part of the planning phase is finding appropriate and clear language to describe the performance objectives and measures or indicators of success. Managers need to ensure that the objectives are a good representation of the full range of duties carried out by the employee, especially those everyday tasks that can take time but are often overlooked as significant accomplishments.

Writing SMART objectives:

ACTION VERB + OBJECT OF THE ACTION VERB + MEASURES

Example:

An employee who is responsible for visiting clients.

SMART objective: Conduct client visits on a monthly basis to determine client needs and place orders.

Not SMART: Visit clients and see how they are doing.

Objectives must be:

Specific

Specify clearly what is to be done, when it is to be done, who is to accomplish it and how much is to be accomplished.

Measurable

Ask questions such as: How much? How many? How will I know when it is accomplished? Multiple measures should be used if possible, for example, quantity, quality, time frame and cost.

Attainable

Assure there is reasonable path to achievement and feasible odds that you will get there.

Realistic

The objective needs should match the level of complexity with the employee's experience and capability and no insurmountable forces outside the control of the employee should hinder its accomplishment.

Time-bound

Be clear about the time frame in which performance objectives are to be achieved. In most cases, objectives are to be completed by the end of the performance review period.

Phase 2: Monitor

For a performance management system to be effective, employee progress and performance must be continuously monitored. Monitoring day-to-day performance does not mean watching over every aspect of how employees carry out assigned activities and tasks. Managers should not micro-manage employees, but rather focus their attention on results achieved, as well as individual behaviors and team dynamics affecting the work environment. During this phase, the employee and manager should meet regularly to:

- Assess progress towards meeting performance objectives
- Identify any barriers that may prevent the employee from accomplishing performance objectives and what needs to be done to overcome them
- Share feedback on progress relative to the goals
- Identify any changes that may be required to the work plan as a result of a shift in organization priorities or if the employee is required to take on new responsibilities
- Determine if any extra support is required from the manager or others to assist the employee in achieving his or her objectives

Performance management includes **coaching** employees to address concerns and issues related to performance so that there is a positive contribution to the organization.

Coaching means providing direction, guidance, and support as required on assigned activities and tasks.

As a coach, managers need to recognize strengths and weaknesses of employees and work with employees to identify opportunities and methods to maximize strengths and improve weak areas. The role of the coach is to demonstrate skills and to give the employee feedback, and reassurance while he or she practices new skills. Good listening skills on the part of the coach, together with the ability to deliver honest feedback, are crucial. In a coaching role, you are not expected to have all the answers. The strategic power of any coaching dialogue lies primarily in the coach's ability to ask the right questions.

Positive feedback involves telling someone about good performance. **Make this feedback timely, specific and frequent.** Recognition for effective performance is a powerful motivator.

Constructive feedback alerts an individual to an area in which performance could improve. It is descriptive and should always be directed to the action, not the person. The main purpose of constructive feedback is to help people understand where they stand in relation to expected and/or productive job and workplace behaviour.

Often, it is the positive and supportive feedback that is most readily and easily shared, while finding the right way to provide constructive feedback to address a particular performance issue can be more daunting. If an employee is not meeting performance expectations, managers need to provide constructive and honest feedback. It's important to do this when an issue first arises - before it escalates into a significant problem. Here are a few points to consider when giving constructive feedback:

Prepare

- Think through what you want to address in the meeting, confirm the facts of the performance issue and make sure you know and can describe what happened or is happening
- Be clear about what the issue is and about the consequences if the employee's performance does not improve

- Plan to meet in a location where there will be privacy and minimal interruptions (note that in a unionized environment, you may have to invite a union representative to be with the employee during the discussion)
- Be calm, so that you can approach *the discussion objectively and with clarity*

State the facts

- Using a non-threatening tone, describe the performance issue in an objective, factual, nonjudgmental way, providing specific examples
- Identify the negative impact on people in the workplace or on the organization

Example:

“You are always late.”

This statement is general and judgmental. It does not address the performance issue effectively.

“You were late 3 times last week. When you arrived late for the staff meeting, you missed an important discussion about our new fundraising campaign.”

This statement is factual and specifically addresses the performance issue and the impact of being late.

Phase 3: Review

The performance assessment or appraisal meeting is an opportunity to review, summarize and highlight the employee’s performance over the course of the review period.

Self-assessment is a standard part of most performance appraisals. By using the performance plan and assessment form as a guide, employees can assess their performance in preparation for the appraisal meeting. This process can identify gaps between the employee’s self-perceptions and the views of the manager and can allow for more in depth discussion of these performance points during the meeting.

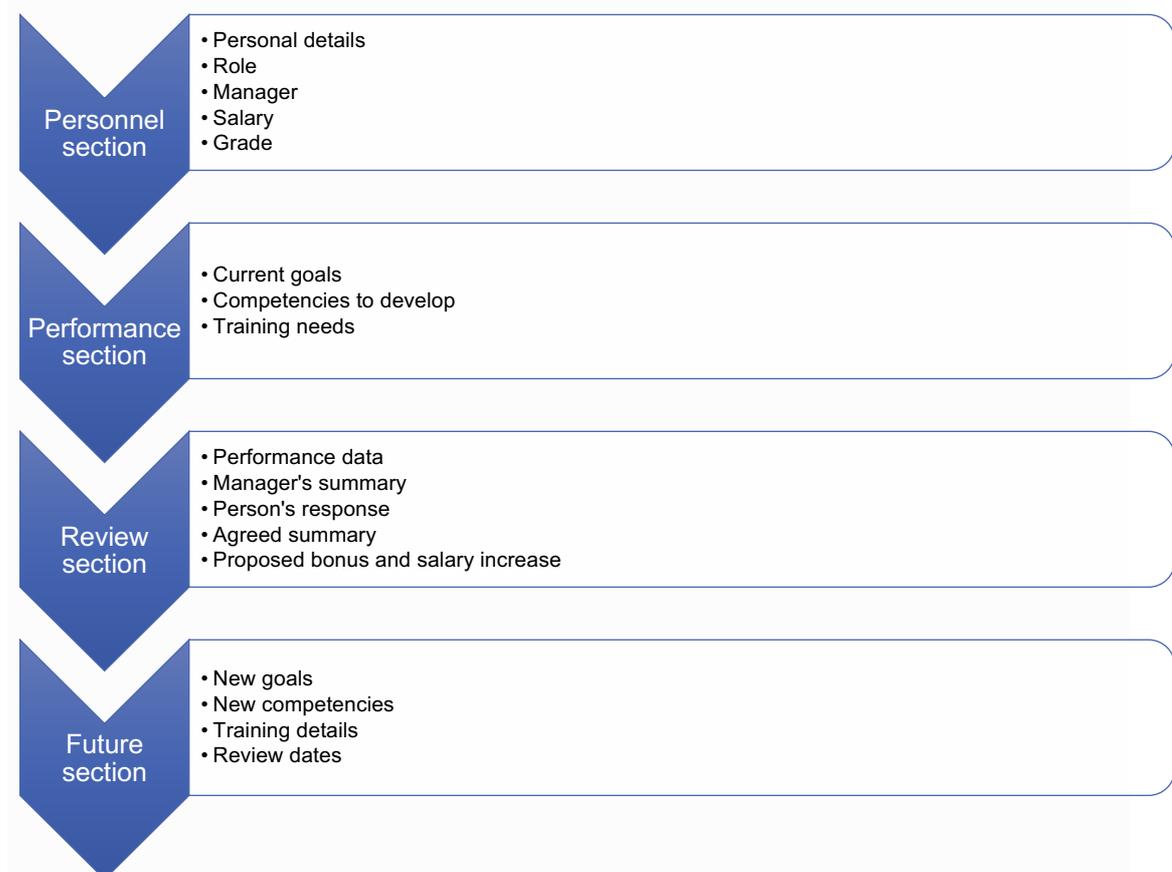
Managers should review their performance management notes and documentation generated throughout the year in order to more effectively assess the employee’s performance. Only issues that have already been discussed with the employee should be part of the assessment documentation and meeting. This will ensure that managers deal with performance problems when they arise and that there are no surprises during the performance assessment meeting.

In the performance assessment meeting, employees and managers will:

- Summarize the work accomplished during the previous year relative to the goals that were set at the beginning of the performance period. This includes capturing the key results, accomplishments and shortfalls for each of the objectives
- Document challenges encountered during the year and identify areas for training and/or development
- Identify and discuss any unforeseen barriers to the achievement of the objectives

The employee and the supervisor should sign off on the form. This acknowledges involvement in the process, but not necessarily agreement by employee with the content of the evaluation. If an employee disagrees with any part of the performance assessment, provide them with the opportunity to attach their comments and file with their performance assessment form.

Managers must ensure that the employee receives a copy of the assessment form and the signed document is put in the employee's file. The Appraisal Form should cover the following aspects to ensure that all necessary information is recorded:



Assess performance against role description

An essential part of being able to measure performance is being able to compare what has actually occurred with a predetermined standard. The standard you need to compare against will be set out in each individual's job description.

The standard will include details of training and qualifications that are necessary to perform the job. The role description will also clearly identify the specific tasks that the individual is expected to perform. As a manager you need to ensure that the tasks detailed in the description also reflect the importance of their performance to the organisation's overall goal.

Review based on contribution to the organisation

The final principle you need to incorporate into your performance management and appraisal process is that of judging an individual's performance based on their role's contribution to the organisation.

In your pivotal role in the relationship between the employee and the organisation your performance management system should specify:

- What the business is trying to achieve
- The individual's role in helping the business achieve its goals
- The skills and competencies the individual needs to fulfill in their role
- The standards of performance required as described in their job description
- How the individual can develop their performance and contribute to the development of the organisation

The process of ensuring performance management is effective begins with a shared understanding of what your organisation is trying to achieve. This means communicating the organisation's mission in such a way that your team members can relate it to their roles.

You need to interpret the organisational targets so that they can be communicated in a way that relates to the contribution each division, department, team and individual makes towards achieving them.

Employee training and development plan

As part of the performance assessment process, the manager and employee may have identified areas for further training and/or development, as well as the types of activities that the employee could undertake. Document the expectations for training and development in the performance assessment form. At the end of the year, document the results of the learning activities.

APPRAISAL MEETING CHECKLIST

Action	Done
1. Establish a private and comfortable environment for the meeting. <i>(Make sure that you are not interrupted by arranging for all your calls to be taken by a colleague.)</i>	
2. Ensure that you have copies of all supporting evidence, data, information and third-party feedback required to justify and explain your summary of the individual's performance.	
3. Welcome the individual and thank them for their response to your summary of their performance. Explain your agenda and timings for the meeting.	
4. Reiterate your organization's mission and how the individual contributes to this.	
5. Review and discuss their performance against the goals set. Use the evidence, data and third-party feedback to justify your ratings. Gain their agreement on final ratings for each goal and an overall performance rating and write this on the form.	
6. Review and discuss their displayed levels of the required competencies. Use the evidence from your observations, significant incidents and third-party feedback to justify your chosen level. Gain their agreement on the level of competency at which they are operating and write this on the form.	
7. From the agreed performance ratings and level of competency discuss and agree an overall performance rating. Both you and the individual will now sign and date this section of the form. If it is appropriate for your organization inform the individual how this translates in terms of the pay scale or grade, potential pay rise or bonus.	
8. Describe each of the goals you wish to set for the individual for the coming year and how this contributes to your organization's mission and strategy. Enter this onto the form and get their signed agreement to these new goals.	
9. Outline how you would like the individual to develop their competencies according to the role description for the coming year. Enter this onto the form and gain their signed agreement.	
10. Identify and set a development and training plan to address any skill gaps that would hinder the individual achieving these goals or required competencies. Ensure that these match any career aspirations the individual may have. Enter these onto the form in the appropriate section or attach a separate sheet detailing this information to it.	

.....

Productivity is a measure of the efficiency of production.

.....

High productivity can lead to greater profits for businesses and greater income for individuals. The control managers in a given organization are tasked with maximizing productivity through process-oriented observations and improvements

Productivity is a measure of how much you accomplish – not how busy you are. So it's far better to learn how to work intelligently, and to use leverage to achieve more with your time and resources. This will increase your productivity – and help you find extra time to do other things.

Time is the most precious resource we have in our lives. Almost everything you have today is the result of how you have spent your time in the past. Treat time as a valuable resource – do not spend it, give it away or use it thoughtlessly. People who are successful all value their time highly. They continually work at becoming more organized in order to use their time more efficiently.

The only way you can get enough time for everything you want to do is by saving time that you would ordinarily spend somewhere else.

Always plan your work time in writing. A written plan enables you to work far more efficiently than working from your mind, and it leads you into action.

IDENTIFYING INTERRUPTIONS CHECKLIST

This checklist will help you to identify the key areas that cause the most disruption to your productivity. By answering the questions in this checklist you are able to identify out of the six key areas which ones and what causes the most disruption to your productivity.

Ask Yourself	Aspects to Change	How to Achieve this
<p>My behaviour: assess how your current behavior allows or prevents you being interrupted.</p> <ul style="list-style-type: none"> • Do I lead by example? • When I say 'No' to an interruption is it acknowledged? • Do I set myself reminders so that my attention can be focused on a specific task knowing that I won't forget others? • When handling call-backs do I set aside a time slot during my day? • Am I assertive enough when wishing to close a call or situation? • Do I allow interruptions to divert my attention – <ul style="list-style-type: none"> ■ Incoming emails ■ Text messages ■ Phone calls ■ Social networking ■ Diary changes ■ Team issues ■ Third party issues 		

<p>Access to Information: evaluate how well you know who to ask for, where to find and how to access the most accurate data and facts.</p> <ul style="list-style-type: none"> • Am I familiar with the department and my own filing system? • Do I have a list of which people can provide me with the types of information I require? • Do I know what reports and data are available to me? • Are the notes I take and keep informative? • Do these notes contain sufficient detail that reasoning of past decisions can be easily discerned from them? 		
<p>Protected work periods: review how well you protect those periods of times within your schedule when you need to work uninterrupted.</p> <ul style="list-style-type: none"> • Do I close down my email? • Do I put my mobile/I-phone on silent? • Do I have a ‘closed-door’ policy? Is it adhered to? • Are my team aware of when and what these periods mean? • Do I use this time to focus on a single task that I want to complete or attain the progress target I set myself at the start? 		
<p>Emails & Written reports: consider how well you manage this a method of communication from both the aspect of emails you send and those you receive.</p> <ul style="list-style-type: none"> • Have I allocated specific times throughout my day to send and answer emails? • Is the content of ever email I send or report I write concise, appropriate and have a clear message? • Do I only send or copy emails or reports to those who ‘<i>really</i>’ need to be informed? • Is the subject of my email clear and informative in relation to its contents? • Am I mindful when using ‘reply all’ if it is really necessary for you to do so? • Do my reports present the information in a clear and structured manner with an informative summary? 		

Meetings: Gauge how well you present and manage your own meetings. Also judge the effective use of your time when you attend others meetings.

- Your meetings:
 - Do I always set a time frame for my meetings?
 - Does each meeting have a clear objective and timed agenda?
 - Are the ‘right’ people in attendance?
 - Following my meetings are accurate minutes and action lists produced and distributed in a timely fashion?
 - Do all attendees know the contribution they bring to the meeting and what is expected of them?
- Other meetings:
 - Do I ask myself if I need to attend and if so what contribution I can make?
 - Do these meetings demand significant time to prepare for? Is this appropriate for my role?
 - Are the minutes and actions communicated quickly & accurately?

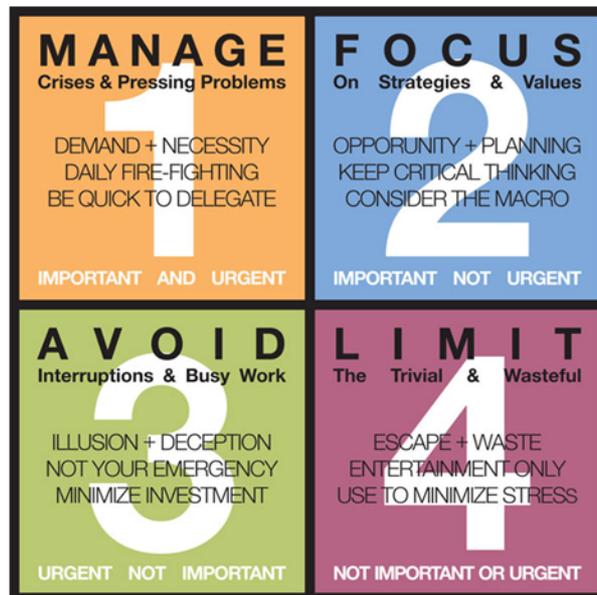
Team members and other colleagues: assess the extent to which other individuals disrupt your productivity.

- Your team:
 - Are my PA & I a good team? Have I defined a specific time of day when we work through diary and in-tray?
 - Have I told my team that at certain times I’m not available to them and why?
 - Have I given clear briefs when delegating so there is no need for the individual to keep on asking for clarification?
 - Does the format of the reports I ask provide the data I need?
 - When mentoring a team member have I set up structured times when I am available to them?
 - Do I allocate sufficient time to monitor and observe my team so that I am able to anticipate problems?

Planning tools

These tools refer to methods of doing something, or formalized thinking about a task, that will help you to be more productive.

URGENCY/IMPORTANCE GRID



The Urgency/Importance Grid is one of those simple tools that require nothing more than a pencil and a piece of paper. Simply use the grid as indicated above and then prioritize each of your outstanding tasks on it according to its relative urgency and importance.

Whilst many factors can change to make any one of your activities more or less important, time is not one of them. An unimportant job remains unimportant, even if the deadline for delivery is in an hour's time. As you receive new tasks, you will revisit your grid, adding in the new task appropriately. This may mean that the urgency or importance of another task may be altered as a result of the new task.

Urgent but unimportant tasks

You should put tasks here that are fairly urgent but relatively low in importance. It is easy to find yourself spending too much time on these tasks because of their urgency. Ideally they should be completed adequately, but above all quickly.

Ask yourself the following questions:

"How can I avoid spending too much time on these tasks?"

"Is this a task that I can delegate?"

"Does anyone have the appropriate skills?"

Non-urgent and Unimportant Tasks

You should put tasks here that are neither important, nor urgent. These tasks represent a particular danger, because if you reduce the time spent completing them, you may find that you enjoy your working day less. If some of these tasks involve interacting with others, then you may feel that reducing the time spent will distance you from your co-workers.

If you really want to manage your time effectively, you will need to be disciplined enough to eliminate some of the things that make your work more enjoyable in the short term and focus on your long-term personal development and promotion. This may mean that you need to persevere in the face of resistance from colleagues.

Ask yourself:

“How can I avoid the temptation to do these easy or enjoyable tasks?”

“Does this task further my long-term aspirations?”

Urgent and Important tasks

Tasks that appear here should be both urgent and important. The danger is that you fail to properly plan these tasks because of their urgency and then crisis-manage them because of the pressure you are under to complete them.

Tasks that are both urgent and important require immediate attention. Suppose, for example, that an important customer needs a detailed proposal on their desk for Monday morning. This may require you to re-arrange existing commitments and prioritize work on the proposal; you may decide to concentrate on the key parts of the document whilst delegating more straightforward parts of it to others.

Ask yourself:

“How can I give myself enough time to do these tasks well?”

“Which of my activities can I re-arrange without any adverse effects?”

“Can I delegate some of my other tasks that are preventing me from working on this one?”

Important but Not-Urgent Tasks

Tasks that appear here should be important, but not urgent. They may have no specific deadline, or a deadline that is a long way off. If there is no deadline, you may never get around to them, or you may wait until the deadline is very close and resort to crisis management to get them done.

Tasks that are important but not urgent are in danger of being deferred. Critical functions that relate to long-term effectiveness, such as strategic planning and progress reviews, often fall

into this category. It is often the non-urgent nature of the tasks, combined with the slightly daunting prospect of tackling them, that leads to them being constantly delayed.

Take control of these tasks; set aside time to address them and break them down into manageable tasks.

Reverse Schedule

A Reverse Schedule is a way of setting milestones and a start date by working backwards from the required task's completion date. By allocating adequate time at the planning stage you can avoid the stresses and strains often experienced in some projects through having to react to unforeseen circumstances.

Suppose for example, that you are asked to organize a training workshop for a new piece of software. Today is Thursday, February 20, and the new software is due to go live on April 1.

- You decide that the workshop will run on Tuesday, March 25.
 - This allows you time to reschedule if it has to be cancelled at the last minute.
 - Also, in the event of the workshop needing to be re-run, it allows you time to train those that were not able to attend the first session.
- This is the perfect time for the workshop as all of the skills that the trainees will have learnt during the training will still be fresh in their minds when the software goes live.

Once you know what task you will need to perform to organise your workshop, all you will then need to do is to allocate how many days you think each activity requires.

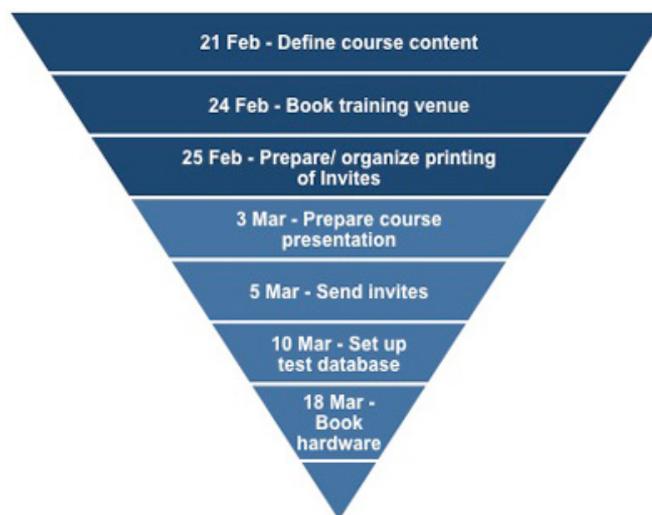


As you can see, some of the tasks are described in terms of the man-days required and others in terms of how far in advance of the workshop they need to be completed.

Using this information, you can then work backwards, setting the start date and end dates needed to achieve them.

As part of your scheduling, you will need to take into account the fact that some tasks are dependent on others. You also need to consider that you cannot work on more than one task at the same time without affecting the total time required.

Finally, you will need to adjust your schedule to take into account weekends, when much of the work cannot be done, making your lead time longer. As part of this reverse scheduling you will also highlight any activities where you are dependent on another colleague or external supplier. This will enable you to build in the appropriate contingency you will need when relying on third parties.



Scheduling



Scheduling is the art of planning your activities so that you can achieve your goals and priorities in the time you have available.

When it's done effectively, it helps you:

- Understand what you can realistically achieve with your time.
- Make sure you have enough time for essential tasks.
- Add contingency time for "the unexpected."
- Avoid taking on more than you can handle.
- Work steadily toward your personal and career goals.

- Have enough time for family and friends, exercise and hobbies.
- Achieve a good work-life balance.

Time is the one resource that we can't buy, but we often waste it or use it ineffectively. Scheduling helps you think about what you want to achieve in a day, week or month, and it keeps you on track to accomplish your goals.

How to Schedule Your Time

Set a regular time to do your scheduling – at the start of every week or month, for example.

There are a number of different tools to choose from. A simple and easy way to keep a schedule is to use a pen and paper, organizing your time using a weekly planner.

You can also use apps and software such as Google Calendar®, MS Outlook® and Business Calendar. Choose a scheduling tool that suits your situation, the current structure of your job, your personal taste, and your budget.

The most important thing when choosing your planner is that it lets you enter data easily, and allows you to view an appropriate span of time (day/week/month) in the level of detail that you need.

Once you have decided which tool you want to use, prepare your schedule in the following way:

Step 1: Identify Available Time

Start by establishing the time you want to make available for your work.

How much time you spend at work should reflect the design of your job and your personal goals in life.

For example, if you're pushing for promotion, it might be prudent to work beyond normal hours each day to show your dedication. If, on the other hand, you want to have plenty of time for out-of-work activities, you might decide to do your allocated hours and no more.

Step 2: Schedule Essential Actions

Next, block in the actions you absolutely must take to do a good job. These will often be the things you are assessed against.

For example, if you manage people, make sure that you have enough time available to deal with team members' personal issues, coaching, and supervision needs. Also, allow time to communicate with your boss and key people around you.

Step 3: Schedule High-Priority Activities

Review your To-Do List , and schedule in high-priority and urgent activities, as well as essential maintenance tasks that cannot be delegated or avoided.

Try to arrange these for the times of day when you are most productive – for example, some people are at their most energized and efficient in the morning, while others focus more effectively in the afternoon or evening.

Step 4: Schedule Contingency Time

Next, schedule some extra time to cope with contingencies and emergencies. Experience will tell you how much to allow – in general, the more unpredictable your job, the more contingency time you'll need. (If you don't schedule this time in, emergencies will still happen and you'll end up working late.)

Step 5: Schedule Discretionary Time

The space you have left in your planner is "discretionary time": time that is available to deliver your priorities and achieve your goals. Review your prioritized To-Do List and personal goals , evaluate the time you need to achieve them, and schedule them in.

Step 6: Analyze Your Activities

If, by the time you reach step five, you find that you have little or no discretionary time available, you need to go back through steps two, three and four, and question whether all of the tasks you've entered are absolutely necessary. It may be that some things can be delegated or tackled in a more time-efficient way.

One of the most important ways that you can build success is by maximizing the leverage you can achieve with your time. Increase the amount of work you can complete by delegating to other people, outsourcing key tasks, or using technology to automate as much of your work as possible. This will free you up to achieve your goals.

Delegation

There is no other skill that will increase your productivity as a manager to the same degree as being able to delegate successfully. When undertaken properly, delegation increases the level of motivation of team members as it allows for new and innovative ideas, which in turn leads to the development of team member's creative and decision making skills.

A key aspect of delegating efficiently is to ensure that whilst your time is organised more effectively, tasks must be allocated to suitable people to minimize risks and to ensure the

optimum outcome. It also provides you with the opportunity to develop your team members by increasing their morale and motivation.

It is also key to remember that when delegating a task to other team members, you will retain responsibility for it; all you are doing is assigning another person to perform the task on your behalf. It is often the fear that the delegated person will fail to perform the task properly (for which you will ultimately be responsible) that prevents managers from delegating.

Whilst delegation does contain an element of performance risk, the extent of the risk is dependent on the nature of the task and its importance to achieving organisational goals. To be an effective manager, you therefore need to control that risk of poor performance when you delegate a task.

As a manager, you need to keep the bigger picture in mind of what your organisation wants to achieve. When considering which tasks to delegate, there are some fundamental high-level factors you need to address. You can do this by asking yourself: "If I delegate this task":

- Will it give me more time to focus on tasks that are of higher value to the organisation?
- Will it allow me to develop the skills of one of my team members by expanding their experience in this area?
- Will it offer someone with a fresh view of the task and the chance to provide a more innovative solution than I would have done?

If the answer is "yes" to any of these questions, then you should consider delegating the task.

As an initial step it is best to delegate:

- Routine tasks
- Planned tasks
- Tasks that a team member has expressed an interest in performing

For all of these, you should ensure that you have sufficient time within your workload to brief and explain exactly what is required. You must be mindful not to always delegate unpleasant tasks as this will not develop or motivate your staff.

Principles of delegation

- **Principle of delegation by results expected**

The degree of authority delegated to an individual manager should be adequate to assure their ability to accomplish the results expected of them. Without this level of authority, they will be unable to complete the task, as others they need to interact with will hinder their progress due to lack of "real" authority. It is essential that as part of

the delegation process, you communicate this devolved authority to all necessary parties.

- **Principle of absoluteness of responsibility**

It is vital that delegation is not used as a way of avoiding or abdicating ultimate responsibility of ownership of tasks. Responsibility for the activities of subordinates, who have been assigned duties, remains at all times with whoever originally delegated the task.

- **Principle of parity of authority and responsibility**

The degree of authority that is delegated in conjunction with the task has to be consistent with the level of responsibility and role of the subordinate.

Stages for successful delegation

There are six practical stages you should follow so that your delegated activities are successfully completed.

Step 1: Select the right person for the job

As a manager, it is essential that you have an accurate picture of your team members' individual KSA's (Knowledge, Skills, Attitude). You will be able to assess these by watching and evaluating the competencies and behaviours an individual display in different situations. The right person for you to delegate to will already exhibit many of the behaviours that are required to perform the task you want to delegate. This can be seen in the way they deal with unexpected circumstances or handle other members of your team to defuse potentially damaging situations.

Step 2: Provide a clear goal

It is your responsibility to provide the team member with all the information they will need to understand exactly what is expected of them and to perform the task successfully. It is important that the brief you give provides a clear understanding of the importance of the task. An essential part of your brief is that you must clearly define what you expect from the job you are delegating and that it meets the SMART goal-setting criteria. This includes how their, and your, success will be measured. With this knowledge, the team member can clearly understand what the goal is, as well as what you expect from them.

Step 3: Delegate the whole job to a single team member

One of the most serious mistakes that you can make when delegating work is to split the task up and give it to more than one team member. The effect of this is to add considerable confusion to the whole situation. Therefore, it is crucial to ensure that the individual

understands that the task is their sole responsibility to deliver in the most appropriate way to guarantee success.

Step 4: Set realistic deadlines if appropriate

When briefing the team member to whom you have delegated, you must clearly state what the deadline is and the reason for that timeframe. Setting extremely challenging deadlines usually has the opposite effect from the one intended. If a team member starts to doubt their ability to finish on time, they may lose motivation to even try. Similarly, setting a strict deadline where there are too many unknown factors may have the same result of impairing motivation.

Step 5: Perform periodic reviews

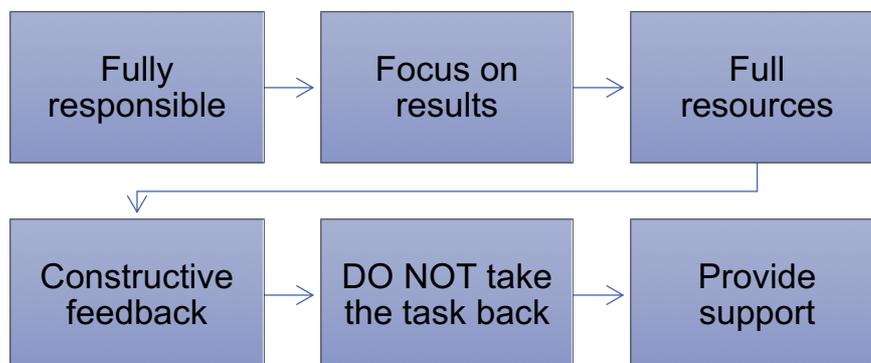
To ensure successful delegation of your task, you must clearly identify as part of the brief the key points of the task or the dates when you want feedback about progress. This allows you to become aware of potential issues or problems the person you have delegated the task to may have and to help resolve them, before they become damaging to the task's success.

Step 6: Give proper credit and recognition

Decide in advance how you will thank and reward the team member for their successful completion of the task. When a job is completed, it is important that you give full credit to the person who completed it. This provides them with the personal recognition of their achievement at both a team and corporate level.

If the project is not a success, you must assume full responsibility and as part of your task debrief evaluate what happened, how things developed, and the reasons as to why the team member was not capable of completing the task. Always try to learn from these experiences, so that next time you delegate more efficiently.

How to make your delegation succeed?



Production Planning and Scheduling

To maximize productivity, every company needs a sound production plan. However, effective planning is a complex process that covers a wide variety of activities to ensure that materials, equipment and human resources are available when and where they are needed. Production planning is like a roadmap: It helps you know where you are going and how long it will take you to get there.



There are several key factors that contribute to the success of production planning for a product or a service.

In general, your production planning must align with your overall operations strategy, which in turn must align with your overall corporate strategic objectives. Consider your internal and external environments as well as your company's vision, mission and values.

Your production planning and production processes must be able to deliver key performance objectives, which vary from business to business. But the levels of performance must be defined by your customer. Here are some examples.

- **Quality**—Minimize mistakes and provide your customer with the level of product and service quality they require. Quality reduces cost in the long run and increases dependability.
- **Speed**—React quickly to customer requirements. Increase the availability of your product to meet your customer's requirements. Speed decreases both inventories and risk.
- **Dependability**—Deliver your product or service with the quality required, when and where the customer requires it. Dependability saves your customer time and money and is critical in developing trust with your customers.
- **Flexibility**—Adapt to constantly changing customer demands. Make sure your planning and production processes provide flexibility given changing types of product or services and changes to product mix, volume and delivery.
- **Cost**—Every customer cares about cost relative to value. You need to develop an efficient and waste-free supply chain to minimize costs. The other performance objectives will affect costs.

Here are some advantages of an effective production plan and scheduling.

- Reduced labour costs by eliminating wasted time and improving process flow.
- Reduced inventory costs by decreasing the need for safety stocks and excessive work-in-process inventories.
- Optimized equipment usage and increased capacity.
- Improved on-time deliveries of products and services.

Key factors of a production plan

Effective planning hinges on a sound understanding of key activities that business managers should apply to the planning process. Here are some examples:

- Forecast market expectations

To plan effectively, you will need to estimate potential sales with some reliability. Most businesses don't have firm numbers on future sales. However, you can forecast sales based on historical information, market trends and/or established orders.

- Inventory control

Reliable inventory levels feeding the pipeline have to be established and a sound inventory system should be in place.

- Availability of equipment and human resources

Also known as open time, this is the period of time allowed between processes so that all orders flow within your production line or service. Production planning helps you manage open time, ensuring it is well-utilized, while being careful not to create delays. Planning should maximize your operational capacity but not exceed it. It's also wise not to plan for full capacity and leave room for the unexpected priorities and changes that may arise.

- Standardized steps and time

Typically, the most efficient means to determine your production steps is to map processes in the order that they happen and then incorporate the average time it took to complete the work. Remember that all steps don't happen in sequence and that many may occur at the same time.

After completing a process map, you will understand how long it will take to complete the entire process. Where work is repeated or similar, it is best to standardize the work and time involved. Document similar activities for future use and use them as a base-line to establish future routings and times. This will speed up your planning process significantly.

During the process map stage, you may identify waste. You can use operational efficiency/lean manufacturing principles to eliminate waste, shorten the process and improve deliveries and costs.

- Risk factors

Evaluate these by collecting historical information on similar work experiences, detailing the actual time, materials and failures encountered. Where risks are significant, you should

conduct a failure mode effect analysis method (FMEA) and ensure that controls are put in place to eliminate or minimize them. This method allows you to study and determine ways to diminish potential problems within your business operations. This type of analysis is more common in manufacturing and assembly businesses.

- How to plan work

All other activities are initiated from the production plan and each area is dependent on the interaction of the activities. Typically, a plan addresses materials, equipment, human resources, training, capacity and the routing or methods to complete the work in a standard time. In order to do a good sales forecast, you should base it on a history of firm orders.

The production plan initially needs to address specific key elements well in advance of production in order to ensure an uninterrupted flow of work as it unfolds.

- Material ordering—Materials and services that require a long lead time or are at an extended shipping distance, also known as blanket orders, should be ordered in advance of production requirements. Suppliers should send you materials periodically to ensure an uninterrupted pipeline.
- Equipment procurement—Procuring specialized tools and equipment to initiate the production process may require a longer lead time. Keep in mind that the equipment may have to be custom made or simply difficult to set up. This type of equipment may also require special training.
- Bottlenecks—These are constraints or restrictions in the process flow and should be assessed in advance so you can plan around them or eliminate them before you begin production. When you assess possible bottlenecks, be aware that they may shift to another area of the process. Dealing with bottlenecks is a continual challenge for any business.
- Human resources acquisitions and training—Key or specialized positions may demand extensive training on specialized equipment, technical processes or regulatory requirements. These employees should be interviewed thoroughly about their skills. When hiring them, allow sufficient time for training and be sure that they are competent in their work before the job begins. This will ensure that your process or service flows smoothly.

The production plan provides a foundation to schedule the actual work and plan the details of day-to-day activities. As sales orders come in, you will need to address them individually based on their priority. The importance of the sales order will determine the work flow and when it should be scheduled. After this, you should evaluate whether or not you are ready for production or to offer the service.

You will need to determine:

- If the inventory is available at the point where work is to start? If not, then the work needs to be rescheduled when supplies become available. There is no point in scheduling work that you will not be able to complete.
- Are your resources available? Do you have the necessary staff to complete the task? Are the machines being used?
- Does the standard time fit within the open time allowed? If not, then the work should be rescheduled.

After you have determined that you have met the criteria to start production, you will need to communicate the plan to the employees who will implement it. You can plan the production on spreadsheets, databases or software, which usually speeds the process up. However, a visual representation is preferred as a means to communicate operation schedules to floor employees. Some businesses post work orders on boards or use computer monitors to display the floor schedule. The schedule also needs to be available to employees ahead of time and kept up to date.

The importance of clear instruction

Many people believe that to be a good supervisor you have to give orders to the people below you. They are wrong. You don't have to give orders. In fact, you should not give orders.

When you tell an employee what you want done, instead of giving an order, you give them the freedom to come up with their best way of getting a task done. It may not always be the best way, and you may have to do some monitoring and guiding, but there is also the chance that they will come up with something better than what you planned.

When an employee is given an instruction instead of an order, they have to think. They can't just do what they were told and say they were following orders. They have to think of ways to get the job done. They have to decide the best way. They have to invest a little of themselves in the solution.

Formulate and issue a verbal instruction

A verbal instruction is the use of verbal to indicate that something or an instruction is expressed in speech (talking) rather than writing or action.

Most people take the process of giving and receiving instructions for granted. It happens all day long, and its part and parcel of simply being at work and doing your job. But it still requires concentration from everyone involved to avoid misunderstandings and mistakes.

What you need to do when giving a verbal instruction

- **Think before you speak**- work out what you want to say before you say it, and make sure you cover all of the points that are relevant.
- **Avoid jargon**- don't use words that the listener won't understand.
- **Watch for body language signals**- see if the listener looks like they understand what you are saying.
- **Ask for feedback**-check that the listener has understood the message the way you intended it.

Formulate and record written instruction

Once you have established the specific measures that apply to the elements, you can begin to write the standards. Before writing the fully successful standard, you must know the number of levels that your appraisal program uses to appraise elements. For example, if you are under an appraisal program that uses two levels to appraise elements, fully successful, and below, this is unacceptable.

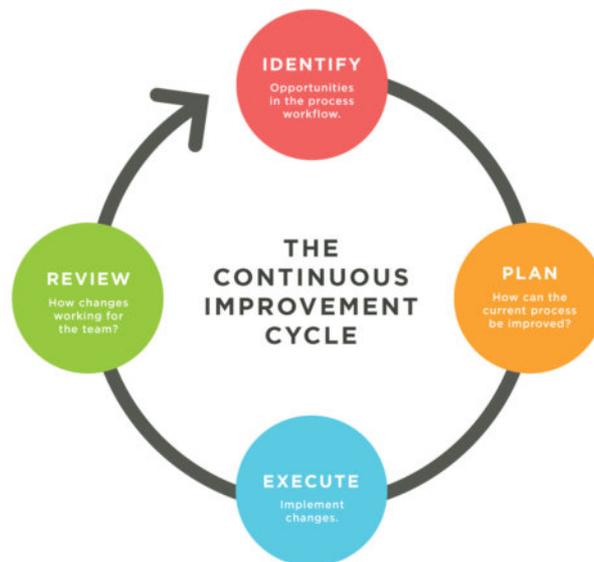
Continuous Improvement

Continuous improvement is a mindset whereby organisations strive to always be looking for better ways to do things - this search for better ways of doing things leads to the evolution of products, services, workflows and other aspects of the organisation so they become more optimal and efficient over time.

Historically the concept has been applied to manufacturing with the ultimate end goal being the elimination of waste (be that time, raw materials, labour) from the manufacturing process so that the end product could be shipped quicker, faster and cheaper.

Nowadays, continuous improvement has been extended to knowledge-based environments to remove waste or inefficiencies from intangible processes like collaboration in order to create a better end product in a more efficient way.

Kaizen: A Flexible Practice



A Japanese word meaning ‘improvement,’ Kaizen’s ultimate goal is waste elimination. Its origins are in post-WWII Japanese businesses but it now used worldwide.

It is an inclusive model of continuous improvement in that opportunities for improvement are expected to be identified by everyone from the CEO downwards - this is unsurprising considering its ubiquity in manufacturing, where front-line workers are often best able to spot inefficiencies in the production cycle.

But what this also means is that there’s a distinctive cultural element to Kaizen and the implementation of processes and procedures must work alongside cultural re-alignment to the continuous improvement mindset in order to drive employee suggestions.

When Kaizen is used for continuous improvement there are two distinct elements: flow kaizen and process kaizen. The former deals with how information, products and services flow throughout the organisation, while the latter focuses on small changes individuals can make quickly to improve efficiency.

Kaizen has many principles and makes use of underlying processes that include root cause analysis and PDCA.

Root Cause Analysis (RCA) is a popular and often-used technique that helps people answer the question of why the problem occurred in the first place. It seeks to identify the origin of a problem using a specific set of steps, with associated tools, to find the primary cause of the problem, so that you can:

- Determine what happened.
- Determine why it happened.
- Figure out what to do to reduce the likelihood that it will happen again.

RCA assumes that systems and events are interrelated. An action in one area triggers an action in another, and another, and so on. By tracing back these actions, you can discover where the problem started and how it grew into the symptom you're now facing.

You'll usually find three basic types of causes:

- Physical causes – Tangible, material items failed in some way (for example, a car's brakes stopped working).
- Human causes – People did something wrong, or did not do something that was needed. Human causes typically lead to physical causes (for example, no one filled the brake fluid, which led to the brakes failing).
- Organizational causes – A system, process, or policy that people use to make decisions or do their work is faulty (for example, no one person was responsible for vehicle maintenance, and everyone assumed someone else had filled the brake fluid).

RCA looks at all three types of causes. It involves investigating the patterns of negative effects, finding hidden flaws in the system, and discovering specific actions that contributed to the problem. This often means that RCA reveals more than one root cause.

You can apply RCA to almost any situation. Determining how far to go in your investigation requires good judgment and common sense. Theoretically, you could continue to trace root causes back to the Stone Age, but the effort would serve no useful purpose. Be careful to understand when you've found a significant cause that can, in fact, be changed.

This problem solving method will be discussed in more detail in **Module 9: Decision making and problem solving**.

PDCA / PDSA is an iterative, four-stage approach for continually improving processes, products or services, and for resolving problems. It involves systematically testing possible solutions, assessing the results, and implementing the ones that are shown to work.

The four phases are:

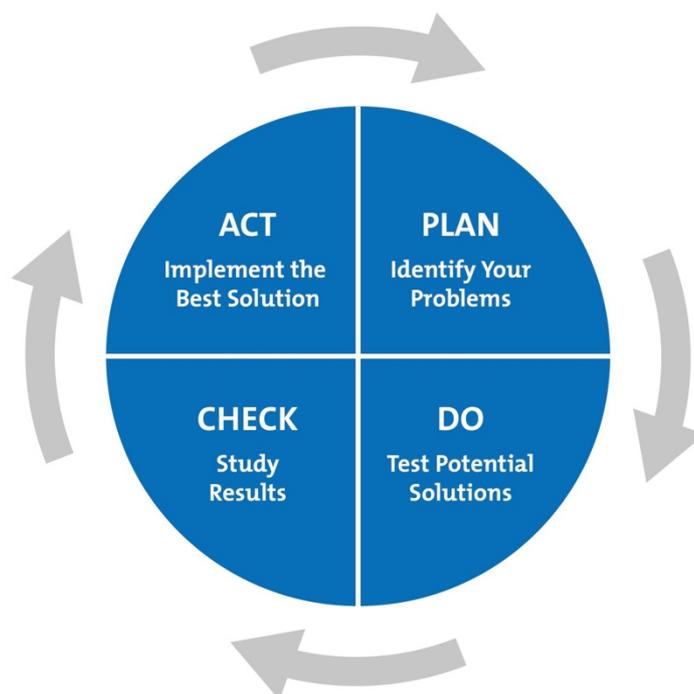
Plan: identify and analyze the problem or opportunity, develop hypotheses about what the issues may be, and decide which one to test.

Do: test the potential solution, ideally on a small scale, and measure the results.

Check/Study: study the result, measure effectiveness, and decide whether the hypothesis is supported or not.

Act: if the solution was successful, implement it.

Figure 1: The Plan-Do-Check-Act Cycle



Note:

There can be any number of iterations of the Do and Check phases, as you continue to refine, retest and trial potential solutions.

We'll now look at the four stages in more detail, below.

When to Use PDCA / PDSA

The PDCA / PDSA framework can improve any process or product by breaking it into smaller steps. It is particularly effective for:

- Helping to implement Total Quality Management or Six Sigma initiatives, and generally helping to improve processes.
- Exploring a range of solutions to problems, and piloting them in a controlled way before selecting one for implementation.
- Avoiding wastage of resources by rolling out an ineffective solution on a wide scale.
- You can use the model in all sorts of business environments, from new product development, project and change management, to product lifecycle and supply chain management.

	<p>Please complete Knowledge Activity: Multiple Choice Test</p>
	<p>Please complete Practical Activity: Task 4 Task 5</p>
	<p>Please complete Workplace Activity: Task 1 Task 7 Task 8 Task 10 Task 12 Task 15 Task 16</p>

Module 4 : EMPLOYEE RELATIONSHIP MANAGEMENT



Learning outcomes

- Demonstrate an understanding of the manager's role in managing employment relations
- Demonstrate an understanding of the key provisions of the legislative framework governing the employment relationship
- Demonstrate an understanding of the supervisor's role in maintaining workplace discipline (including importance of work discipline, concept of fairness, maintaining discipline)
- Demonstrate an understanding of disciplinary codes and procedures (including Codes of conduct, Informal and formal disciplinary procedures, warnings and recording discipline)
- Distinguish between different categories of misconduct
- Define the concepts of unfair labour practice in terms of practical workplace examples
- Describe the role of the CCMA in resolving disciplinary disputes
- Define the concepts of fairness in terms of practical workplace examples
- Demonstrate an understanding of workplace conflict and grievances (including Sources of conflict, conflict resolution practices, dealing with difficult people, grievance resolution procedures)
- Describe a grievance procedure to resolve an individual grievance
- Demonstrate an understanding of how to manage capacity-related problems
- Select the appropriate response to different examples of incapacity

Managing employee relationships

Labour relations as a topic in management is concerned mainly with the relations between employers and workers that develop from employment relationships. Labour relations are essentially about balancing the various interests of, and regulating the levels of co-operation and conflict between all the parties involved.

Employee relations hence include the daily human relationships, especially between superiors and subordinates, which form such an important element of our working lives. Employee relations are predominantly those aspects related to the communication, cooperation, involvement and conflict in the relationships between management and non-management employees, irrespective of the type of work or industry and irrespective of the presence or absence of trade unions or other worker representatives.

An employment relationship is essentially a relationship of exchange that comes into being when a person is employed by another party to perform work under the control and direction of that party, in exchange for some monetary reward. This relationship entails an “employer” and an “employee” and a common-law contract of employment is formed.

Sound labour relations are a prerequisite for the socio-economic stability and prosperity of any nation, and the government’s primary concern is therefore to provide a suitable statutory framework within which the primary parties can conduct their relationship in an orderly fashion. The role of the government is to create and enforce the legal framework that will regulate the rights and duties of the two primary parties. The main piece of legislation that regulates labour relations in South Africa is the Labour Relations Act. There are other labour-related laws that form part of the regulatory framework provided by the government.

•

The following are some of the important laws that can play a role in governing labour and employee relations:

- **Constitution of the Republic of South Africa, 1996**
- **Basic Conditions of Employment Act, 1997**
- **Employment Equity Act, 1999**
- **Labour Relations Act, 1995**

Managers engage in collective bargaining and other labour relations issues in order to serve the interests of the employer – but not without balancing these with the interests of other stakeholders. The concerns of management revolve around getting the workers to respond in a positive way to the work situation. They seek ways to manage the work process and work

related behaviour and performance so that the objectives of the owners of the organisation can be achieved, while simultaneously taking into account the objectives of other stakeholders, and particularly legal issues.



Discipline in the Workplace

The origin of the term “discipline” lies in the word “disciple”, which means “learner”. This means the ultimate aim of applying discipline in the workplace is to help employees learn how to behave (and how not to behave) within the context of working in an organisation.

Discipline should thus not be viewed negatively as being synonymous with punishment or enforcement.

The process of disciplining employees entails both informal and formal elements. The informal aspect of discipline is an integral part of managing the performance and behaviour of

employees on a continuous basis. On an informal basis, employees are supposed to be taught not simply to conform to minimum requirements related to performance and behaviour, but to display superior behaviour and work performance. The first stage of disciplining employees is therefore informal by nature.

At times, however, some employees fail to adhere to the basic minimum standards and requirements. It is therefore advisable for organisations to have a system for formally and fairly applying measures that help to maintain a disciplined workforce. As well as a formal policy statement regarding discipline in the work environment, this formal disciplinary system usually also consists of **a written disciplinary code and procedure** that has to be used and applied consistently by management.

As a general rule, a disciplinary code is drafted to assist management in the identification of offences warranting formal disciplinary measures and to help ensure consistency in disciplinary matters. Such a code therefore usually contains a list of possible offences and the concomitant sanctions to be considered by management. It is mostly used as a guideline rather than a set of hard-and-fast rules.

In this way, employees can be made aware of the rules and requirements related to behaviour and performance (and of the potential consequences of not adhering to them). It is good practice to educate all new employees on the disciplinary code and procedure during the course of induction programmes.

Given that the nature of various offences may differ in terms of seriousness (ranging, for instance, from minor to moderate to very serious), some form of progressive discipline is usually built into the disciplinary code's section dealing with the penalty guidelines connected to the various types of offences.

The first stage of applying disciplinary measures usually entails issuing a written warning. This can then formally progress to a second and final warning and ultimately dismissal. The dismissal of an employee for misconduct should always be viewed as a last option and not a penalty in the true sense of the word. Termination should never be imposed hastily or in an improper manner. Under normal circumstances, terminating the service of employees in essence means ending the employment relationship. However, if this is not done fairly, it may very well happen that an order is eventually made for the employment relationship to continue – in other words to reinstate the dismissed employee.

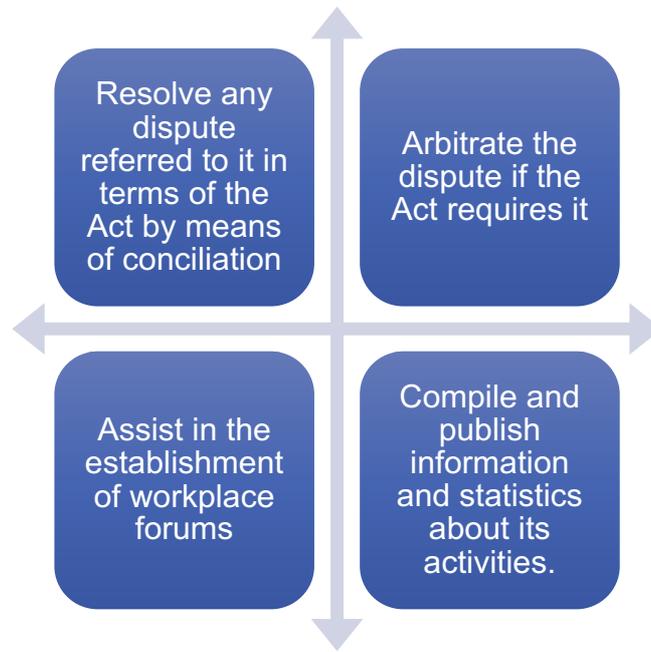
First and minor offences usually warrant counselling apart from warnings – in order to help the employee understand the importance and nature of required behaviour. In respect of first-, second-, and third-time offences, where sanctions will generally have to become progressively more severe in order to rectify (or eliminate) undesirable behaviour, time limits will normally have to be applied. Depending on the type of offence, warnings can be taken to cease to apply after a “clean period” of, for instance, three to twelve months. In order to incorporate the principle of progressive discipline, other types of penalties that may be warranted (depending on the relevant circumstances) include suspension without pay (only if the parties agree to this), or demotion (which, similarly, cannot be imposed unilaterally), before dismissal as a last option may be decided upon.

Role and functions of the CCMA

The Labour Relations Act provides for the establishment of the CCMA, which is supposed to be independent of the state, any political party, trade union, employer, employers' organisations, federation of trade unions or federation of employer's organisations.

The CCMA is governed by a governing body, consisting of a chairperson and nine other members (labour, employers and the state, each represented by three persons), each nominated by NEDLAC and appointed by a minister to hold office for a period of three years, and the director of the commission.

The CCMA has jurisdiction in all the provinces of South Africa. The functions of the CCMA can be broadly grouped into four categories:



Detailed provision is made in the Act for the settlement of different types of disputes through conciliation, mediation and arbitration. In an effort to settle a dispute, a commissioner may try many techniques, such as mediation, conducting a fact-finding exercise or making recommendations to the parties, which may be in the form of an advisory arbitration award.

Workplace Conflict and Grievance Procedures

The natural conflict between employer and employee as parties to the employment relationship forms the basic reason for labour relations dynamics. The parties have – to some extent – conflicting goals, needs, interests and values. The most basic conflict revolves around the economics of the exchange relationship; the economics related to the distribution and sharing of the profits and the value added by the labour process. Owners or shareholders in the private sector seek maximum return on their investments. To this end, they have to maximise revenues and minimise costs – most notably, they have to curb labour costs and ensure maximum workforce productivity. Conflict therefore develops around issues such as working conditions, remuneration and matters relating to the organisation of work, the decision-making process and control structures. Conflict in labour relations is natural, and the various ways of dealing with conflict are central to labour relations management.

Sound employee and labour relations are dependent on constant efforts to obtain the best possible fit in employment relationships. Communication is very important in this regard. One specific way to facilitate upward communication is to create channels through which employees can directly, and without any fear of victimization, voice their concerns or discontentment in relation to any aspect pertaining to their employment relationships. When an employee is unhappy or dissatisfied with something related to the employment relationship, he or she may ultimately decide to terminate the relationship by resigning if the matter is not resolved. This way, organisations stand to lose valuable employees. To avoid this and to develop healthy workplace relations, organisations should create channels through which dissatisfied employees can make their gripes known.

Grievance handling refers to the process whereby management formally deals with the officially presented complaint(s) of workers on aspects of dissatisfaction relating to the employment relationship. A grievance must, however, be distinguished from a worker complaint or problem. A worker may experience a problem that is not work related, but which eventually have an influence on the employment relationship. This may include issues relating to personal financial difficulties, family problems or alcohol/drug addiction problems. These are not grievances because they are not directly related to the employment relationship.

On the other hand, a worker may be dissatisfied with something directly related to the employment relationship, but the dissatisfaction may simply be expressed in an informal way – for example, by complaining to somebody else. Such a case does not involve a grievance as such because the issue has not been formalised or fed into the official grievance procedure.

Employees' work-related complaints can be formalised as official grievances by means of using a grievance procedure. By formally presenting a complaint to management, the worker communicates to management that there is either a real or perceived breach of the psychological or employment contract. The grievance procedure can therefore be viewed as a method of upward communication in the workplace.

Dealing with workplace conflict

While conflict is a normal part of any social and organizational setting, the challenge of conflict lies in how one chooses to deal with it. Concealed, avoided or otherwise ignored, conflict will likely fester only to grow into resentment, create withdrawal or cause factional infighting within an organization.

So, what creates conflict in the workplace? Opposing positions, competitive tensions, power struggles, ego, pride, jealousy, performance discrepancies, compensation issues, just someone having a bad day, etc. While the answer to the previous question would appear to lead to the conclusion that just about anything and everything creates conflict, the reality is that the root of most conflict is either born out of poor communication or the inability to control one's emotions.

Let's examine these 2 major causes of conflict:

Communication: If you reflect back upon conflicts you have encountered over the years, you'll quickly recognize many of them resulted from a lack of information, poor information, no information, or misinformation. Let's assume for a moment that you were lucky enough to have received good information, but didn't know what to do with it. That is still a communication problem, which in turn can lead to conflict. Clear, concise, accurate, and timely communication of information will help to ease both the number and severity of conflicts.

Emotions: Another common mistake made in workplace communications which leads to conflict is letting emotions drive decisions. Case in point - have you ever witnessed an employee throw a fit of rage and draw the regrettable *line in the sand* in the heat of the moment? If you have, what you really watched was a person indulging their emotions rather than protecting their future.

How to effectively deal with conflict

It is essential for organizational health and performance that conflict be accepted and addressed through effective conflict resolution processes. While having a conflict resolution structure is important, effective utilization of conflict resolution processes is ultimately dependent upon the ability of all parties to understand the benefits of conflict resolution, and perhaps more importantly, their desire to resolve the matter. The following strategies will help to more effectively handle conflicts in the workplace:

1. Define Acceptable Behaviour: Just having a definition for what constitutes acceptable behaviour is a positive step in avoiding conflict. Creating a framework for decisionmaking, using a published delegation of authority statement, encouraging sound business practices in collaboration, team building, leadership development, and talent management will all help avoid conflicts. Having clearly defined job descriptions so that people know what's expected

of them, and a well-articulated chain of command to allow for effective communication will also help avoid conflicts. Clearly and publicly make it known what will and won't be tolerated.

2. Hit Conflict Head-on: By actually seeking out areas of potential conflict and proactively intervening in a just and decisive fashion you will likely prevent certain conflicts from ever arising. If a conflict does flair up, you will likely minimize its severity by dealing with it quickly. Time spent identifying and understanding natural tensions will help to avoid unnecessary conflict.

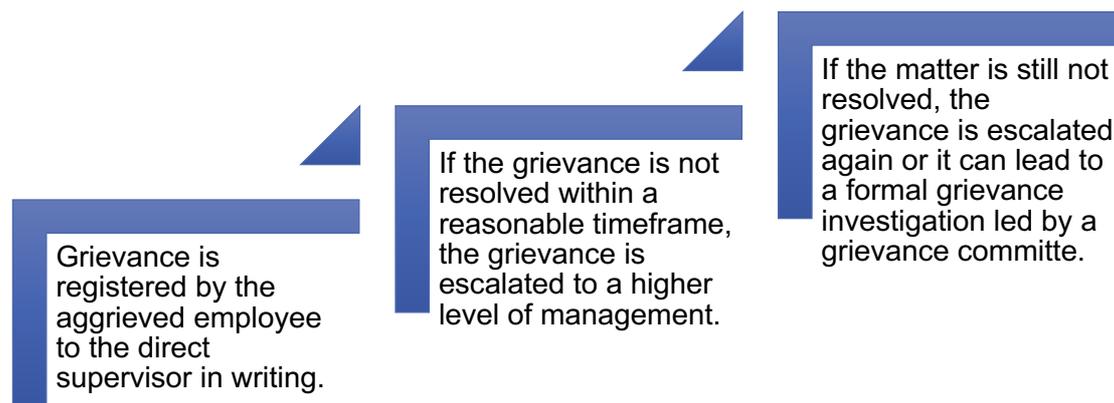
3. Understanding the WIIFM Factor: Understanding the other professionals WIIFM (What's In It For Me) position is critical. It is absolutely essential to understand other's motivations prior to weighing in. The way to avoid conflict is to help those around you achieve their objectives. If you approach conflict from the perspective of taking the action that will help others best achieve their goals, you will find few obstacles will stand in your way with regard to resolving conflict.

4. The Importance Factor: Pick your battles and avoid conflict for the sake of conflict. However, if the issue is important enough to create a conflict then it is surely important enough to resolve. If the issue, circumstance, or situation is important enough, and there is enough at stake, people will do what is necessary to open lines of communication and close positional and/or philosophical gaps.

5. View Conflict as Opportunity: Hidden within virtually every conflict is the potential for a tremendous teaching/learning opportunity. Where there is disagreement there is an inherent potential for growth and development. If you're a CEO who doesn't leverage conflict for team building and leadership development purposes you're missing a great opportunity. Divergent positions addressed properly can stimulate innovation and learning in ways like minds can't even imagine. Smart leaders look for the upside in all differing opinions.

The Grievance Procedure

The grievance procedure is usually laid out in a document that spells out the stages or steps to be followed when employees have grievances. The exact nature and sequence of these steps will vary from organisation to organisation, depending on variables such as their complexity, size and structure. Nonetheless, certain steps can be outlined:



Manage capacity-related problems

Incapacity refers to the situation where an employee is unable to carry out or perform to his/her contracted obligations due to the inherent inability on the part of the employee. Incapacity is distinguished from misconduct and discipline in that 'fault' or; blame' is not alleged in incapacity.

In terms of the employment relationship, the incapacity procedure will be used, where the following allegations are made:

- Incapacity due to serious and/or chronic ill health
- Incapacity due to poor performance
- Incapacity due to excessive sick leave/absence

Incapacity in the grounds of ill health or injury may be temporary or permanent. If an employee is temporarily unable to work in these circumstances, the employer should investigate the extent of the incapacity or the injury. If the employee is likely to be absent for a time that is unreasonably long, the employer should investigate all the possible alternatives short of dismissal.

When alternatives are considered, relevant factors might include the nature of the job, the period of absence, the seriousness of the illness or injury and the possibility of securing a temporary replacement for the ill or injured employee. In cases of permanent incapacity, the employer should ascertain the possibility of securing alternative employment, or adapting the duties or work circumstances of the employee to accommodate the employee's disability.

In the process of investigation, the employee should be allowed the opportunity to state a case in response and to be assisted by a trade-union representative or fellow employee. The degree of incapacity is relevant to the fairness of any dismissal. The cause of the incapacity may also be relevant. In the case of certain kinds of incapacity, for example alcoholism or drug abuse, counselling and rehabilitation may be appropriate steps for an employer to consider.

Particular consideration should be given to employees who are injured at work or who are incapacitated by work-related illness. The courts have indicated that the duty on the employer to accommodate the incapacity of the employee is more onerous in these circumstances.

COUNSELLING FOR INCAPACITY (LEVEL 1 INTERVENTION BY MANAGEMENT)

The Supervisor/Manager shall counsel an employee where the employee's performance and/or abilities to fulfil his/her performance requirements are measured as being inadequate.

Where a member of management wishes to counsel an employee, he/she shall provide the employee with an opportunity to be assisted in the counselling process by a fellow employee of the employee's choice.

The employee shall be informed as to the noted area of inadequate performance and the performance standards prescribed; the employee will also be provided an opportunity to motivate reasons for such under-performance. Appropriate and practical methods of improving the performance of the employee within a stipulated time frame needs to be discussed with the employee.

The Manager will review the issues raised by the employee and establish an Action Plan, which would include a time frame and performance measurement standard to be applied to the employee's future employment. This action plan will be summarised in writing and a copy given to the employee concerned. This letter and action plan will be regarded as having application over any reasonable period of time, not exceeding 12 months.

The employee will sign the Action Plan as acknowledgement of having received the brief and understanding of the contents thereof and the intention to evaluate and review performance at a specified date.

There will be no fixed number of counselling sessions before an Incapacity Hearing is held.

THE INCAPACITY HEARING (LEVEL 2 INTERVENTION BY MANAGEMENT)

An Incapacity hearing will be held when either:

- The employee's performance and/or abilities have failed to meet the prescribed standards despite attempts to counsel the employee; or
- The degree of incapacity is deemed to be substantial and that counselling is not appropriate and/or practical under the circumstances.

The employee will be notified regarding the nature of the incapacity alleged and given at least 24 hours to prepare for the hearing.

- The employee will be entitled to be assisted by a fellow employee of his/her choice.
- The employee shall be afforded the right to be heard and to lead any evidence and any witnesses to support his/her cause.

In making a decision, the Chairperson of the incapacity hearing will review the degree and likelihood of improvement of incapacity, the impact of such incapacity on the organisation's operations, the degree to which the employee's inadequate performance/capabilities have improved following training and/or guidance and/or counselling, or whether the employee's duties might practically be modified to accommodate inherent deficiencies without continuing to prejudice the operations of the organisation.

Where the chairperson of the hearing determines that the termination of employment is necessary, he/she shall consider the possibility of alternative redeployment of the employee to a different job, should a function be available which is suitable to his/her skills. Should the Chairperson offer such vacancy to the employee, acceptance will be reduced to writing and will normally be on conditions of service commensurate with the level of the new position. The Chairperson shall also consider mitigating and personal circumstances applicable to the employee.

The employee is entitled to a copy of the written summary of the conclusions and finding of the chairperson. A copy of such a decision shall be filed in the employee's personnel file.

Within 2 working days of receipt of the above decision, the employee may lodge an appeal in writing to the Chairperson, stating the grounds for the appeal.

	<p>Please complete Knowledge Activity: Multiple Choice Test</p>
	<p>Please complete Practical Activity: Task 1 Task 2 Task 9 Task 10 Task 11</p>
	<p>Please complete Workplace Activity: Task 11 Task 13 Task 14 Task 17</p>

Module 5 : MOTIVATION AND TEAM LEADERSHIP



Learning outcomes

- Define motivation and explain motivational concepts
- Define motivation in terms of the different theories of motivation
- Demonstrate an understanding of leadership theories and concepts
- Demonstrate an understanding of team work (including team dynamics, team building, effective team communication)
- Demonstrate an understanding of the establishment of sound interpersonal work relations (including workplace discrimination, diversity, effective work relations, gaining respect)

Motivation

The term motivation is derived from the Latin word *movere*, meaning "to move."

Motivation can be broadly defined as the forces acting on or within a person that cause the arousal, direction, and persistence of goal-directed, voluntary effort.

Motivation theory is thus concerned with the processes that explain why and how human behaviour is activated.

Early explanations of motivation focused on **instincts**. Psychologists writing in the late 19th and early twentieth centuries suggested that human beings were basically programmed to behave in certain ways, depending upon the behavioral cues to which they were exposed. Sigmund Freud, for example, argued that the most powerful determinants of individual behavior were those of which the individual was not consciously aware.

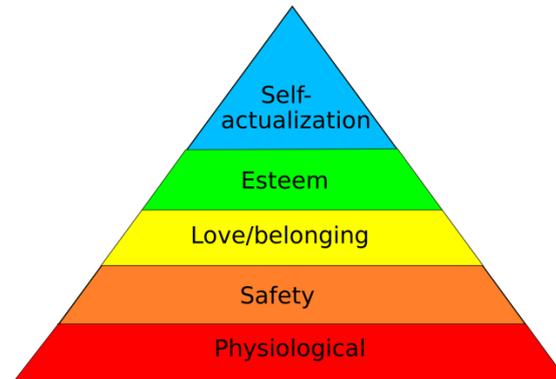
According to *Motivation and Leadership at Work* (Steers, Porter, and Bigley, 1996), in the early twentieth century researchers began to examine other possible explanations for differences in individual motivation. Some researchers focused on **internal drives** as an explanation for motivated behavior. Others studied the effect of **learning** and how individuals base current behavior on the consequences of past behavior. Still others examined the influence of individuals' **cognitive processes**, such as the beliefs they have about future events. Over time, these major theoretical streams of research in motivation were classified into two major schools: **the content theories of motivation** and **the process theories of motivation**.

Content (or need) theories of motivation focus on factors internal to the individual that energize and direct behavior. In general, such theories regard motivation as the product of internal drives that compel an individual to act or move (hence, "motivate") toward the satisfaction of individual needs.

Content Theories

The content theories of motivation are based in large part on early theories of motivation that traced the paths of action backward to their perceived origin in internal drives.

Maslow's Hierarchy of Needs



Abraham Maslow developed the hierarchy of needs, which suggests that individual needs exist in a hierarchy consisting of physiological needs, security needs, belongingness needs, esteem needs, and self-actualization needs.

Physiological needs are the most basic needs for food, water, and other factors necessary for survival.

Security needs include needs for safety in one's physical environment, stability, and freedom from emotional distress.

Belongingness needs relate to desires for friendship, love, and acceptance within a given community of individuals.

Esteem needs are those associated with obtaining the respect of one's self and others.

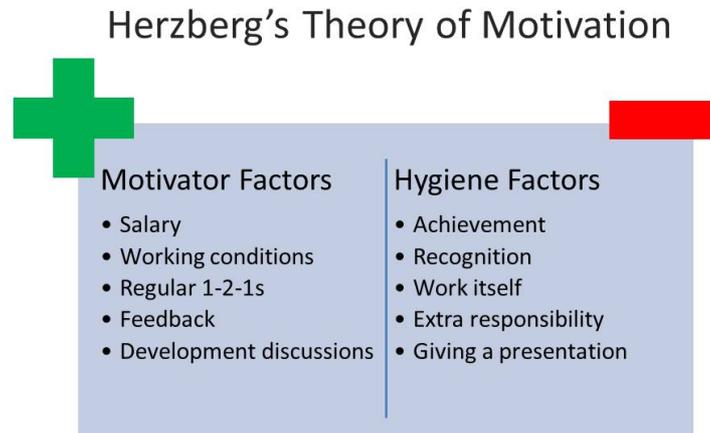
Finally, self-actualization needs are those corresponding to the achievement one's own potential, the exercising and testing of one's creative capacities, and, in general, to becoming the best person one can possibly be.

Unsatisfied needs motivate behavior; thus, lower-level needs such as the physiological and security needs must be met before upper-level needs such as belongingness, esteem, and self-actualization can be motivational.

Applications of the hierarchy of needs to management and the workplace are obvious. According to the implications of the hierarchy, individuals must have their lower level needs met by, for example, safe working conditions, adequate pay to take care of one's self and one's family, and job security before they will be motivated by increased job responsibilities, status, and challenging work assignments. Despite the ease of application of this theory to a

work setting, this theory has received little research support and therefore is not very useful in practice.

Motivator-Hygiene Theory



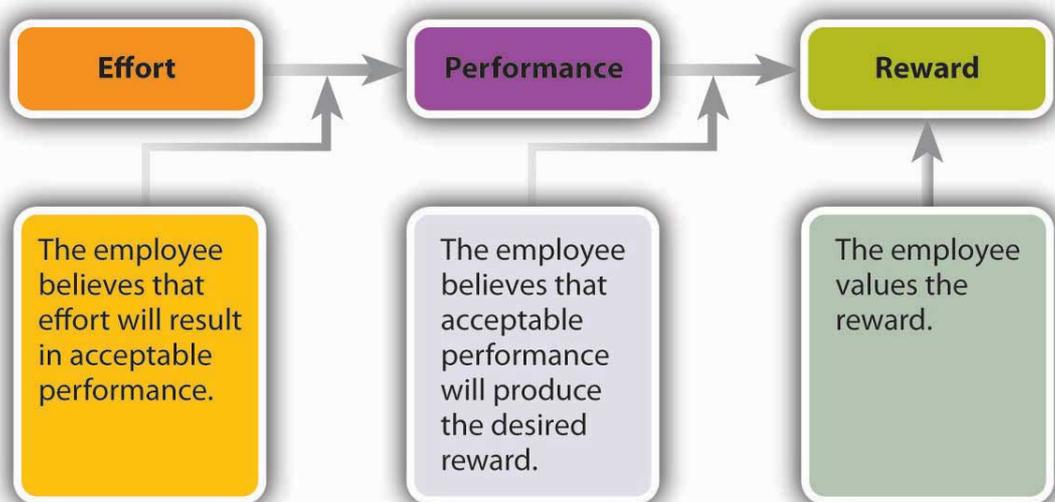
Frederick Herzberg developed the motivator-hygiene theory. This theory is closely related to Maslow's hierarchy of needs but relates more specifically to how individuals are motivated in the workplace. Based on his research, Herzberg argued that meeting the lower-level needs (hygiene factors) of individuals would not motivate them to exert effort, but would only prevent them from being dissatisfied. Only if higher-level needs (motivators) were met would individuals be motivated.

The implication for managers of the motivator-hygiene theory is that meeting employees lower-level needs by improving pay, benefits, safety, and other job-contextual factors will prevent employees from becoming actively dissatisfied but will not motivate them to exert additional effort toward better performance. To motivate workers, according to the theory, managers must focus on changing the intrinsic nature and content of jobs themselves by "enriching" them to increase employees' autonomy and their opportunities to take on additional responsibility, gain recognition, and develop their skills and careers.

Process Theories

Process (or cognitive) theories of motivation focus on conscious human decision processes as an explanation of motivation. The process theories are concerned with determining how individual behavior is energized, directed, and maintained in the specifically willed and self-directed human cognitive processes. Process theories of motivation are based on early cognitive theories, which posit that behavior is the result of conscious decision-making processes.

Expectancy Theory



In the early 1960s, Victor Vroom applied concepts of behavioral research conducted in the 1930s by Kurt Lewin and Edward Tolman directly to work motivation. Basically, Vroom suggested that individuals choose work behaviors that they believe lead to outcomes they value. In deciding how much effort to put into a work behavior, individuals are likely to consider:

- Their expectancy, meaning the degree to which they believe that putting forth effort will lead to a given level of performance.
- Their instrumentality, or the degree to which they believe that a given level of performance will result in certain outcomes or rewards.
- Their valence, which is the extent to which the expected outcomes are attractive or unattractive.

All three of these factors are expected to influence motivation in a multiplicative fashion, so that for an individual to be highly motivated, all three of the components of the expectancy model must be high. And, if even one of these is zero (e.g., instrumentality and valence are high, but expectancy is completely absent), the person will have not motivation for the task.

Thus, managers should attempt, to the extent possible, to ensure that their employees believe that increased effort will improve performance and that performance will lead to valued rewards.

From the theories discussed the following pointers can be inferred about how to motivate and manage people:

- Recognise individual differences in employees
- Place people in jobs that suit their profiles
- Work with employees to set specific goals that they perceive as attainable
- Provide employees with feedback on how they perform
- Link rewards clearly to performance, and recognise that different people may value different rewards
- Ensure that the principle of internal equity is honoured in the company's reward system

Although the modern trend is to place emphasis on intrinsic motivators, one should not neglect contextual factors. People have lives outside the organisation or work context. Also keep in mind that people work for money generally, and how we reward working people will be of great importance. Furthermore, motivation is influenced by numerous other variables, such as personal values. We acquire values within particular sociocultural contexts. Motivation is therefore connected with culture as well as other contextual factors. In South Africa in particular, with its great cultural and ethnic diversity, managers from one group must not assume that what they regard as self-evident motivating factors also necessarily hold for all their colleagues or subordinates.

Leadership and motivation go hand in hand. Managers are leaders by virtue of the fact that they work with people. Good leadership is required for motivated people.

Leadership versus Management

Taking a team from ordinary to extraordinary means understanding and embracing the difference between management and leadership. According to writer and consultant Peter Drucker, **“Management is doing things right; leadership is doing the right things.”**

What is the difference between management and leadership? It is a question that has been asked more than once and also answered in different ways. The biggest difference between managers and leaders is the way they motivate the people who work or follow them, and this sets the tone for most other aspects of what they do.

Many people, by the way, are both. They have management jobs, but they realize that you cannot buy hearts, especially to follow them down a difficult path, and so act as leaders too.

Managers have subordinates

By definition, managers have subordinates - unless their title is honorary and given as a mark of seniority, in which case the title is a misnomer and their power over others is other than formal authority.

Authoritarian, transactional style

Managers have a position of authority vested in them by the company, and their subordinates work for them and largely do as they are told. Management style is transactional, in that the manager tells the subordinate what to do, and the subordinate does this not because they are a blind robot, but because they have been promised a reward (at minimum their salary) for doing so.

Work focus

Managers are paid to get things done (they are subordinates too), often within tight constraints of time and money. They thus naturally pass on this work focus to their subordinates.

Leaders have followers

Leaders do not have subordinates - at least not when they are leading. Many organizational leaders do have subordinates, but only because they are also managers. But when they

want to lead, they have to give up formal authoritarian control, because to lead is to have followers, and following is always a voluntary activity.

Charismatic, transformational style

Telling people what to do does not inspire them to follow you. You have to appeal to them, showing how following you will lead them to their hearts' desire. They must want to follow you enough to stop what they are doing and perhaps walk into danger and situations that they would not normally consider risking.

Leaders with a stronger charisma find it easier to attract people to their cause. As a part of their persuasion they typically promise transformational benefits, such that their followers will not just receive extrinsic rewards but will somehow become better people.

People focus

Although many leaders have a charismatic style to some extent, this does not require a loud personality. They are always good with people, and quiet styles that give credit to others (and takes blame on themselves) are very effective at creating the loyalty that great leaders engender.

Although leaders are good with people, this does not mean they are friendly with them. In order to keep the mystique of leadership, they often retain a degree of separation and aloofness.

This does not mean that leaders do not pay attention to tasks - in fact they are often very achievement-focused. What they do realize, however, is the importance of enthusing others to work towards their vision.

In summary

This table summarizes the above and gives a sense of the differences between being a leader and being a manager.

Subject	Leader	Manager
Essence	Change	Stability
Focus	Leading people	Managing work
Have	Followers	Subordinates
Horizon	Long-term	Short-term

Seeks	Vision	Objectives
Approach	Sets direction	Plans detail
Decision	Facilitates	Makes
Power	Personal charisma	Formal authority
Appeal to	Heart	Head
Energy	Passion	Control
Culture	Shapes	Enacts
Dynamic	Proactive	Reactive
Persuasion	Sell	Tell
Style	Transformational	Transactional
Exchange	Excitement for work	Money for work
Likes	Striving	Action
Wants	Achievement	Results
Risk	Takes	Minimizes
Rules	Breaks	Makes
Conflict	Uses	Avoids
Direction	New roads	Existing roads
Truth	Seeks	Establishes
Concern	What is right	Being right
Credit	Gives	Takes
Blame	Takes	Blames

Leadership Theories

The subject of leadership has been studied for hundreds of years and reveals an evolving succession of theories. The earliest theories focus mostly on the character and personality of successful leaders and how they behaved. The more recent theories focus on what leaders actually do rather than on them needing to have certain innate qualities or traits.

Early trait theories attempted to create a list of leadership qualities and behaviours associated with “good” leaders. They saw these aspects as what anyone who wanted to lead needed to possess to be successful. They derived that a leader must have six basic qualities to be a leader. They are:



Many of history’s great leaders had this type of persona, but there have been some significant exceptions that have damaged such theories.

The need for effective leaders within organisations has led to theories and methodologies that rely on behaviours that can be learned rather than “traits” that a person either does or does not have. This plethora of research has led to four different types of leadership theories:

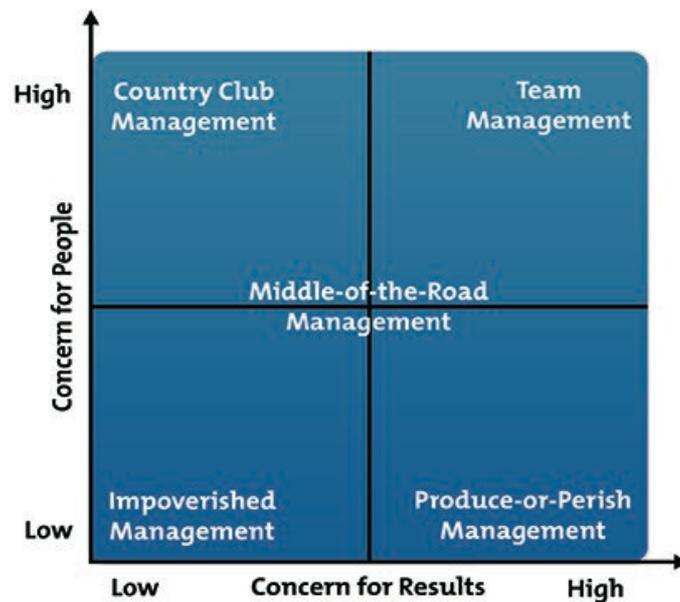
- Contingency theories – basic premise of this theory is that there is no one leadership style that suits all situations. Success comes from several factors of which leadership is one. Features of the situation and the followers are also significant.
- Situational theories – suggest that it is circumstances that a leader faces that determines his behaviour.

- Transactional or Exchange Theories – feature a defined transaction being made between a leader and his/her followers. Action is required when performance is above or below this agreed level.
- Transformational theories – concentrate on the links formed between a leader and his/her followers. This leader will inspire and motivate each team member to maximise their performance because they understand the significance of the task overall.

Blake-Mouton Managerial Grid

The Blake-Mouton Managerial Grid is a system that can be used to group similar leaders into categories based on the methods they use.

While no organisational system will ever be perfectly complete, this grid is a great way to understand more about certain leadership styles and how they work. Dating back to the early 1960's, this is a framework that has stood the test of time and remains relevant today.



The two dimensions of this grid quickly identify the priorities of the manager in question – “Concern for People” and “Concern for Results”. It doesn’t get much simpler than that, and it shouldn’t take long to determine where along this grid you fit as a leader.

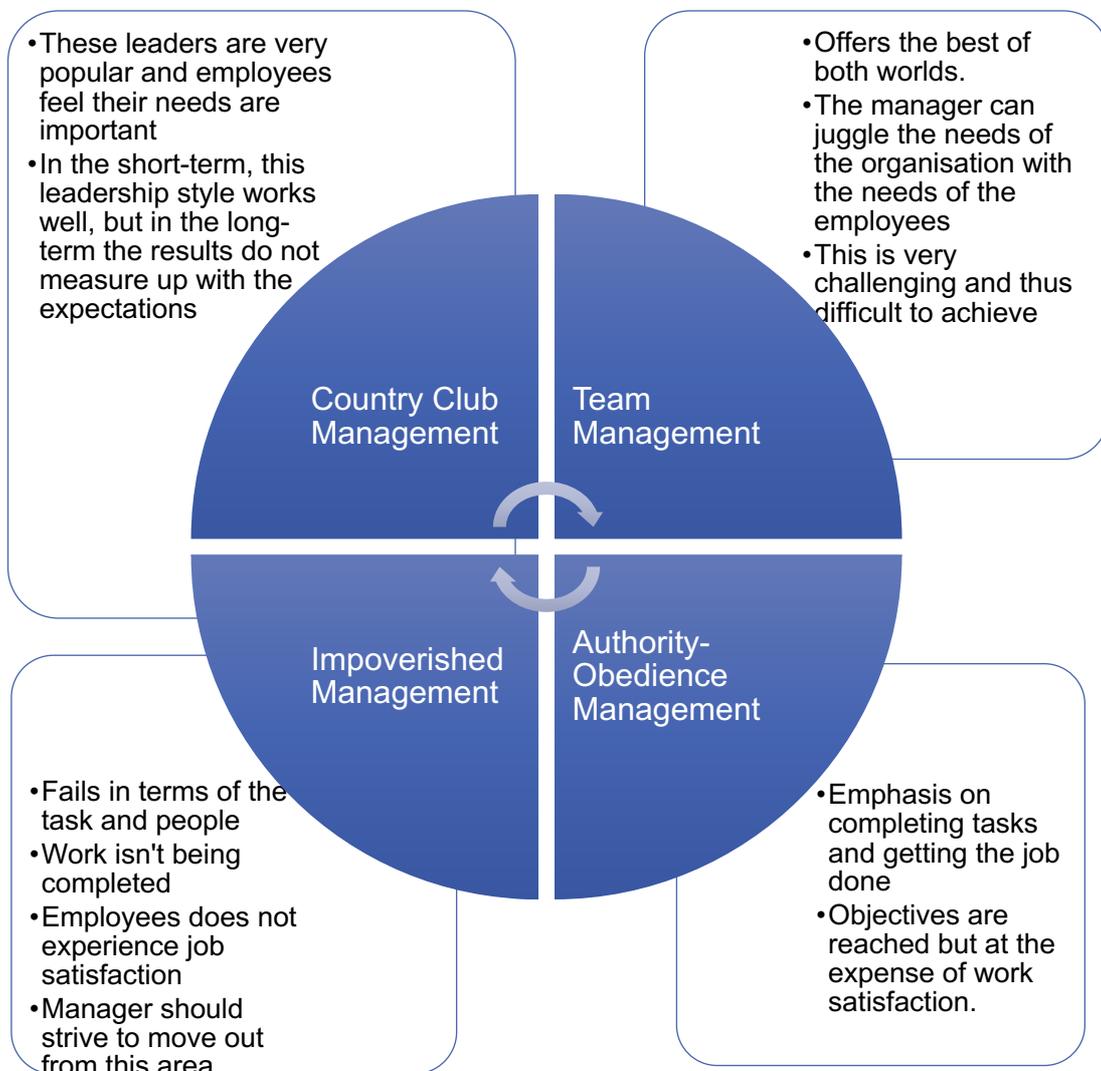
- Concern for People

The leader that emphasizes Concern for People over Results is one who is trying to do their best to further the careers of those they are leading. As the decisions are being made regarding who will work on what parts of a project. For example:

- Which tasks will help each individual progress their careers?
- Which tasks are likely to be enjoyed?
- Concern for Results

Naturally, this is the opposite of the previous approach. With this kind of leadership, the only concern is for the job getting done as successfully as possible. This leader is one who sets aside any level of focus on the individual and only thinks about the bigger picture for the organisation.

The real benefit of using the Blake-Mouton Managerial grid is the four management styles described:



The Blake-Mouton Managerial Grid is a good starting point for understanding the basic leadership options that a manager has when dealing with their employees. Avoiding the extremes and trying to balance all of the various interests at any one time is usually the best option.

Hersey-Blanchard Situational Leadership Theory

This theory says that leaders should vary their approach based on the people they are leading as well as the circumstances that surround the task at hand. The premise is that effective leaders are able to adapt to a situation as quickly as possible.

Specifically, this theory has to do with the maturity of those who are being led. Only when a leader is able to mold their approach to the maturity and talent of those that make up the team will the overall performance be up to par.

The Situational Leadership Theory offers up to four potential leadership styles as well as four maturity levels that defines the members of a team.

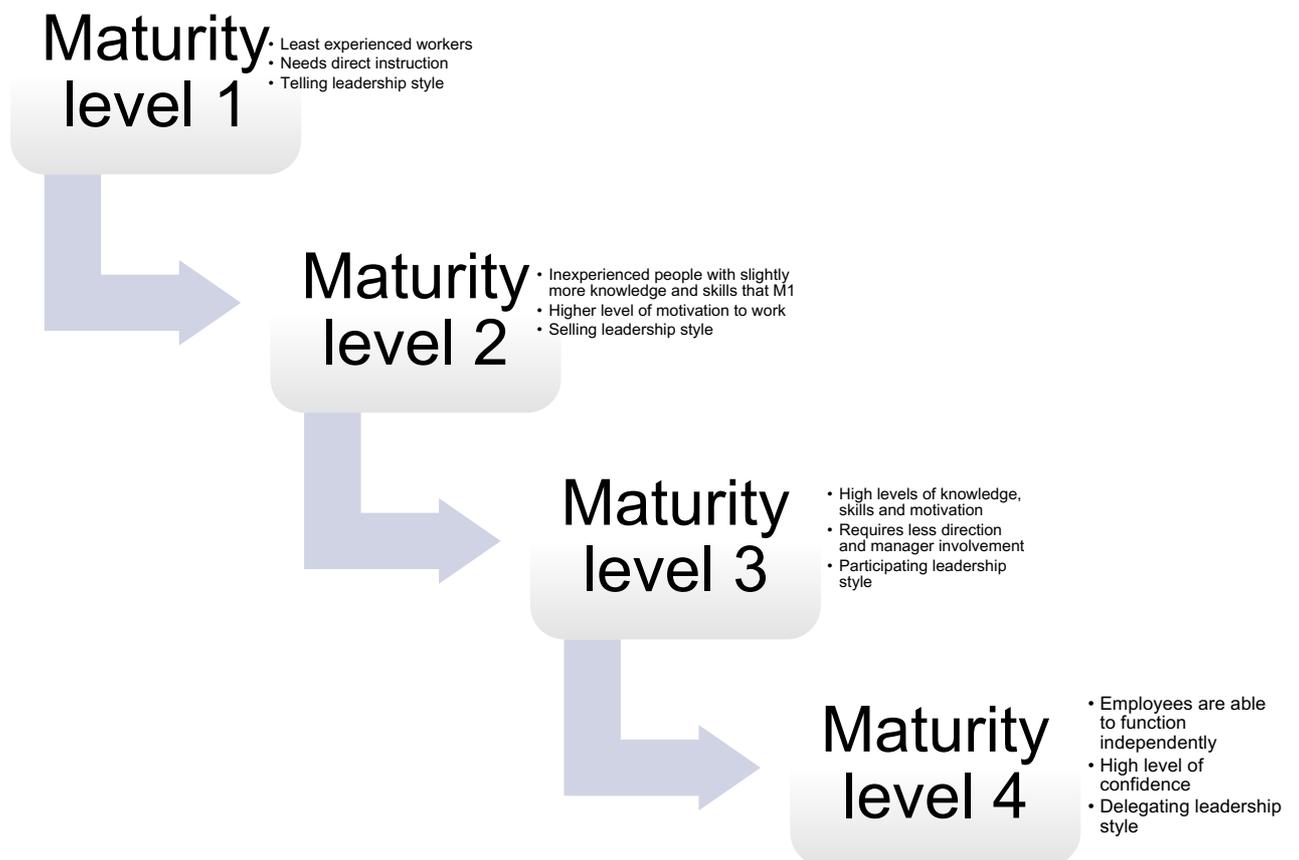
Hersey-Blanchard Situational Leadership Theory			
		Task Behaviors	
		Low	High
Relationship Behaviors	High	<p>Participating Style Shares Ideas <i>(Followers able, unwilling, not confident)</i></p>	<p>Selling Style Explain Decisions <i>(Followers unable, willing, confident)</i></p>
	Low	<p>Delegating Style Turn over decisions <i>(Followers able, willing, confident)</i></p>	<p>Telling Style Give Instructions <i>(Followers unable, unwilling, not confident)</i></p>

The four leadership styles that are described in this theory are:

- **Telling** – this is the most direct form of leadership. The leader of the group simply tells each member what to do and how they would like them to do it. This approach is less collaborative and more directive in nature. The leader provides specific instructions to the team members and does not allow for any inputs from the team.
- **Selling** – this leadership style allows for more collaboration. While the team members are still directed by the leader, the leader is more likely to engage with the team members along the way. The “Selling” title comes from the idea that the leader may need to convince some members of the team to follow his or her lead and do things in a specific way.

- **Participating** – the leader tries to build relationships with team members and really becoming part of the team. This is quite a departure from the Telling style, as the leader will blend in more with those who are working as part of the team. In fact, the leader might not even make all the decisions in this style, perhaps deferring at certain points to members of the team with more experience or knowledge in a given area.
- **Delegating** – the leader delegates most responsibilities for a give project or task to various members of the team. This style is something that leaders of experienced teams will often use, since the employees that are being led may not need much in the way of direction at this point in their careers.

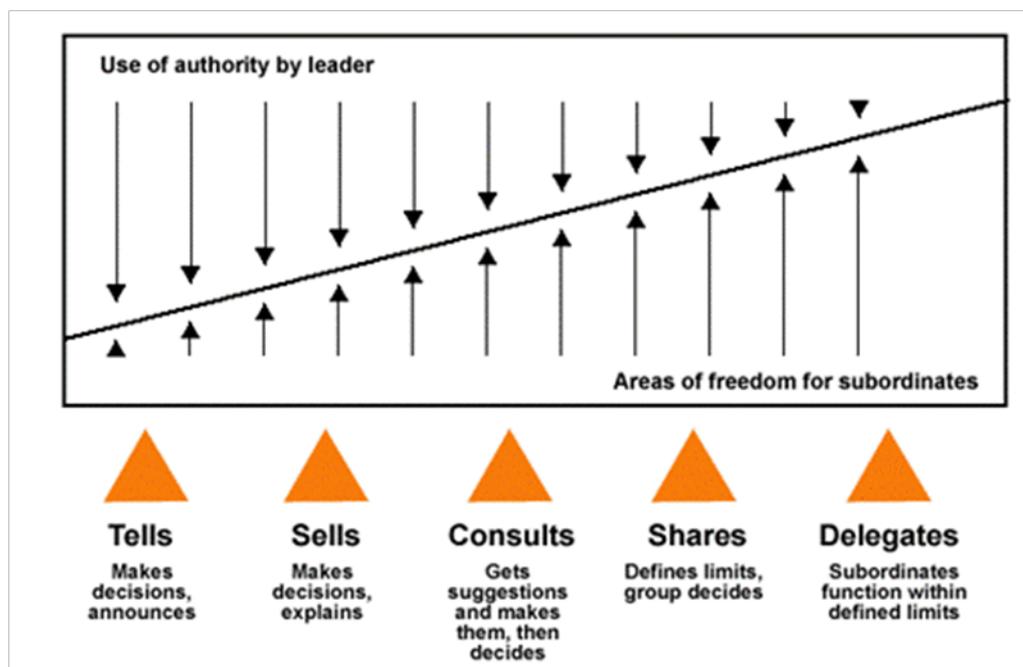
Hersey and Blanchard also provides four maturity levels that describe those who are making up the team:



The Hersey Blanchard Situational Leadership Theory promotes flexible leaders that are able to match their style to the experience and ability of those they are leading.

Tannenbaum-Schmidt Leadership Continuum

Many leadership models and theories like to cluster leadership strategies into categories. While this can be helpful to get a general picture of how leadership works and what styles work under which circumstances, real life is usually more complicated than that. For this reason, a continuum makes a lot of sense because it covers a wider range of leadership approaches.



Before describing the various points along the continuum, the extremes at every end will be explained:

- **Manager-orientated leadership** – The leader acts mostly like a dictator, telling the team members what to do and leaving very little room for negotiating. Most commonly, this is a strategy employed by leaders who are dealing with inexperienced teams, or when a tight deadline has to be met.
- **Team-orientated leadership** – This type of leader provides his team with plenty of flexibility and encourages collaboration and the sharing of ideas. Usually, this sort of latitude will only be afforded to a team that has a high level of experience and acumen in a given area. This kind of leader must have a great deal of trust in their team to allow such freedom.

Within those extremes, the Tannenbaum-Schmidt Leadership Continuum highlights seven points along the way that can be used to describe various leadership styles:

1. Tells – This style is very close to the extreme, as the team is given direct instructions and the interaction between the leader and the team members is very limited. Most of the time, a leader will use this style when they lack the trust that comes with experience in working the team.
2. Sells – This point is marked by leadership which is still direct, but also allows for a little of back and forth between the leader and the team. In the end, it is the leader that will be calling the shots, but at least the team is provided with the opportunity to give some input and have their voice be heard.
3. Suggests – When a leader uses the suggestions style, they are softer in their approach to the team and want to make sure that the team feels like they have real, valued input in the process. How much that input is actually taken into consideration will depend on the level of experience among the team and how much trust the leader has in them at this point.
4. Consults – As the name indicates, this style of leadership is increasingly collaborative between the leader and the team. A leader is only going to feel comfortable moving to this position on the continuum when they are sure that the team members are experienced enough to put trust in their thinking and decision making.
5. Joins – At this point the leader starts to become more a member of the team than a dictator who is telling everyone what to do. While the leader retains the power in the situation and will be the one responsible for making choices in the end, the team is genuinely used to help make decisions.
6. Delegates – Moving closer to the other extreme, the leader who delegates is one who has a high degree of trust in his or her team. Rather than becoming a part of the team, the leader “steps back” from the team and trusts them to get the job done. Usually, there will be parameters put in place to make sure the team stays on track and is working toward the right goal, but the leader isn’t necessarily involved in the day-to-day decision making process.
7. Abdicates – is at the other end of the spectrum. It represents a point where the leader essentially relinquishes any involvement and trust the team to get the job done from start to finish. The only connection the leader has to the team is bearing responsibility for the work they do. It is obvious that trust and experience are going to be essential to success at this end of the leadership continuum.

Belbin's Team Roles

When looking at any team, it is quickly apparent that each member of the team adopts their own role in order to best contribute and use their skills in a way that is beneficial to the goals of the team as a whole.

In a work team, members are assigned various roles, or they will gradually take them on as time goes by. Teams who are able to successfully accomplish their goals on a regular basis usually have a healthy mix of the various team roles identified by Dr. Meredith Belbin.

- People orientated roles
- Action orientated roles
- Thought orientated roles

The nine roles are grouped in each of the three categories:

Team Role	Contribution	Allowable Weaknesses
Plant 	Creative, imaginative, free-thinking. Generates ideas and solves difficult problems.	Ignores incidentals. Too preoccupied to communicate effectively.
Resource Investigator 	Outgoing, enthusiastic, communicative. Explores opportunities and develops contacts.	Over-optimistic. Loses interest once initial enthusiasm has passed.
Co-ordinator 	Mature, confident, identifies talent. Clarifies goals. Delegates effectively.	Can be seen as manipulative. Offloads own share of the work.
Shaper 	Challenging, dynamic, thrives on pressure. Has the drive and courage to overcome obstacles.	Prone to provocation. Offends peoples feelings.
Monitor Evaluator 	Sober, strategic and discerning. Sees all options and judges accurately.	Lacks drive and ability to inspire others. Can be overly critical.
Teamworker 	Co-operative, perceptive and diplomatic. Listens and averts friction.	Indecisive in crunch situations. Avoids confrontation.
Implementer 	Practical, reliable, efficient. Turns ideas into actions and organises work that needs to be done.	Somewhat inflexible. Slow to respond to new possibilities.
Completer Finisher 	Painstaking, conscientious, anxious. Searches out errors. Polishes and perfects.	Inclined to worry unduly. Reluctant to delegate.
Specialist 	Single-minded, self-starting, dedicated. Provides knowledge and skills in rare supply.	Contributes only on a narrow front. Dwells on technicalities.



What is a team?

A team is a group of individuals, all working together for a common purpose. The individuals comprising a team ideally should have common goals, common objectives and more or less think on the same lines. Individuals who are not compatible with each other can never form a team. They should have similar if not the same interests, thought processes, attitude, perception and likings.

What is Team Leadership?



There are four practical leadership styles that you need to consider when you are leading a team:

1. Transactional Leadership
2. Transformational Leadership
3. Situational Leadership
4. The Leadership Continuum

Transactional Leadership

The fundamental requirement for this style of leadership is that a “transaction” exists between the leader and the team members. This transaction has two aspects:

- It involves the organisation paying wages to team members in return for effort and compliance.
- The leader/manager has the right to discipline an employee if their work does not meet an appropriate standard.

The power of transactional leaders comes from their formal authority and level of responsibility within the organisation. Such leaders are primarily concerned with establishing the criteria for rewarding team members for good performance. This is referred to as “Contingent Reward”, e.g. praise. Team members are rewarded for their efforts – for example for completing set goals on time, in recognition of handling a difficult situation well.

In situations where the team member’s performance is below the acceptable standard, you will need to apply appropriate sanctions. This is known as “Management by Exception”. This corrective action can be either active or passive. If you adopt an active sanction then you are continually monitoring the team member’s performance and correcting any errors as they occur. Alternatively, you can use passive sanction where you wait for issues to come up before fixing the problems.

If you adopt this style of leadership you will focus your activities on the process of supervision, organisation and group performance. You will be concerned with efficiency rather than forward-thinking ideas. You will have to be comfortable with being authoritative and always telling your members what to do.

This type of leadership makes certain assumptions about your team. Firstly, that they are only motivated by reward or punishment; they have no self-motivation. Secondly, that they know from the outset that they must obey your instructions without question and expect to be closely monitored and controlled.

The situations where transactional leadership is appropriate are where:

- Decisions must be made quickly and without dissent
- Subordinates do not have sufficient knowledge to contribute to decisions
- The work involves safety risks and the leader will be held accountable

- The work is routine and there is no scope for creativity or innovation

Transformational Leadership

Transformational leadership is based on the ability of the leader to motivate followers through their charisma, intellectual stimulation and individual consideration. Such leaders enhance motivation, morale and performance by creating a sense of identity and self to the project for followers, as well as a collective identity with the organisation.

These leaders offer a role model that inspires, interests and challenges their followers to take greater ownership for their work. A transformational leader understands the strengths and weaknesses of each follower and assigns tasks that enhance each individual's performance.

As a result, followers feel trust, admiration, loyalty and respect for the leader, which means they are willing to put in whatever effort is required to achieve the goal, not just to gain benefit for themselves.

Situational Leadership

In contrast to the static nature of the environment required for both transactional and transformational leadership, you may find the ethos behind Situational Leadership better suited to the needs of your day-to-day team management.

The most successful leaders and managers adapt their style depending on the “competence” and “commitment” of the group, team or individual being led.

The Situational Leadership Model is based on Ken Blanchard and Paul Hersey's Situational Leadership Theory (discussed earlier in this module).



The Leadership Continuum

The final approach you can use is to ensure that your leadership arises out of the information you know about the task and members of your team. This approach is similar to Situational

Leadership in that it does not see leadership as a static state, but one that alters along a continuum so that your behaviour best suit the situation you are dealing with.

In 1958 Tannenbaum and Schmidt wrote of the Leadership Continuum for the first time. It describes a continuum of possible leadership behaviour available to you as a manager, along which many leadership styles may be placed. This offers you flexibility to adapt your leadership style to suit the situations you face every day at work.

Difference between a group and a team

A group is not necessarily a team. **A group can have individuals with varied interests, attitude as well as thought processes.** It is not necessary that the group members would have a common objective or a common goal to achieve.

What happens in a political rally ? The political leader appeals to the individuals to cast the votes in his favour only. Do you think all of them would cast the votes in favour of the leader ? There would always be some individuals who would support his opponent. This is example of a group. All individuals gathered on a common platform but had dissimilar interests and likings. Some were in favour of the leader while some against.

A team must have individuals with a common objective to achieve. They should all work together and strive towards the achievement of a common goal.

Developing a team

Team development creates a captivating atmosphere by encouraging co-operation, teamwork, interdependence and by building trust among team members.

The four stages of team development are:

Stage 1: Forming

During this stage, group members may be anxious and adopt wait-and-see attitude. They will be formal towards each other. There would be no clear idea of goals or expectations. Besides, they may not be sure why they are there.

This is the stage where the team needs to write its own charter or mission statement as well as clarify goals. The most important thing here is that goals must have a personal buy-in.

By doing this the team will be able to establish boundaries as well as determine what is expected. Team members will get to know each other doing non-conflict laden task. This builds the commitment towards one larger goal.

Thus, during the forming stage, the team members are in process of knowing each other and getting at ease with them.

Stage 2: Storming

During this stage, team members are eager to get going. Conflict can arise as people tend to bring different ideas of how to accomplish goals. At this time, they notice differences rather than similarities. This leads to some members dropping out mentally or physically.

At this stage, communication is important. Tensions will increase. So recognizing and publicly acknowledging accomplishments also become important. It becomes important to participate in meetings and diversity needs to be valued.

Thus, during the storming stage, the team members begin showing their actual styles. They start getting impatient. They try to probe into each other's area, leading to irritation and frustration. Control becomes the key concern during this stage.

Stage 3: Norming

This stage is when people begin to recognize ways in which they are alike. They realize that they are in this together. Hence, they tend to get more social and may forget their focus in favour of having a good time. This is the time to help with training if applicable. It becomes important to encourage them in order to feel comfortable with each other and with systems. Also, the group needs to stay focused on goal.

Thus, during the norming stage, there is conflict resolution. There is greater involvement of team members. There is a greater "we" feeling rather than "I" feeling.

Stage 4: Performing

This stage is when team members are trained, competent, as well as able to do their own problem-solving. At this time, ways need to be looked at in order to challenge them as well as develop them. The team is mature now. The members understand their roles and responsibilities. They would require more input in processes. The members would be self-motivated as well as self-trained. Thus, their efforts need to be recognised. Growth has to be encouraged. This is done by giving new challenges to the team.

Thus, teams at the stage of performing are self-controlling, practical, loyal as well as productive. Focus is there on both performance as well as production.

The characteristics of a Good/Effective team:

- **A clear, elevating goal:** This is a goal which has been communicated to all.
- **A results-driven structure:** The goal has been jointly decided by all the team members. They are fully committed towards achieving it.
- **Competent members:** Each team member has the required skill set in order to achieve the team objectives.
- **Unified commitment:** There is nothing happening in silos. With the total commitment from team members, achieving organizational goals becomes easier.
- **A collaborative climate:** Commitment from team members and a good leadership leads to a collaborative team with a productive work environment.
- **Standards of excellence:** Quality orientation is vital to the success of any organization.
- **External support and recognition:** Appreciation as well as appraisal is required to keep the morale of the team high.
- **Principled leadership:** Leadership defines a team. An able-bodied leadership can chart the team's path to success.
- Each team member participates actively and positively in meetings as well as projects. This shows a person's commitment as well as understanding towards a project.
- **Team goals are clearly understood by all:** Communication is vital for achieving successful completion of any project.
- Individual members have thought about creative solutions to the team's problem. Thinking out of the box is vital in today's economic scenario.
- Members are listened to carefully as well as given a thoughtful feedback. Listening is an important skill for any team. Each team member is important. The thoughts and ideas of each team member have to be listened to, with respect, no matter how silly they may sound at first.
- Everyone takes the initiative in order to get things done. There is no concept of passing the buck. This is an indication of clear communication leading to understanding of individual responsibilities.
- **Each team member trusts the judgment of others:** Mutual trust and respect is highly important for the team. This is the only way to achieve the organization goals.
- **The team has to be willing to take risks:** Risk taking is an attitude which comes with confidence. Confidence on yourself as well as on the team, besides the ability to face all consequences.

- Everyone has to be supportive of the project as well as of others. A team is one unit. Unless these cohesive forces are there, the team will never be able to work efficiently enough.
- There is ample communication between the team members.
- Team decisions are made by using organized as well as logical methods.
- **Dissenting opinions are never ignored:** In fact, they are always recorded in order to be revisited in case the future situations dictate so.
- **Teams are given realistic deadlines:** External support as well as aid is vital to the success of any team.

An efficient team needs support from both inside and outside. It needs to meet the individual needs of its members in order to achieve the organization's goals.

What is team work?

The sum of the efforts undertaken by each team member for the achievement of the team's objective is called team work. In other words, team work is the backbone of any team.

Every member in a team has to perform and contribute in his best possible way to achieve a common predefined goal. Individual performances do not count in a team and it is the collective performance of the team workers which matters the most.

Let us go through a real life situation.

One cannot work alone in any organization and thus teams are formed where individuals work together for a common objective. Peter, Michael, Jackson and Sandra represented the legal team in a leading organization. Peter and Michael always took the initiative and performed their level best while Jackson and Sandra had a laidback attitude towards work. Their team could never meet their targets despite Peter and Michael's hard work.

Peter and Michael worked hard, then why do you think their team fell short of targets?

In a team; everyone has to work equally for the maximum output.

Team work is actually the collective effort of each and every team member to achieve their assigned goal. No member can afford to sit back and expect the other member to perform on his behalf. The team members must be committed towards their team as well as their organization to avoid conflicts. Nothing productive comes out of unnecessary conflict and in turn diverts the concentration and focus of the team members. Every member should adopt

an adjusting and a flexible attitude. One should consider his team members as a part of his extended family all working together towards a common goal. The team members must be dependent on each other for the best to come out.

The importance of building a team



Team work and Team Building are essential to make the organization a better place to work.

One does not gain anything out of unnecessary conflicts. You can't afford to fight with your colleague who sits next to you probably for 7-8 hours, five days a week. We are not machines or battery operated devices, we are human beings and we need people to talk to and discuss various things. One cannot implement things on his own, he needs individuals who can work as critics and evaluate the pros and cons of his concepts.

Team Building activities bring employees closer and one feels happy to go to work daily. Individuals start enjoying their work and feel fresh the entire day.

Please go through two situations carefully:

Situation 1 - Michael worked with a leading organization and handled a team of five skilled team members. Michael made sure that he interacted with his team members almost daily. He even enquired about their family members and was always available to them. The team members had the liberty to come up with their issues on an open forum or write to him freely. No wonders his team members always appreciated their team leader and looked up to him. His team members never fought among themselves and willingly helped each other.

Situation 2 - Samuel on the other hand also had four individuals directly reporting to him. He always maintained a distance from them and never missed an opportunity to criticize or make

fun of his team members. No employee was allowed to enter Samuel's office without prior appointment. His team members hated their office like anything and preferred working from home just to avoid Samuel. Nobody was ready to help each other and everyone worked individually. Their team could never achieve their targets within the stipulated time and there was lots of negativity in their team.

Michael did nothing great. He just reassured his team members that he is always there for them and they can fall back on him anytime. Samuel never encouraged any team building activity and thus his team always suffered.

Team Building activities improve the relations and strengthen the bond among the employees. Every one strives hard to achieve a common goal.

Please refer to Michael's example once again. His team members had the liberty to write to him anytime or freely discuss issues with him. There was never a misunderstanding among the team members as everyone knew what the other person was up to.

Team Building activities also reduce the chances of confusions, misunderstandings and in a way making the communication effective. Individual is very clear about his goals and objectives and what exactly is expected from him.

Team Building exercises also increase the trust factor among the employees. If you are sitting next to a driver, whom you don't trust, you will always feel uncomfortable and will never be able to enjoy the ride. If you don't trust your teacher, you can never learn anything from him. You need to trust people. Don't always assume that your fellow employee will speak ill about you in front of your superiors. Trust him, you will feel relaxed.

The productivity increases when individuals work as a team. They tend to divide work among themselves and hence the objectives are achieved at a much faster pace. People take less leaves and concentrate more on their work and eventually the organization benefits.

Individuals feel more positive and confident at work. Stress disappears and it reflects on their work. Chances of mistakes reduce and people stop cribbing and blaming others. There is positivity all around. Allow team members to express themselves freely.

Being a "Hitler" at work will never give you extra points, instead you will find yourself in the bad books of other employees. No one will come to you, when you actually need them. People will be hesitant to support you and you can't perform with enemies all around. Gone are the days when the word "boss" meant a terror to the employees.

How to build your best team

Not all teams can perform well. The performance of a team is dependent on its team members. The individuals must be handpicked very carefully to form a high performance team.

Let us go through some important points one should keep in mind while building a team:

- Always understand the team members well. No individual is alike. A person might be a very good speaker but may be poor in writing mails or written communication. An individual can be excellent in presentations but might lack the art of making an impressive presentation. It is very important to understand the individuals well and responsibilities must be assigned to them as per their interest and according to their qualification and specialization. An individual with excellent marketing skills never finds a desk job interesting and his best will never come out. Never force any one to be a part of any team. Individuals must participate on their own.
- The goal or the objective of the team must be clearly defined. The objective of the team must be shared with every team member and they must be clear what is expected out of them. The purpose why the team has been formed must be very clear to the team members. They should know what they have to work on so that they can deliver their best.
- Promote effective communication among your team members. Communicate with the members on an open platform and encourage team members to actively participate in discussions. Prefer a meeting room or a conference room to discuss various issues inviting all the members. It is always better if the communication is through email with all the team members in the loop so that none feels neglected or left out.
- Avoid conflicts. Don't let negativity creep in your team. Pick individuals with a positive attitude. One should avoid fighting over small issues and be a little more adjusting. Everything can't be exactly the same way you want. Team members must be discouraged to criticize or make fun of their fellow team members.
- Various activities and events must be promoted within the teams. Work will never suffer if the team members go out for a movie or lunch; instead it strengthens the bond among the team members. Individuals come closer to each other this way and avoid fighting among themselves. People know each other better. Always remember to greet your team members with a warm smile.
- A leader should be appointed carefully. A leader should be such that everyone looks up to him for advice and guidance. Do not select anyone just because you like him, instead prefer the voting system. The most favourite candidate among the group is the best choice for a leader. The team leader must extract the best out of his team

members and be equal to everyone. He ought to be intelligent and a little tactful. He must motivate the individuals from time to time and be impartial. Never embarrass any of your team members.

- It is important to take the feedback from each and every individual. Review your team and team member's performance on a monthly basis. Sit with each and every member to understand whether he is enjoying his work or not. Job rotation is a good option to reduce monotony. Promote healthy competition among the team members. Appreciate if he has done something great. Reward him suitably.
- Discipline must be maintained at all levels in the team for maximum output. Team members must reach on time for meetings and discussions. One should avoid a casual or a laid back attitude. The team leaders must be easily available to the team in case of queries and confusions.

Leading high-performance teams

All teams experience difficulties from time to time and it is the leader's responsibility to resolve any problems as quickly as possible. Often, the poor performance of the team is not the fault of an individual team member, but it comes down to the way the team is organized and managed. Proper goal setting, clear role definition and having the necessary processes in place to deal with day-to-day management of the team are all important, as is your ability to anticipate problems and identify the early signs of underperformance.

The symptoms of an underperforming team include:

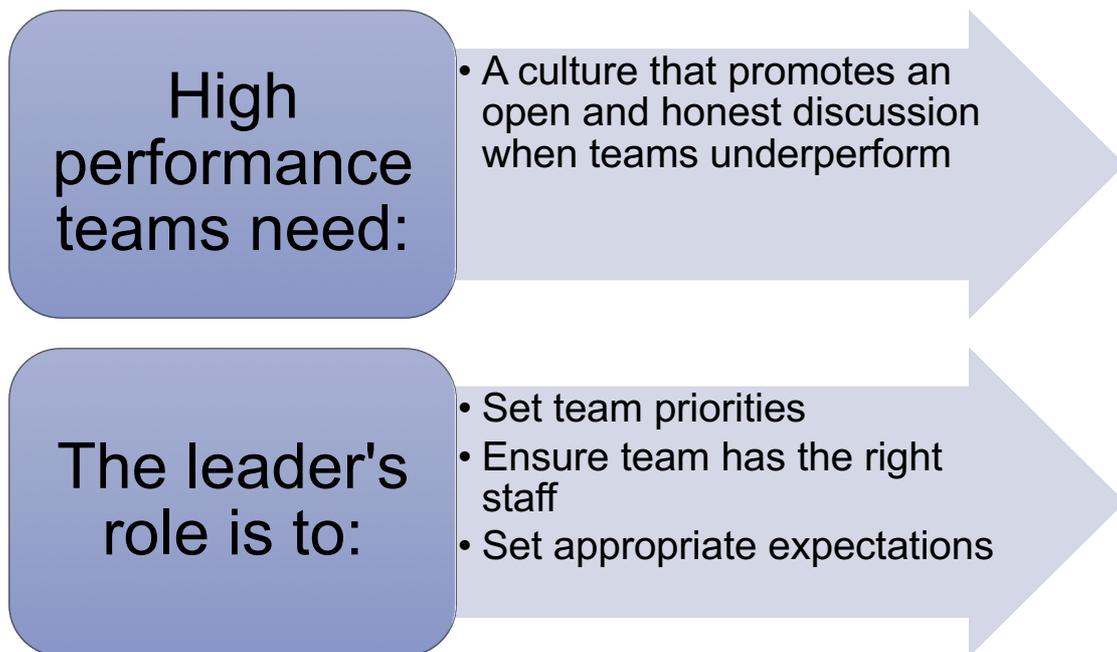
- Absences from the team and its activities that are lengthy and cannot be explained
- More frequent displays of conflict and frustration, often unjustified
- Lack of enthusiasm and motivation to perform tasks
- Rumors and gossip heard on the organisation's grapevine about your team are on the increase
- A clique develops so that these people protect themselves from the stigma of poor performance

Mike Beer, a Professor of Business Administration at the Harvard Business School, has identified six "silent barriers" that causes teams to underperform. People working within the organisation recognize these barriers, but they cannot be tackled because they result from issues that senior management prefers to ignore.

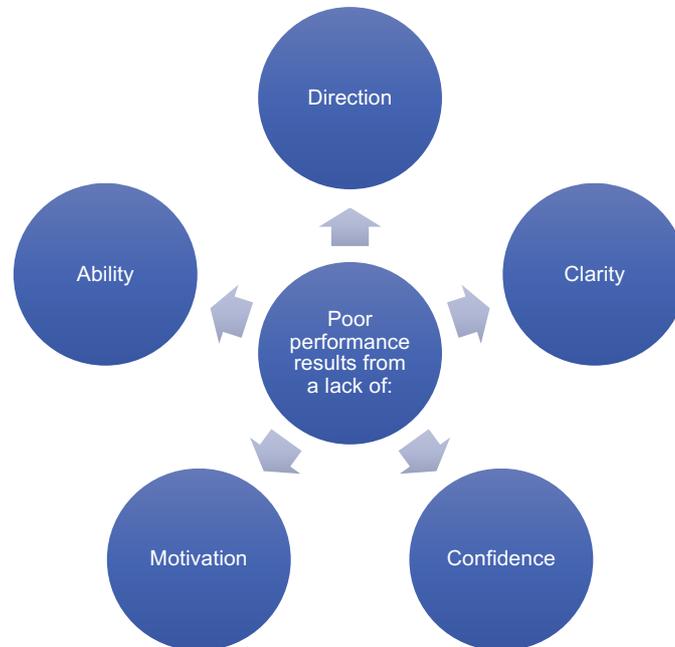
The six barriers are:



In organisations that exhibit these barriers, you see that the leadership team members are coming with their own agenda, and there is no effective senior team in place that is committed to the same strategy, priorities and values. The lower levels don't know what the top is trying to do and upper levels don't know what they had done. And there is silence; the lower level teams can't speak honestly with the top about what the problems are that block their efficacy – clear and common priorities and strategy or their pattern of management.



You will need to be constantly monitoring and observing how each of your team members is performing and look for signs of reduced productivity. Assessing how well your team's performance compares to other teams in your organisation is also an essential part of your role. If you notice a reduction in performance, understanding why this has occurred and addressing it are essential:



Lack of clarity and focus

If team members keep asking exactly what they should be doing, by when and how they should actually perform the task then it indicates that their responsibilities have not been specified clearly enough.

This type of behaviour may also imply that they need more feedback from you so that they understand how well you want them to do the job.

Lack of ability

To prevent this situation arising, you should have an appreciation of each team member's capabilities. You can assess how much additional training and coaching you can offer to help develop their skills, but in the end you need to make a judgement on how well their skills match the task requirements. This inability to perform a task may also be due to a lack of resources, whether it be in terms of people, materials or funds. Finally, to ensure you only

have capable members added to your team you should take an active role in the selection and induction of new members.

Lack of confidence

Sometimes as a manager you will notice that an individual, despite having the right qualifications, just doesn't possess the required behavioural skills, or they lack the interest to adjust and learn the new skills that are necessary for their role. This person could also just not fit into the social make-up of your team even though they have the right skills. In this instance often the team member begins to feel unappreciated, and they may feel ostracized by the rest of the team. As a consequence their performance declines, and the situation deteriorates because the rest of the team resent carrying an underperformer.

Lack of direction

This is probably the most common reason for underperformance. As a manager you should make certain that the goal and task descriptions you provide are as clear as possible. If your own goals are poorly defined it will not help the performance of your team. Often this results from senior management having hidden agendas, which undermine performance and bring about a culture of mistrust.

Lack of motivation

Motivating your team will often be handled as part of their appraisal system, but this is not enough in itself. You also need to be monitoring and feeding back to each individual how well he or she is doing on an ongoing basis. If the team is involved in boring or repetitive work then motivation may be your number one priority.

Turning underperformance around

The only way to get the best performance from your team is through your own behaviour.

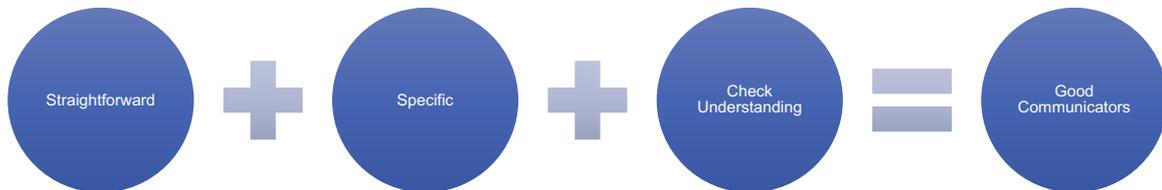
Does your behaviour display that you know where you are going and why it is important that you get there?

Does it show that you care for each member of your team, the team as a whole and attaining the team goal?

Warren Bennis is an American scholar, organisational consultant and author, widely regarded as a pioneer of the contemporary field of Leadership Studies. Bennis refers to four behaviours managers must become competent in to be good leaders. These are management of attention, meaning, trust and self.

- Attention – sum up goals in a way the team can buy into
- Meaning – clearly state aims and priorities
- Trust – build rapport and open, honest communication
- Self – lead by example by applying emotional intelligence

A common element of such behaviour is the ability to communicate clearly and concisely with others. Good communication, whether verbal or written, should remove any uncertainty by using the S.S.U. principle in all exchanges:



Please complete Knowledge Activity: Multiple Choice Test

Module 6 : BASIC FINANCE



Learning outcomes

- Demonstrate an understanding of income vs profit (i.e. profit margins)
- Demonstrate an understanding of the cost of production and factors that impact on this
- Demonstrate an understanding of production cost control (including Elements of production costs, cost of inefficiency and re-work, absenteeism, waste, injuries on duty)

Basic Financial Terminology

This module will introduce the basic concepts and terminology that is used in financial management.

Financial management is a tool that assists Financial Managers to solve business problems every day. Sometimes financial management and accounting are confused - they are not the same. Accounting looks at things from a historical (past) view and at what has already taken place in the business. Financial management, on the other hand, focuses on creating value in the present and in the future.

The basic financial concepts are a good starting place because in finance there are often various financial terms and getting a good grasp of the terminology will assist you as you delve deeper into financial matters. It will enable you to know exactly what is referred to when, for instance, someone refers to the income statement or the balance sheet. These are the most common terms that are used:

Capital

known as 'equity' - value of the total assets of the business expressed in monetary terms

Capital is the money available to the business for the purchase of goods and services with a view

Types of Capital

Capital can be classified into two main forms:

Fixed capital: Long term assets which are used for a long period of time

This includes long-term assets which are used for long periods of time. (e.g. buildings, plant, and machinery, and vehicles, etc.)

Working capital: Difference between current assets (on hand) and current liabilities

This is the difference between current assets and current liabilities. It is the term used when talking about the availability and management of business funds. Working capital is used in the day-to-day operations of the business and for this reason, working capital is often called circulating capital.

Assets: resources a business owns: cash, inventory, equipment and real estate

Assets are resources a business owns: cash, inventory, equipment and real estate. There is a difference between fixed assets and current assets:

Fixed Assets are assets such as land, buildings, machinery and equipment. Fixed assets have a relatively long life and the business can therefore use them for longer periods.

Fixed assets cannot be easily converted to cash.

FIXED ASSETS = LONG TERM

Current Assets: assets that are owned by the company and can be converted into cash quickly (within 1 year) or that are already in cash form.

Examples of current assets: outstanding debtors (people who owe the business money); stock and inventory; cash (on hand or in the bank). The capital used to obtain current assets is known as operating or working capital.

Liability

It is an *obligation* of an entity arising from *past* transactions or events, the settlement of which may result in the transfer or use of assets, or provision of services. A liability is defined by any type of borrowing from persons or banks that is payable during a short or long time; or it could be a duty or responsibility to others that entails settlement by future transfer or use of assets

Retained earnings

This is the portion of net income which is retained by the corporation rather than distributed to its owners as dividends. Similarly, if the corporation takes a loss, then that loss is retained and called variously retained losses, accumulated losses, or accumulated deficit. Retained earnings and losses are cumulative from year to year with losses offsetting earnings

Ordinary shares

It is a form of corporate equity ownership, a type of security. It is called "ordinary" to distinguish it from preferred stock. If both types of stock exist, ordinary shareholders cannot be paid dividends until all preferred stock dividends (including payments in arrears) are paid in full

Expense

It is an outflow of cash or other valuable assets from a person or a company to another person or company. This outflow of cash is generally one side of trade for products or services that have equal or better current or future value to the buyer than to the seller. Technically, an expense is an event in which an asset is used up or a liability is incurred. In terms of the accounting equation, expenses reduce owners equity

Dividends

Payments made by a corporation to its shareholder members, a portion of corporate profits paid out to stock holders. It is allocated as a fixed amount per share and a share holder will receive a dividend in proportion to their share holding

Revenue

This is also known as turnover and is income that a company receives from its normal business activities. Revenue may refer to the amount in a monetary unit, received during a period of time

Profit

Profit simply means the revenue that remains after expenses. While net profit is synonymous with net income, profit can be calculated at a number of levels. For example, gross profit is revenue less the cost of goods sold, or COGS. Operating profit refers to revenue less COGS and operating expenses.

Budgeting for the financial resources of a business

A budget (from old French bougette, purse) is a financial plan and a list of all planned expenses and revenues. It is a plan for saving, borrowing and spending.

A budget is an important concept in microeconomics, which uses a budget line to illustrate the trade-offs between two or more goods. In other terms, a budget is an organisational plan stated in monetary terms.

In summary, the purpose of budgeting is to:

1. Provide a forecast of revenues and expenditures, that is, construct a model of how our business might perform financially if certain strategies, events and plans are carried out.
2. Enable the actual financial operation of the business to be measured against the forecast.
3. Establish the cost constraint for a project, program, or operation.

A budget is a financial plan. It summarizes, in financial figures, the activities planned for the forthcoming year by setting out the costs [expenses] of these activities, and where the income will come from to pay for the expenses.

Planning and preparing a budget and the financial reporting cycle

The budget is an essential tool to help you run a more effective organisation. In the same way that the government needs to draw up an annual budget, to make sure that all plans and programmes are properly funded, an organisation needs to prepare a budget in careful detail. Budgeting is part of planning - you start with setting your objectives, then you draw up action plans and budgets.

Unless you know how much money you will need to carry out your plans, and where you expect to get that money from, you may end up halfway through the year with no money to go any further. Preparing a budget forces you to plan your spending and your fund-raising and to be realistic about what you can afford to do. Without a budget there can be no effective implementation.

A budget also serves a lot of other purposes:

- It is a simple way to make financial information accessible to all people in the organisation who need to use it. Each member or staff member should know how much money is available for what part of your work.
- It helps you to understand exactly what your work will cost and what limitations you have so that your plans can be made more realistic.
- It clarifies where you have gaps and need to do more fund-raising. It also helps to write fund-raising proposals based on realistic costing.
- All financial statements should be written in terms of the budget so that it is easier to be transparent and accountable and to ensure that no money is spent on costs that you have not budgeted for.
- It helps members or executive members or management to monitor expenditure throughout the year and to make sure that it is in line with the budget amounts - monitoring should happen every month or two and should be in terms of the budget categories.
- It makes reporting to members or funders much easier since the expenditure can be compared to the amounts that you actually budgeted.
- A good budget can also help to avoid waste. When every amount is carefully calculated, it is easy to see how your money is being spent and to decide whether you are making any unnecessary expenditure

A budget should be drawn up on the basis of three main factors:

- A budget should always be based on proper plans, drawn up to make sure that you reach your goals for that year. A budget should be the summary of all the costs and income that you will receive that will make sure that your plans are implemented.
- The costs in the budget should be based on your financial statements of the previous year and the budget items should compare the expenditure of the previous year to this year. This will show that your budget is based on fact and experience.
- The budget should be realistic and should also show what income you expect and what income you would still need to raise.

Every budget should contain a number of categories. The two main categories are "Expected Expenditure" and "Expected Income".

Under the Expected Expenditure the categories could be:

- **Capital costs** - things that you have to buy like computers, cars etc.
- **Running costs** - expenditure that will help your organisation to run an office and administration to do its work: items like rent, electricity, telephone, hiring of equipment.
- **Staff costs** - salaries, staff benefits, staff training etc.
- **Project costs or operational costs** - costs that are linked to the specific projects or campaigns that you plan to run that year. This would include things like buying materials, printing costs, transport costs, workshop costs, catering, media production, venues, sound systems etc.

Under the Expected Income of the organisation you should include categories like:

- **Donor funds** - list each funder and the amount you expect from them,
- **Membership fees** - if your members pay fees list the amount you expect to get this year,
- **Donations** - list the amount you expect to get from small public donations,
- **Fund-raising events** - if you plan to organise events, list what profit you expect to make and
- **Sales** - if you sell your services or any products.

The budget should clearly show whether there is a difference between your Expected Expenditure and your Expected Income. If you will get more money than you will spend, this is called an expected surplus; if you will get less money it is called a deficit. When your budget shows a deficit you will obviously need to either cut the budget or do some serious fund-raising to make up the amount.

It is very important to write a budget in such a way that all amounts are justified and explained. For example if you want to spend R100 000 on salaries, you should explain how many people will be employed for how much money. For example:

SALARIES	100 000
1 coordinator @ R60 000 per year	
1 administrator @ R40 000 per year.	

The budget can be drawn up by anyone in the organisation who is clear about the plans of the organisation as well as the possible income and expenditure. Whoever prepares the budget must work together with others, especially people in charge of the programmes of the organisation and people responsible for bookkeeping. Once the budget has been prepared, it needs to be checked and discussed by other members of your organisation such as executive or staff who will be using the money.

Budgets are usually drawn up for one year but you can also draw it up for a few years at a time, or have a budget that is just for a specific project that may only last a month or two. A budget should be used as the basis for any audits that are done of your organisation. Audits are usually done by independent accountants who go through all your financial records to check that the money was spent for what it was intended. A budget is used as the main tool for judging this.

The budget is not simply a document for funders and executives to see whether you have used the money properly. It should be a living tool for financial management. The budget is never set in stone. Circumstances and the needs of your organisation may change during the year and a budget can also be changed if necessary. The overall budget of your organisation is an internal one, and can be amended.

How to draw up a budget

The most important thing that should be written at the top of a budget is, what period the budget covers. It is best to make your budget cover the same period as the financial year of the country or, of specific donors. Usually financial years are from the first of March to the end of February of the next year.

You also have to have to decide how detailed you want to make the budget. There are no set rules for this but generally, the more detail you have, the easier it is to use the budget as a financial management tool. The examples we will show in this section are for a detailed budget. The next step, is to decide exactly what your organisation has to achieve in the next year. This should be based on your strategic planning process. Once you have a list of activities that will make you achieve your objectives, you should calculate exactly what each activity will cost.

When you calculate expenses, it is important to think of everything that you could possibly have to spend. Also, you should look at your financial records of previous years, to make sure that you are not missing any obvious expenses.

Here are some examples of the expenses that you could have in your organisation:

CAPITAL COSTS

- Purchase of vehicles
- Purchase of computer and printer
- Purchase of property.

RUNNING COSTS/ADMINISTRATION

Rent, service contracts for copiers, electricity, telephone, cell-phone and fax bills, internet provider, postage, vehicle maintenance, equipment rental, insurance, bank charges, auditor's fees, legal fees.

STAFF COSTS

Salaries, Medical aid, Pension contribution, UIF and other levies, Staff training

OPERATIONAL COSTS

Printing, research, materials development, media production, publicity, transport and other travel, venue hire, catering.

Here is an example of how a particular expense could be written in a detailed budget - the right hand figure is projected transport costs for the budget year, the left hand figure is actual expenditure in the last financial year. The calculations below show how you worked out the amount of R20 000:

	2009/10	2011/12
Transport:	18 540	R20 000
10,000km @ R1 per kilometre		
R15 000		
Return National Airfares –		
R4 000		
Public Transport - R1 000		

When you are basing your budget on previous expenditure, it is important to take inflation and cost-of- living increases into account. If your inflation rate is 6% you should add about 7% to costs for the next year. If your activities are going to increase from the last year, you will also have to work out how much more you have to allocate to each item.

Under Income in your budget you should use categories like the following:

- Grants from funders - list each funder separately and the amount that is expected from them.
- Membership fees
- Local donations
- Income generated - fees that you charge for your services, sales of publications etc.
- Fund raising events.

You should make it clear in your budget, which of these amounts you have already received, or have an existing a letter of commitment for, and which amounts you are expecting to raise. In the same way that you put the amount spent in the previous year next to your Expenditure column, you should do the same with expected income. This will help to make it clear whether your expected income is realistic.

If you choose not to have a very detailed budget that shows all the calculations, it is very important to have explanatory notes that accompany your budget, where the calculations are clearly explained.

Before you submit your budget to anyone, double-check all your calculations and make sure that it has been worked out and added up correctly. Check your spelling, make sure that the budget is clearly written or typed, and that it is set out in such a way that it is easy for people to look at separate categories and items. Make sure that you have the dates covered by the budget at the top. At the bottom of the budget, you should write the date when the budget was prepared.

Here is an example of a simple organisational budget for an organisation that runs public education workshops on Human Rights. It includes a column on the previous year's expenditure and income:

BUDGET FOR 1 MARCH 2010 TO 28 FEBRUARY 2011

EXPENDITURE	2009/10	2011/12
1. RUNNING COSTS:		
Rent @ R500 per month	5 490	6 000
Phone @ R333 per month	3 665	4 000
Transport	18 540	20 000

10,000km @ R1 per kilometre - R15000		
2 Return National Airfares - R4 000		
Public Transport - R1 000		
Equipment hire	1 920	2 400
Copier @ R200 per month		
2. CAPITAL COSTS		
Computer @ R7000		7 000
3. STAFF COSTS		
Salaries:	100 000	110 500
Coordinator @ R5000 x 13 mths: R65 000		
Administrator @ R3500 x 13 mths: R45 500		
Levies and benefits:	8090	8 500
4. PROJECT COSTS		
Publicity:	2 890	3 300
100 posters @ R3		
10 000pamphlets @ R0.30		
Venue hire	5 010	6 000
30 workshops x R200		
Catering;	9 200	10 000
1 000 people x R10		
Materials	9 872	10 000
1000 people x R10		
5. CONTINGENCY	8 909	9 385
@ 5% of R187 700		
TOTAL EXPENDITURE	173 586	197 085

INCOME

1. DEFINITE INCOME	2009/10	2011/12
Funder X	50 000	60 000
Funder Y	45 000	nil
Funder Z	45 000	45 000
2. EXPECTED INCOME		
Membership fees	7 900	8 000
Donations	2 300	2 500
Fundraising	23 900	25 000
TOTAL	174 100	140 500
Deficit		-56 585

LIST OF DONATIONS IN KIND:

Office furniture	5 000
Free use of meeting venue	2 400
TOTAL	7 400

This budget shows a deficit of R56 583 which the organisation will have to raise. If they cannot do this they will have to cut their costs by that amount.

How do you use a budget for financial management?

Once you have drawn up and finalised your budget, it becomes the most important tool for financial management in your organisation. To manage your finances you should:

- Analyse projected income and expenditure and identify shortfalls and make plans to raise the deficit
- Cut costs if needed
- Monitor monthly spending

Analyse projected income and expenditure

In your budget, you have all your different expenditures first and then all your different sources of income. The budget alone cannot tell you which sources of income will pay for which expenditures.

It is useful to draw up a table that will show this more clearly. Here is an example:

ITEM	Funder A	Funder B	Members fees	Funds needed	TOTAL
Running Costs	10 000	20 000	5 000	5 000	40 000
Staff Costs	20 000	40 000	5 000	35 000	100 000
Project costs	50 000	60 000		40 000	150 000
TOTAL	80 000	120 000	10 000	80 000	290 000

On the left hand side of the table are the items of expenditure: running costs, staff costs, project costs. On the right side are the totals you have in your budget for each of these items. Each source of income is then listed in a column, with the amount from that source that is allocated to each item of expenditure.

So, for example, Funder B in Column 2 will give you R120 000 and is paying for 40% of your salary costs, half of your running costs and R60 000 towards your project costs.

The membership fees in Column 3 will pay for a small part of your running and staff costs, but does not cover any project costs.

Once you have filled in all the columns, you can then add up each item to see whether you have reached the total income that you need to pay for all the expenses you will have in that category.

If there is a shortfall, it should be written in the column, Funds Needed. This is your deficit and is the amount what you will have to fundraise for. Decide if it is realistic and possible to raise that amount and make plans to do so immediately. If it is not possible, your only alternative is to cut the expenses in your budget.

Manage costs effectively (minimize/manage risk)

No organisation can plan to run with a deficit. It simply means that at some point in the year you will run out of money, your staff will not be paid, your offices will close and your projects will collapse. If you are forced to cut costs, do it as early as you can so that you can plan to do the least possible damage.

When you are trying to cut a budget, it is important to categorise the different items under expenditure into those that are absolutely essential for your organisation to survive and those that are not essential. This will guide you and help you decide which cuts you can make. When you look at the expenditure items, you should also decide if any of them can be found in kind rather than in money. For example, if you have a salary budget for 10 people, can you budget for only 5 people and use volunteers to do the rest of the work? Or if you have a budget for office furniture, can you try to get donations of furniture from businesses in your area, instead of buying them.

Cost cutting can be difficult and painful. It may involve people losing their jobs or projects closing down. But if you do not have the money you have no choice.

There are two very important rules in financial management for organisations:

1. Do not spend on an item that there is no income for.
2. Do not borrow money, since you are not a business and have no assurance of income in the year ahead.

Monitoring

You cannot monitor your budget and use it for financial management, unless you have a proper bookkeeping system. Your financial records should be added up at the end of every month and you should check against the budget to see how much money has been spent in each category.

It helps to divide your budget into the 12 months of the year so that you can tell at a glance whether you are over-spending on an item or not. So, for example, if your budget for telephone costs is R6000 per year, you should spend around R500 per month on your phone bills.

You should monitor spending in two ways:

1. The amount spent each month should be checked against the amount allowable in each month, and
2. The accumulated amount that you have spent that year should be checked against the amount allowed for the number of months that have passed. It is not good enough to only check the monthly expenditure since you will spend much less in holiday months than in very busy months.

Proper monitoring of your expenses should happen every month if possible, but at least every 2 months at a minimum. When you give financial reports to your executive or your members, it should be done in a format that makes it easy for people to compare the expenditure to the

budget. A detailed financial statement is not a very useful way to report, since most people cannot easily understand accounting detail. It is much better to report by showing people the budget, and the amounts spent so far.

For example you can show your running costs like this:

Item	Budget	Budget for 2 mths	Spent 1st 2 mths	Difference
Phone	6 000	1000	1420	420
Copier	5 000	832	720	-112
Rent	6 000	1000	1 000	nil
Insurance	2 400	400	390	10
Total	19 400	3 232	3 530	298

In this example the organisation overspent by R298 in two months. The reasons for overspending on the phone bill should be analysed. There are three options:

1. Manage costs on the phone bill
2. Change the budget and allocate extra funds from another item
3. Find more money for the budget as a whole

If costs cannot be cut, the budget should be changed to accommodate this spending pattern. The best way to re-allocate funds is to do it within a category - so to take from one part of running costs and add it to the phone budget. In this example it would be possible to take some of the copier budget and re-allocate it. It is not always this simple and often the money has to be found by cutting project costs. If donor's funds are involved in the changed allocation, they should be consulted.

If the overspending means that there will be a shortfall of funds, immediate action should be taken to raise more funds.

BUDGET VARIANCES, MONITORING AND REPORTING DISCREPENCIES FOR REMEDIATION

Budgets are prepared annually to estimate future financial positions. Accounting department creates monthly reports that show both the budgeted amounts and the realized amounts. Accountants use these reports to calculate the difference between the budget and actual amounts, called the variance. Accounting then works with individual departments to understand the variances.

A variance report is a way for business executives to gauge their company's performance by comparing one set of figures to another. This usually means comparing a planned amount to an actual amount. Companies frequently use variance reports to analyse how close they've come to hitting forecasted sales targets or to see if they've met their budgetary goals. A well-rounded budget variance report will address trends, overspending, and under spending.

Trends: In challenging economic times, it is important for businesses to carefully monitor overspending and under spending. If there is a trend towards either, then the entire budget may need to be revisited. A graphic depiction of trends should reveal to the analyst if there are minor budget lapses or if there is a more serious problem.

Overspending: Overspending: this can pose a serious threat to the project, to other projects, and to the company if resources are scarce.

Under Spending: Under spending may indicate a problem in quality control (i.e., the manufacturing process may be cutting corners) if the project budget was correct at first. It can be as serious a problem as overspending.

Financial Statements

.....

A financial statement (or financial report) is a formal record of the financial activities of a business, person, or other entity.

.....

For a business enterprise, all the relevant financial information, presented in a structured manner and in a form easy to understand, are called the financial statements.

They typically include four basic financial statements, accompanied by a management discussion and analysis:

1. Statement of Financial Position: also referred to as a balance sheet, reports on a company's assets, liabilities, and ownership equity at a given point in time.
2. Statement of Comprehensive Income: also referred to as Profit and Loss statement reports on a company's income, expenses, and profits over a period of time. A Profit

& Loss statement provides information on the operation of the enterprise. These include sale and the various expenses incurred during the processing state.

3. Statement of Changes in Equity: explains the changes of the company's equity throughout the reporting period
4. Statement of cash flows: reports on a company's cash flow activities, particularly its operating, investing and financing activities.

For large corporations, these statements are often complex and may include an extensive set of notes to the financial statements and explanation of financial policies and management discussion and analysis. The notes typically describe each item on the balance sheet, income statement and cash flow statement in further detail. Notes to financial statements are considered an integral part of the financial statements.

Purpose of producing a financial statement

.....

The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions.

.....

Financial statements should be understandable, relevant, reliable and comparable. Reported assets, liabilities, equity, income and expenses are directly related to an organization's financial position.

Financial statements are intended to be understandable by readers who have "a reasonable knowledge of business and economic activities and accounting and who are willing to study the information diligently. Financial statements may be used by users for different purposes:

- Owners and managers require financial statements to make important business decisions that affect its continued operations. Financial is then performed on these statements to provide management with a more detailed understanding of the figures. These statements are also used as part of management's annual report to the stockholders.

- Employees also need these reports in making collective bargaining agreements (CBA) with the management, in the case of labour unions or for individuals in discussing their compensation, promotion and rankings.
- Prospective investors make use of financial statements to assess the viability of investing in a business. Financial analyses are often used by investors and are prepared by professionals (financial analysts), thus providing them with the basis for making investment decisions.
- Financial institutions (banks and other lending companies) use them to decide whether to grant a company with fresh capital or extend debt securities (such as a long-term bank loan or debentures) to finance expansion and other significant expenditures.
- Government entities (tax authorities) need financial statements to ascertain the propriety and accuracy of taxes and other duties declared and paid by a company.
- Vendors who extend credit to a business require financial statements to assess the creditworthiness of the business.
- Media and the general public are also interested in financial statements for a variety of reasons.

Identifying financial statement information

When analysing financial statement information the general purpose and elements of financial statements used in various organisations should be correctly identified. We look at the balance sheet and income statement. Elements include assets, liabilities, ownership interest, income, expenditure, contribution from owners, distribution to owners, and gains and losses. The relationship between elements within financial statements is identified and explained, and includes financial profitability, liquidity, efficient use of resources and a company's financial position.

BALANCE SHEET

In financial accounting, a balance sheet or statement of financial position is a summary of the financial balances of a sole proprietorship, a business partnership, a corporation or other business organization for a specific financial period.

Assets, liabilities and ownership equity are listed as of a specific date, such as the end of its financial year. A balance sheet is often described as a "snapshot of a company's financial condition. Of the four basic financial statements, the balance sheet is the only statement which applies to a single point in time of a business' calendar year.

A standard company balance sheet has three parts: assets, liabilities and ownership equity. The main categories of assets are usually listed first and typically in order of liquidity. Assets are followed by the liabilities. The difference between the assets and the liabilities is known as equity or the net assets or the net worth or capital of the company and according to the accounting equation, net worth must equal assets minus liabilities.

Another way to look at the same equation is that assets equal liabilities plus owner's equity. Looking at the equation in this way shows how assets were financed: either by borrowing money (liability) or by using the owner's money (owner's equity). Balance sheets are usually presented with assets in one section and liabilities and net worth in the other section with the two sections "balancing."

A balance sheet summarises an organisation or individual's assets, equity and liabilities at a specific point in time. There are two forms of balance sheet. They are the report form and the account form. Individuals and small businesses tend to have simple balance sheets. Larger businesses tend to have more complex balance sheets, and these are presented in the organisation's annual report.

Large businesses also may prepare balance sheets for segments of their businesses. A balance sheet is often presented alongside one for a different point in time (typically the previous year) for comparison.

INCOME STATEMENT

An Income statement is also referred to as profit and loss statement, a revenue statement, a statement of financial performance, an earnings statement, an operating statement, or a statement of operations. It is a company's financial statement that indicates how the revenue (money received from the sale of products and services before expenses are taken out, also known as the "top line") is transformed into the net income (the result after all revenues and expenses have been accounted for, also known as Net Profit or the "bottom line").

It displays the revenues recognised for a specific period, and the cost and expenses charged against these revenues, including write-offs (e.g., depreciation and amortization of various assets) and taxes. The purpose of the income statement is to show managers and

investors whether the company made or lost money during the period being reported. The important thing to remember about an income statement is that it represents a period of time. This contrasts with the balance sheet, which represents a single moment in time. Charitable organisations that are required to publish financial statements do not produce an income statement. Instead, they produce a similar statement that reflects funding sources compared against program expenses, administrative costs, and other operating commitments. This statement is commonly referred to as the statement of activities. Revenues and expenses are further categorised in the statement of activities by the donor restrictions on the funds received and expended.

The income statement can be prepared in one of two methods. The Single Step income statement takes a simpler approach, totalling revenues and subtracting expenses to find the bottom line. The more complex Multi-Step income statement (as the name implies) takes several steps to find the bottom line, starting with the gross profit. It then calculates operating expenses and, when deducted from the gross profit, yields income from operations. Adding to income from operations is the difference of other revenues and other expenses. When combined with income from operations, this yields income before taxes. The final step is to deduct taxes, which finally produces the net income for the period measured.

Income statements should help investors and creditors determine the past financial performance of the enterprise, predict future performance, and assess the capability of generating future cash flows through report of the income and expenses. However, information of an income statement has several limitations:

- Items that might be relevant but cannot be reliably measured are not reported (e.g. brand recognition and loyalty).
- Some numbers depend on accounting methods used for example using first in first out (FIFO) or last in first out (LIFO) accounting to measure inventory level.
- Some numbers depend on judgments and estimates for example depreciation expense depends on estimated useful life and salvage value.

Names and usage of different accounts in the income statement depend on the type of organisation, industry practices and the requirements of different jurisdictions.

If applicable to the business, summary values for the following items should be included in the income statement:

- Revenue - Cash inflows or other enhancements of assets of an entity during a period from delivering or producing goods, rendering services, or other activities that constitute the entity's ongoing major operations. It is usually presented as sales minus sales discounts, returns, and allowances. Every time a business sells a product or performs a service, it obtains revenue. This often is referred to as gross revenue or sales revenue.
- Expenses - Cash outflows or other using-up of assets or incurrence of liabilities during a period from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity's ongoing major operations
- Cost of Goods Sold / Cost of Sales - represents the direct costs attributable to goods produced and sold by a business (manufacturing or merchandising). It includes *material costs, direct labour, and overhead costs* (as in absorption costing), and excludes operating costs (period costs) such as selling, administration and advertising
 - Selling, General and Administrative expenses (SGA) - consist of the combined payroll costs. SGA is usually understood as a major portion of non-production related costs, in contrast to production costs such as direct labour.
 - Selling expenses - represent expenses needed to sell products (e.g. *salaries of sales people, commissions and travel expenses, advertising, freight, shipping, depreciation of sales store buildings and equipment, etc.*).
 - General and Administrative (G&A) expenses - represent expenses to manage the business (*salaries of officers / executives, legal and professional fees, utilities, insurance, depreciation of office building and equipment, office rents, office supplies, etc.*).
 - Depreciation / Amortisation - the charge with respect to fixed assets / intangible assets that have been capitalised on the balance for a specific (accounting) period. It is a systematic and rational allocation of cost rather than the recognition of market value decrement.

Expenses recognised in the income statement should be analysed either by nature (raw materials, transport costs, staffing costs, depreciation, employee benefit etc.) or by function (cost of sales, selling, administrative, etc.). If an entity categorises by function, then additional information on the nature of expenses, at least, – depreciation, amortisation and employee benefits expense – must be disclosed. The major exclusive of costs of goods sold, are classified as operating expenses. These represent the resources expended, except for inventory purchases, in generating the revenue for the period. Expenses often are divided into two broad sub classifications selling expenses and administrative expenses.

Non-operating section

- Other revenues or gains - revenues and gains from other than primary business activities (for example *rent, income from patents*). It also includes unusual gains that are either unusual or infrequent, but not both (for example *gain from sale of securities* or *gain from disposal of fixed assets*)
- Other expenses or losses - expenses or losses not related to primary business operations, (for example *foreign exchange loss*).
- Finance costs - costs of borrowing from various creditors (for example interest expenses, *bank charges*).
- Income tax expense - sum of the amount of tax payable to tax authorities in the current reporting period (current tax liabilities/ tax payable) and the amount of deferred tax liabilities (or assets).

Sample Products Co. Income Statement For the Five Months Ended May 31, 2012		
<u>Sales</u>		100,000
<u>Cost of Goods Sold</u>		<u>75,000</u>
Gross Profit		<u>25,000</u>
Operating Expenses		
Selling Expenses		
<u>Advertising Expense</u>	2,000	
<u>Commissions Expense</u>	<u>5,000</u>	7,000
Administrative Expenses		
<u>Office Supplies Expense</u>	3,500	
<u>Office Equipment Expense</u>	<u>2,500</u>	<u>6,000</u>
Total Operating Expenses		<u>13,000</u>
Operating Income		<u>12,000</u>
Non-Operating or Other		
<u>Interest Revenues</u>		5,000

<u>Gain on Sale of Investments</u>	3,000
<u>Interest Expense</u>	(500)
<u>Loss from Lawsuit</u>	<u>(1,500)</u>
Total Non-Operating	<u>6,000</u>
Net Income	18,000

An example of an income statement

Managing working capital

The effective management of working capital will increase the profitability of the organisation. It also enables managers to concentrate on their jobs without worrying too much about the potential for insolvency. A shortage in working capital can cause a company to not be able to pay its workers or suppliers even though there are sufficient sales and profits. Even in cases where these short-term liabilities can be met, the deterioration of cash flow critically undermines a company's ability to reinvest in the business and ultimately, to survive.

The four factors that affect the amount of working capital are:



The management role that you perform may only influence one of these areas directly, but having a clear understanding of them all will give you an insight into how well your organisation controls its working capital, and by extension how well it is managed financially.

Debtors

These are entities that owe your organisation money. Many organisations have problems caused by slow payment of invoices and this in turn affects working capital and in particular, liquidity.

Chasing up unpaid invoices can be very time consuming and there is a fine line between maintaining a good working relationship with your customers and upsetting them by demanding payment to aggressively.

There are some things you as a manager may be able to do to help:

- Make sure that the payment terms are agreed in advance
- Send out invoices and statements promptly
- Deal with queries quickly and efficiently
- Ask early and ask often, preferably by telephone
- Remember you are only asking for something that has been previously agreed
- Give credit control highest status and priority
- Have comprehensive credit policies
- Concentrate on the biggest debts first

Inventory/Stock

Your aim should always be to keep stock as low as realistically possible and to achieve a high rate of stock turnover. There are three components to what accountants refer to as inventory:

- Raw materials – these are the materials required to produce goods
- Work in Progress – includes partly finished goods and those raw materials and components already committed to production
- Finished goods – are all those goods ready to be sold

Many organisations have sophisticated stock control systems, which keep track of stock levels. Once a pre-determined level of stock is reached, an order is automatically generated so that items are never entirely out of stock. In this way minimum levels of stock are held and supply is replenished.

Creditors

Many organisations adopt a policy of delaying payment of suppliers as long as possible. There is an obvious advantage in adopting such a policy as the purchaser is effectively getting an interest-free loan from the supplier.

There is, however, some disadvantages in adopting such a strategy:

- Suppliers will be reluctant to give discounts
- Suppliers may treat you as a problem customer and make all your requests the lowest priority
- It will become harder to change suppliers because you will have a reputation of being a slow payer
- Suppliers will also be reluctant to extend credit if you have a crisis

Cash

It is quite common for an organisation to be profitable but short of cash. There are several reasons why this may happen:

- Spending on materials before goods are sold
- Capital expenditure, in the form of buying equipment, has an immediate impact on the cash available.
- Sales tax and taxes on profit can both take cash out of an organisation and cannot normally be deferred without incurring a penalty of some sort.
- Money may be collected from customers more slowly than expected. This often happens when sales people are motivated to bring in revenue but have no responsibility for, or interest in, enforcing the payment terms.

To avoid your organisation becoming “cash insolvent”; it is essential that you and all the company’s managers accurately forecast and monitor their area’s cash receipts and payments.

As a manager, you need to plan for the unknown costs and to allow some contingency for unanticipated problems, e.g. late payment by a customer or a supplier withholding raw materials until payment has been processed.

This type of planning is usually referred to as cash flow forecast and should be part of your overall budget management process. A Cash Flow Forecast includes known costs plus an allocation for unexpected costs.

Assessing financial performance

The ability to evaluate the financial position of an organisation is a valuable skill for any manager to have.

Key Financial Ratios assess the financial performance of an organisation.

A key financial ratio is calculated by comparing certain values taken from an organisations financial statements, including the income statement, balance sheet and cash flow statement.

Generally, financial ratios are not useful unless they are benchmarked against something else, for example past performance or another organisation in the same business area.

Key financial ratios allow for useful comparisons between:

- Organisations in the same industry sector
- Different time periods for the same organisation
- An organisation and its industry average

There are several different key financial ratios and they are categorized according to the financial characteristic they measure. These are:

- Solvency
- Profitability
- Performance
- Investment

Solvency

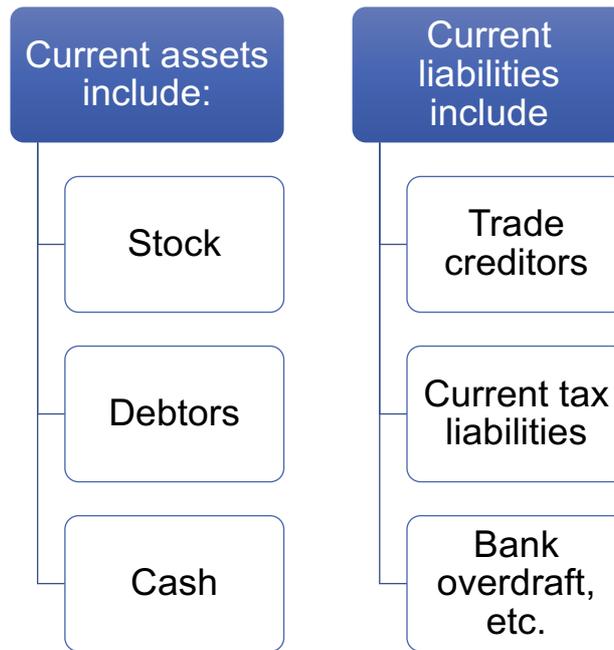
An organisation is considered to be solvent when it can pay its debts as they fall due. In day-to-day terms, this means that an organisation has enough working capital to pay its suppliers.

There are two key ratios that can help you to determine whether an organisation is solvent:

- Current ratio
- Quick ratio

Current ratio

The current ratio looks at the relationship between current assets and current liabilities. The word “current” implies short-term assets of liabilities, which are payable or receivable within one year.



These figures are always shown on the balance sheet. To calculate this ratio you would divide current assets by current liabilities:

For example:

An organisation has:

- *Current assets of R200 000*
- *Current liabilities of R100 000*

Its current ratio calculation would be $R200\ 000 \div R100\ 000$

The current ratio would be expressed as 2:1

This ratio of 2:1 would be considered a healthy result as it shows that the organisation has sufficient current assets to pay its current liabilities as soon as they are due.

Quick ratio

The quick ratio, or acid test, measures liquidity more precisely than the current ratio. It does not include the value of stock within current assets because turning stock into cash takes time since payment terms are usually anything between 20 and 90 days.

You can calculate the quick ratio by dividing current assets (excluding stock) by current liabilities. You can find the stock or inventory figure on the balance sheet.

For example:

An organisation has:

- *Current assets of R200 000*
- *Stock worth R80 000*
- *Current assets (less stock) of R120 000*
- *Current liabilities of R100 000*

Its current ratio calculation would be R120 000 ÷ R100 000

The current ratio would be expressed as 1:2:1

This example shows that an apparently healthy level of current assets might hide the fact that a large proportion of the current assets is made up of stock. Whilst this can usually be turned into cash, it will take time and to do it quickly might require heavy discounting.

When you need to review the liquidity of an organisation, it is common practice to calculate both the current ratio and quick ratio. This is so that you are aware of the extent to which stock held influences its current assets. It is vital that you understand what the organisation actually does and the industry it operates in before you draw any conclusions from these ratios.

How profitable is an organisation?

You can see if an organisation is profitable by looking at the income statement, but you need to put that profit into perspective. This can be done by looking at various ratios that compare profit as a percentage of sales or assets.

There are three ways this can be achieved:

- Gross profit margin
- Net profit margin
- Return on assets

Gross profit margin

One of the most commonly used ratios is the gross profit margin, which looks at gross profit as a percentage of turnover (sales). You will find both of these figures in the income statement.

Gross Profit Margin = Gross Profit ÷ Turnover

The formula used is gross profit divided by turnover, multiplied by a hundred to turn it into a percentage.

For example:

An organisation's

- *Gross profit is R300 000*
- *Sales/Revenue were R 1 200 000*

Its percentage gross profit margin would be $(R300\ 000 \div R\ 1\ 200\ 000 \times 100 = 25\%$

This means that for every R1 of sales the organisation achieves profit (after taking off the costs of production) is 25 cents.

Net profit margin

This ratio is similar to the gross profit margin but looks at net profit as a percentage of turnover. Net profit is shown on the income statement and is defined as follows:

Net profit is the figure left after all operating and non-operating expenses have been deducted from total revenue or income.

To calculate the net profit margin of an organisation as a percentage you would divide net profit by total revenue or income and multiply the answer by a hundred to turn it into a percentage.

Net Profit Margin = Net Profit ÷ Total Sales

For example:

An organisation's

- Sales/Revenue was R 1 200 000
- Net profit is R 120 000

Its percentage net profit would be: $R120\ 000 \div R\ 1\ 200\ 000 \times 100 = 10\%$

You need to be mindful that your net profit is calculated after taking into account of all costs and therefore can be affected by a variety of things, such as:

- Declining gross profit
- Increased selling
- Rising administration costs

If your net profit percentage is declining it is worth looking at your costs on an individual basis to see what you can do about those that have increased the most as a proportion of the sales.

It is important to look at the trend that emerges over several accounting periods, as opposed to individual figures. The ratios can be used to measure periods other than a full year, as long as you have the relevant income statement.

NOTE:

- Whilst you can compare the ratios of organizations in different industries is usually of limited value because of differences in market conditions, capital requirements and competition.
- The trend over time is often more revealing than one figure in isolation and that comparisons between industries may not be very useful.

You must have a clear understanding of what the organization actually does and the industry it operates in before you draw any conclusions from these ratios.

When making comparisons using key financial ratios you must select one of the following was to perform this action:

- Organizations in same sector
- Different time periods for same organization
- An organization to its industry average

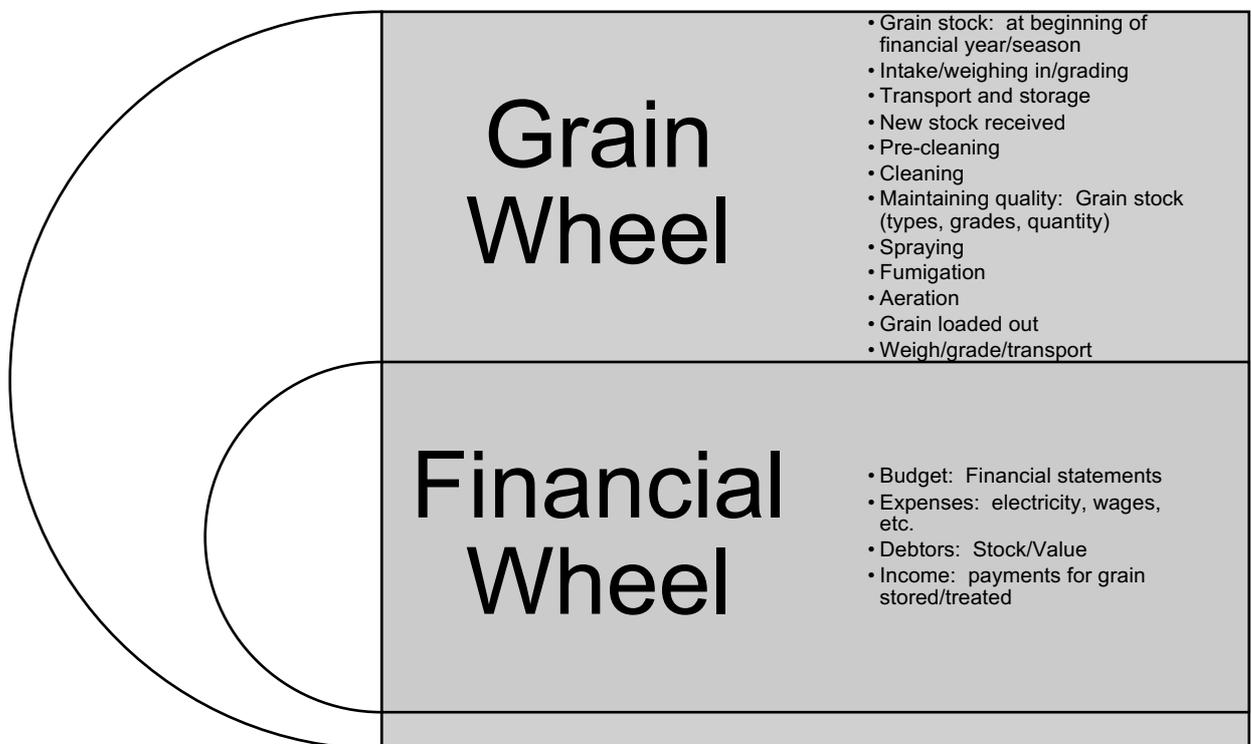
If you wish to make global comparisons, you need to consider:

- Seasonal influences on markets
- Different national market practices

Applying the financial principles in the grain storage business

Most of the activities that take place at silos, have a money value implication. A bulk grain handling business has a budget for income and expenses that are expected, receive new stock during the season and out-load of stock if and when needed. The business's money of cash flow has a similar cycle of available funds that decrease or increase with the different operational expenses or income. The final financial value of a bulk grain handling business is based on the assets (buildings, structure, machinery, stock, cash, debtors) minus the liabilities (loans, creditors).

The financial wheel is a specific sequence or circle that indicates the logical order of activities in a business.



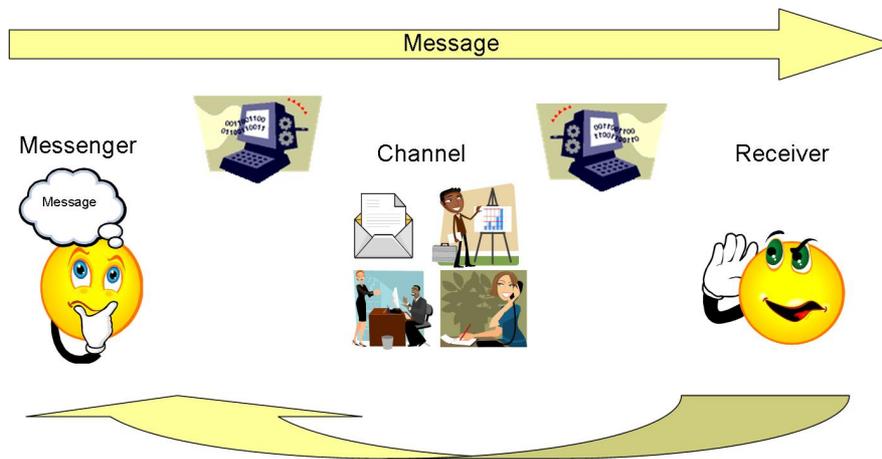
Transactions at a bulk grain handling business are captured daily on a computer and then summarized daily, monthly, quarterly and annually. Separate records or books or journals are kept for the intake (receipt) and out-loading (dispatching) of stock. Similar transactions are summarized in a general ledger that contains separate accounts for the stock of every class and grade of grain and screenings; all the transactions for each producer (stock delivered and dispatched; charges and fees; credits); other suppliers or creditors for products and services

delivered (including electricity and the maintenance costs of machines); and internal transactions (salaries, wages, administration, transport, marketing, etc.)

	Please complete Knowledge Activity: Multiple Choice Test
	Please complete Practical Activity: Task 8
	Please complete Workplace Activity: Task 3 Task 4 Task5

Module 7: COMMUNICATION

COMMUNICATION MODEL



Learning outcomes

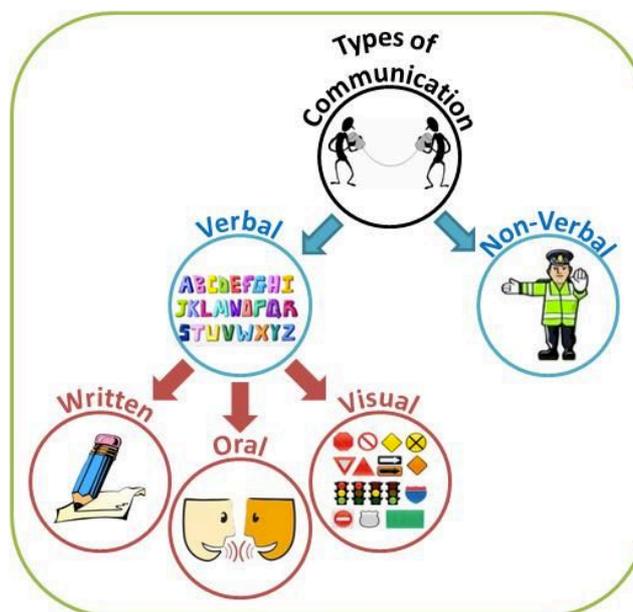
- Demonstrate an understanding of communication theory (including communication model, communication barriers, verbal and non-verbal communication, inter-cultural communication, reading, summarising and note-taking, effective listening, confirming understanding)
- Demonstrate understanding of the roles and responsibilities of a supervisor in terms of workplace communication
- Demonstrate understanding of presentations (including target audience, principles of presentation)
- Demonstrate understanding of report writing (including writing styles and language use, production reporting formats, organising and presenting information in production reports)
- Prepare a production report and develop a presentation using the standard format
- Demonstrate understanding of business correspondence (including written instructions, memoranda, electronic messages, completing of prescribed documents and records)
- Explain the importance of clarity in business correspondence

Communication is simply the act of transferring information from one place to another.

Although this is a simple definition, when we think about how we may communicate the subject becomes a lot more complex. There are various categories of communication and more than one may occur at any time.

The different categories of communication are:

- Spoken or Verbal Communication: face-to-face, telephone, radio or television and other media.
- Non-Verbal Communication: body language, gestures, how we dress or act - even our scent.
- Written Communication: letters, e-mails, books, magazines, the Internet or via other media.
- Visualizations: graphs, charts, maps, logos and other visualizations can communicate messages.



The desired outcome or goal of any communication process is understanding.

The Communication Process

A message or communication is sent by the sender through a communication channel to a receiver, or to multiple receivers. The sender must encode the message (the information being conveyed) into a form that is appropriate to the communication channel, and the receiver(s) then decodes the message to understand its meaning and significance. Misunderstanding can occur at any stage of the communication process.

Effective communication involves minimising potential misunderstanding and overcoming any barriers to communication at each stage in the communication process.

An effective communicator understands their audience, chooses an appropriate communication channel, hones their message to this channel and encodes the message to reduce misunderstanding by the receiver(s). They will also seek out feedback from the receiver(s) as to how the message is understood and attempt to correct any misunderstanding or confusion as soon as possible.

Barriers to Effective Communication

There are many reasons why interpersonal communications may fail. In many communications, the message (what is said) may not be received exactly the way the sender intended. It is, therefore, important that the communicator seeks feedback to check that their message is clearly understood.

There are many barriers to communication and these may occur at any stage in the communication process. Barriers may lead to your message becoming distorted and you therefore risk wasting both time and/or money by causing confusion and misunderstanding. Effective communication involves overcoming these barriers and conveying a clear and concise message.

Language Barriers

Language and linguistic ability may act as a barrier to communication. However, even when communicating in the same language, the terminology used in a message may act as a barrier if it is not fully understood by the receiver(s). For example, a message that includes a lot of specialist jargon and abbreviations will not be understood by a receiver who is not familiar with the terminology used.

Psychological Barriers

The psychological state of the communicators will influence how the message is sent, received and perceived. For example, if someone is stressed they may be preoccupied by personal concerns and not as receptive to the message as if they were not stressed. Anger is another example of a psychological barrier to communication, when we are angry it is easy to say things that we may later regret and also to misinterpret what others are saying. More generally people with low self-esteem may be less assertive and therefore may not feel comfortable communicating - they may feel shy about saying how they really feel or read negative sub-texts into messages they hear.

Physiological Barriers

Physiological barriers may result from the receiver's physical state. For example, a receiver with reduced hearing may not grasp to entirety of a spoken conversation especially if there is significant background noise.

Physical Barriers

An example of a physical barrier to communication is geographic distance between the sender and receiver(s). Communication is generally easier over shorter distances as more communication channels are available and less technology is required. Although modern technology often serves to reduce the impact of physical barriers, the advantages and disadvantages of each communication channel should be understood so that an appropriate channel can be used to overcome the physical barriers.

Systematic Barriers

Systematic barriers to communication may exist in structures and organisations where there are inefficient or inappropriate information systems and communication channels, or where there is a lack of understanding of the roles and responsibilities for communication. In such organisations, individuals may be unclear of their role in the communication process and therefore not know what is expected of them.

Attitudinal Barriers

Attitudinal barriers are behaviours or perceptions that prevent people from communicating effectively. Attitudinal barriers to communication may result from personality conflicts, poor management, resistance to change or a lack of motivation. Effective receivers of messages should attempt to overcome their own attitudinal barriers to facilitate effective communication.

Active Listening

Active listening is a skill that can be acquired and developed with practice. However, active listening can be difficult to master and will, therefore, take time and patience to develop.

'Active listening' means, as its name suggests, actively listening. That is fully concentrating on what is being said rather than just passively 'hearing' the message of the speaker.

Active listening involves listening with all senses. As well as giving full attention to the speaker, it is important that the 'active listener' is also 'seen' to be listening - otherwise the speaker may conclude that what they are talking about is uninteresting to the listener.

Interest can be conveyed to the speaker by using both verbal and non-verbal messages such as maintaining eye contact, nodding your head and smiling, agreeing by saying 'Yes' or simply 'Mmm hmm' to encourage them to continue. By providing this 'feedback' the person speaking will usually feel more at ease and therefore communicate more easily, openly and honestly.

Listening is the most fundamental component of interpersonal communication skills. Listening is not something that just happens (that is hearing), listening is an active process in which a conscious decision is made to listen to and understand the messages of the speaker. Listeners should remain neutral and non-judgmental, this means trying not to take sides or form opinions, especially early in the conversation. Active listening is also about patience - pauses and short periods of silence should be accepted. Listeners should not be tempted to jump in with questions or comments every time there are a few seconds of silence.

Active listening involves giving the other person time to explore their thoughts and feelings, they should, therefore, be given adequate time for that.

Active listening not only means focusing fully on the speaker but also actively showing verbal and non-verbal signs of listening. Generally speakers want listeners to demonstrate 'active listening' by responding appropriately to what they are saying. Appropriate responses to listening can be both verbal and non-verbal:

- Small smiles can be used to show that the listener is paying attention to what is being said or as a way of agreeing or being happy about the messages being received. Combined with nods of the head, smiles can be powerful in affirming that messages are being listened to and understood.
- Eye Contact

It is normal and usually encouraging for the listener to look at the speaker. Eye contact can however be intimidating, especially for more shy speakers – gauge how much eye contact is appropriate for any given situation. Combine eye contact with smiles and other non-verbal messages to encourage the speaker.

- Posture

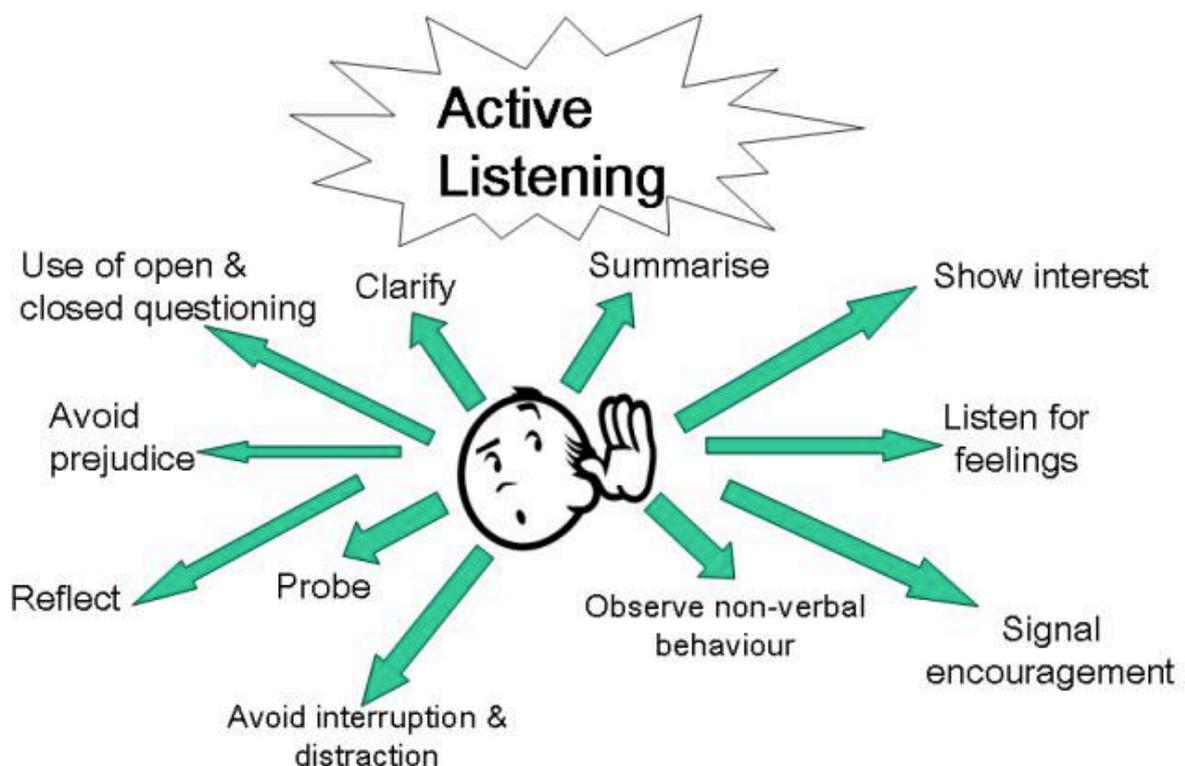
Posture can tell a lot about the sender and receiver in interpersonal interactions. The attentive listener tends to lean slightly forward or sideways whilst sitting. Other signs of active listening may include a slight slant of the head or resting the head on one hand.

- Mirroring

Automatic reflection/mirroring of any facial expressions used by the speaker can be a sign of attentive listening. These reflective expressions can help to show sympathy and empathy in more emotional situations. Attempting to consciously mimic facial expressions (i.e. not automatic reflection of expressions) can be a sign of inattention.

- Distraction

The active listener will not be distracted and therefore will refrain from fidgeting, looking at a clock or watch, doodling, playing with their hair or picking their fingernails.



Questioning

The listener can demonstrate that they have been paying attention by asking relevant questions and/or making statements that build or help to clarify what the speaker has said. By asking relevant questions the listener also helps to reinforce that they have an interest in what the speaker has been saying.

Reflection

Reflecting is closely repeating or paraphrasing what the speaker has said in order to show comprehension. Reflection is a powerful skill that can reinforce the message of the speaker and demonstrate understanding.

Clarification

Clarifying involves asking questions of the speaker to ensure that the correct message has been received. Clarification usually involves the use of open questions which enables the speaker to expand on certain points as necessary.

- “I'm not quite sure I understand what you are saying.”
- “I don't feel clear about the main issue here.”
- “When you said what did you mean?”
- “Could you repeat ...?”

Summarisation

Repeating a summary of what has been said back to the speaker is a technique used by the listener to repeat what has been said in their own words. Summarising involves taking the main points of the received message and reiterating them in a logical and clear way, giving the speaker chance to correct if necessary.

Open Questions

If your role is to assist a speaker to talk about an issue, often the most effective questioning starts with 'when', 'where', 'how' or 'why'. These questions encourage speakers to be open and expand on their thoughts. For example:

- “When did you first start feeling like this?”
- “Why do you feel this way?”

Closed Questions

Closed questions usually elicit a 'yes' or 'no' response and do not encourage speakers to be open and expand on their thoughts. Such questions often begin with 'did you?' or 'were you?' For example:

- “Did you always feel like this?”
- “Were you aware of feeling this way?”

Presentations

When structuring the content of your presentation, there are three things that you need to remember:

- First, tell them what you are going to tell them. This sets up the presentation and manages the audience's expectations.
- Tell them. Present the ideas that you have just outlined.
- Finish by telling them what you have told them. Review and summarize the central message that you have put across.

Working with this formula will ensure that your presentation has a logical beginning, middle and end.

The five steps to good writing

Step 1: The big idea

Do not be intimidated by the blank sheet of paper, or screen, in front of you! Start with the “big idea”. Sometimes it is given to you as the subject of a speech; on other occasions, you will be expected to come up with it yourself.

Step 2: Three main points

This is one of the oldest of all the presentation techniques – known about since the time of Aristotle. People tend to remember lists of three things. Structure your presentation around threes and it will become more memorable.

Step 3: Brainstorming the main points

Now that you have decided on the important areas you want to cover, you need to be thinking of sub-points that you wish to make about each.

Three

Key

Points



Step 4: Developing the headings

Using the brainstormed ideas that you have generated in Step 3; think about what you will say on each sub-point. It doesn't matter too much if there are some bullet points that are more substantial than others, the weaker ones will be dropped in the editing stage.

The stories you develop around each point might be from your own experience. It could be knowledge that you uncovered through research, or you may have heard a story, or related evidence that will help you bring the point to life.

Once you have “bulked” out each point, you should have the majority of the speech written. The next part of the process involves weaving these things together, so they make sense.

Step 5: What is the story?

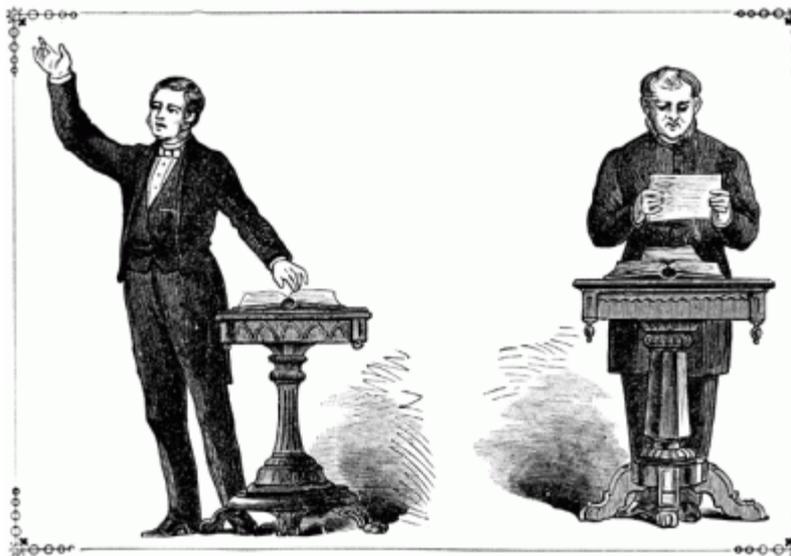
In a presentation we are taking the members of the audience on a journey. At the end, they will have traveled a distance with us, but how will we have changed them? What will the narrative be?

If you are dealing with content that is fairly matter of fact, it is hard to weave into the story, but in some ways that is all the more vital, if you are to bring it to life. This is important in keeping the audience's attention, but it is also a great way of helping you learn your speech. If there is some logical flow, if one element naturally follows another in the tale, you are much more likely to be able to commit to memory.

Delivering the presentation

While we all want to believe that it's enough to be natural in front of a room, it isn't really natural to stand up alone in front of a group of people. It's an odd and unusual thing that creates stress, tension, and stomach troubles. Being natural won't cut it. We need to be bigger, more expressive, and more powerful. It takes extra effort and energy. It also takes skill

and practice. With so much depending on communication and communication depending on body language, it's worth getting it right. Work on your body language-gesture, stance, and facial expression-to make the most of every speaking opportunity.



Tip

DO:

- **Arms Open.** This is good indicator of someone who is relaxed and not tense. Even if you are anxious, practice speaking with arms at your sides to convey a calm attitude.
- **Hands.** Have your hands wide open and apart. This show sincerity and honesty.

- **Head and Eyes.** Keep your head up and look at your audience.
Left and Right. Look to the left and right and down the centre of the room. This will tell the whole audience that they are all included in the speech.
- **Lectern.** If you must use a lectern don't "hug" or "cling" to it. Lecterns are great for presenting formality and authority. Put your notes on it, (if you have any,) not your elbows.
- **Movement..** Use the three step rule. If you move towards one side of the room, take three steps then stop. It is distracting if you constantly move one step one way, one step the other.
- **Getting off the Stage.** Sometimes speakers like to get off the stage and go right into the crowd. This is a great way to get connected with the audience. It also sends the message that I really know what I am talking about because I don't need any notes or visuals.

Don't:

- **Arms.** Don't cross your arms.
- **Hands.** Don't put your hands in your pockets. Also avoid pointing, clenched fists and hands on your hips.
- **Movement.** When presenting you may have lots of energy to release. Avoid the urge to move around too much. This can become distracting. Arm and leg movements should be kept to a minimum.
- **Gestures.** Don't make gestures too quickly. The larger the crowd, the larger and slower the gestures.
- **Getting off the Stage.** This is great but remember, (especially in large rooms,) that when you get off the stage there may be many people who cannot see you. It is fine if your image is being projected on a large screen. Just inform the audio/ visual team beforehand. Or else they'll be scrambling to find you when you jump off stage.

Business Writing Skills

There are many reasons we communicate. We also have many different ways of communicating to choose from. In today's modern world e-mail is a very convenient form of communication, but it also is very impersonal. It boils down to thinking about your objective with your communication and how best you can achieve your objective.

Memos

A memo is the shortened name for a memorandum. It is an accurate, brief, official written message that is sent within an organisation.

People use memos to:

- Remind or inform people inside your organisation about something
- Ask people inside your organisation to do something
- Ask for information
- Encourage, motivate or persuade

You can send a memo to one person, a department or all staff.

Tips on writing effective memos:

- A memo should include, in this order:
 - Who the sender is, including a department if appropriate
 - Who the receiver is, including a department if appropriate
 - The date
 - A clear, short heading that captures exactly what the memo is about
 - The message – very clearly and concisely
 - The signature of the person writing the memo
- A memo is an internal document and therefore it is not necessary to include the organisation's address and contact details.
- A memo should never be longer than a page
- Never write a memo when you are angry with the people in your organisation. Make sure that the language, style and tone will not offend.
- These days a conversational style is the modern style for communicating through memos, letters and reports
- Try not to use CAPITAL LETTERS, **bold** lettering or *italics* for the main part of your memo.

Example:

<p>Community Resource Centre Memorandum</p> <p>To: All staff From: Elizabeth Jacobs, Director Date: 2 December 2002</p> <p>Staff Christmas Party</p> <p>Please note that this year's Christmas party will be on 18 December, from 11h00 to 15h00. We will be having a picnic at the park across the road. Your children and partners are welcome.</p> <p>Please let Elizabeth know by 9 December how many people from your family are coming. This will help with the catering.</p> <p><i>ER Jacobs</i></p>

Letters, faxes and e-mails

Tips on writing effective letters

An effective letter works if it:

- Gets straight to the point, after an appropriate greeting. You can do this through a heading and putting your main point in the first paragraph.
- Has sub-headings, if necessary.
- Is short and precise.
- Has short sentences – one point, one sentence
- Does not repeat information.
- Uses everyday language rather than formal language.
- Gives the right amount of information.
- Has a professional style and tone.
- Has no spelling or language mistakes.

Structuring a letter

Once you are clear about the content of the letter you want to write, make sure you structure the letter correctly:

- Include your name and your organisation's name, address and other contact details.
- Start your letter with the full and correct name/s, title/s and address and other contact details of the reader/s.
- Use an appropriate greeting.
- Have a main heading.
- Make your point in the first paragraph.
- Have the following paragraphs support your main point.
- Use sub-headings, if they will help.
- End off by saying how you hope the reader will respond to your letter. Follow this up with a suggestion of what can be done if he or she does respond. For example: "We hope you will be able to give a talk at our conference. Please let us know by 15 February 2003 if you can."
- Include your final greeting and sign off with your name printed alongside your organisational title.

Writing e-mails

An e-mail message is almost the same as a short letter. Most of the principles for letter writing apply to writing e-mails. With e-mail however, you do not have to worry about writing addresses out, nor the date. It is helpful to your e-mail message receiver if you programme your e-mail programme to automatically insert your contact details, like your telephone and fax numbers at the end of every e-mail that you send. This is called your signature.

Things to watch out for:

- Because e-mail is such an almost immediate and sometimes quite rushed way of corresponding it is easy to make mistakes, like spelling.
- Always carefully read over your message before you hit the send button. Once sent, you cannot get them back to make an amendment. This checking will help maintain a professional correspondence.
- Check that you have entered the correct receiver.
- E-mail can make it easy to drop formality, like greetings. It can be easy to correspond in a familiar tone with a person you may not have established a relationship with. Try to pace this in an appropriate way – stick with a language, style and tone that will maintain the level of professionalism required of you.

Minutes

Minutes are the official record of a meeting. It can impact very badly on your organisation's smooth running if minutes are inaccurate, unclear or get lost.

Minutes are important because they:

- Are a record of your organisation's work – for present and future reference.
- Reflects decisions made in a meeting.
- Are like action notes that members of your organisation can refer to in carrying out day-to-day work.
- Help the next meeting to pick up on matters arising to monitor progress.
- Inform those who were absent from the meeting as to what decisions were taken.

What should minutes record?

Minutes are not meant to be a direct record of everything that was said at a meeting. It would be inhuman to expect someone to do this. Minutes should mainly record:

- The agenda of the meeting
- Who attended the meeting and who sent apologies
- When and where the meeting was held and at what time
- Whether previously decided actions were implemented, and if so, the outcomes and consequences – as matters arising
- What was discussed (in brief)
- Outcome of the discussion – decisions taken, points noted
- What action the meeting decided to take, by whom and by when
- Time of closure, time and venue for the next meeting

What makes minute taking difficult?

- You don't understand what is going on in the meeting
- There is no set structure to the meeting
- You are expected to record the meeting word by word.
- When the meeting does not stick to the agenda
- When the meeting does not have an agenda

Structure of minutes:

Model minutes:

- Include an agenda
- Include who was present and who sent apologies
- Have clear numbering of main issues and sub-numbering in line with them so that they are easy to refer to

- Record action decisions in a way that they stand out, for example by using *italics* or **bold**
- Action decisions should state *who is responsible* for doing something and *by when*
- Minutes should include a summary of action decisions and referrals.

Reports

Effective reports are critical organisational documents because they:

- Communicate information and ideas about your work and that of your organisation.
- Reflect and explain progress with work – and lack of progress
- Promote accountability
- Promote discussion and informed decision-making
- Emphasis problems and make recommendations
- Share information, learnings and experiences

Who you write reports for varies from organisation to organisation. Depending on the purpose of your report, your audience could include:

- Staff
- Members
- Executive committee
- Board
- Funders
- Other organisations
- Member of public

Many reports are not read for a variety of reasons. Some of these are:

- Reports are too long – if your report is one page long it is likely to be read from beginning to end. The longer your report gets, the smaller the percentage of it is likely to be read.
- Reports are boring
- Reports look too dense.
- They do not make their point straight away.
- The reports have language that is heavy, difficult and full of jargon.

What goes into a report?

Many people hate writing reports. Report writing can end up feeling like a huge burden. Here are some suggestions that will help you work out what to include in your report:

- Start off by making your report your friend
- Use a mindmap to get you started on the first draft of your report.
- Analyse the audience you are writing for and fine-tune exactly what you think your readers needs to read in your report.
- Keep it short, simple and straightforward

Your report should include:

- A meaningful title
- The date of the report
- The author of the report
- The contents list, if it is a fairly long report
- A summary of the main points of the report, especially if it is a long report. Your report's objective must be clearly stated.
- A logical flow of items, with meaningful sub-headings for each. The main point of the paragraph should be at the top of it.
- A conclusion, which could be your recommendation section. Don't use your conclusion to restate everything that was already stated.

	Please complete Knowledge Activity: Multiple Choice Test
	Please complete Practical Activity: Task 6 Task 13 Task 14 Task 15 Task 16
	Please complete Workplace Activity: Task 22 Task 23 Task 24 Task 25

Module 8: Group Interaction



Learning outcomes

- Demonstrate an understanding of workplace meeting procedures and administration (including meeting procedures and protocols, Meeting administration, Recording decisions taken during a meeting for own use)
- Draw up a meeting agenda with given information
- Demonstrate an understanding of how to record decisions taken during a meeting for own use

Conduct workplace meetings

Meetings are very important for the work of any organisation. Good meetings are important for collective decision-making, planning and follow-up, accountability, democracy, and other practices that will help you to build a good organisation.

If meetings are used in the correct way, they can help an organisation to be efficient. However, like all organising tools, meetings can be used badly and end up not serving the purpose that they are supposed to. Sometimes we seem to attend too many long meetings,

which discuss the same thing over and over again without seeming to move forward. Meetings can become places where conflict is played out. Some people can also see attending meetings as working for the organisation instead of seeing it as a tool for getting work done. We should try to make our meetings places where we get democratic and constructive participation and involvement from our members.

Wherever possible the members must know what type of meeting they are going to and what the meeting is for – in other words, the PURPOSE of the meeting. Sometimes an organisation might call a special or extraordinary meeting.

Planning a meeting

Planning should improve participation by ensuring that discussion is on a single topic and that the members are well prepared for the meeting. This is the responsibility of the Chairperson, Secretary and Executive, depending on the type of organisation. Planning does not mean controlling and directing the meeting in such a way that it restricts participation.

Planning should include the following:

Notification: It is the executive's responsibility to ensure that everyone has been notified of the date, time and venue of the meeting, as well as the main issues to be discussed. For many organisations it is a useful practice to always have their meetings on the same day at the same time in the same place.

Preparing the agenda: The agenda is a list of the most important issues for the members to discuss. It is drawn from the Matters Arising from the previous meeting and from the discussions of the Executive or Secretariat.

The agenda is the responsibility of the Chairperson and the Secretary. The chairperson should read the minutes of the previous meeting to familiarise him/herself with the issues. This will form the basis of a list of matter arising from these minutes.

Matters arising include:

- Tasks – a report back must be given
- Matters for which further information was required for discussion
- Matters that were deferred to this meeting

How to run a meeting

a. The agenda

Open the meeting and welcome everyone. Then go through the agenda step by step.

Those present and apologies: The apologies of those members not able to attend the meeting are recorded as part of the minutes. Send round an attendance register if there are too many people to just record it in the minutes. Ask if there are any apologies from people who are not there.

Minutes: Minutes are accurate notes of what is discussed and decided on at meetings. Make sure that the minutes of the previous meeting are circulated to everyone or at least read at the beginning of the meeting. (See section on writing minutes) Minutes must be adopted at the beginning of a meeting. Give people a chance to read the minutes or read them out aloud. Everyone must agree that they are an accurate record of the last meeting. Members must be given the chance to add where item/points might have been left out.

Matters arising from the minutes: This covers points that were discussed at the last meeting, when perhaps someone was asked to do some work or there have been subsequent developments, which now need discussion. A list of these points is drawn from the previous meeting's minutes.

Correspondence: This means all the letters that have been received by the organisation since the last meeting. They can be dealt with in different ways. If your group does not receive many letters, they could be read out and then discussed. Another way is for the secretary to list them with a brief explanation. The chairperson then goes through the list and suggests action. If the issue raised in the letter needs decisive action it can be more fully discussed.

Other items on the agenda: Someone must introduce each item on the agenda. The item introduced could be either a discussion or a report.

If it is a discussion someone is given the job of leading the discussion and making proposals on that particular item.

If it is a report, the person who is reporting should comment on the following:

Was it a task that was completed, what were the problems and what still needs to be done? (issue, facts, options, proposal – see guide on inputs and verbal reports)

Discussion should be to examine a problem or discuss an issue in more detail – get everyone's ideas and points of view on it, arrive at a decision, delegate responsibility for the completion of the task, and follow-up to ensure that it is completed.

b. Meeting Procedures

All members should know meeting procedures. There are a number of points that people use in meetings to ensure that the meetings run smoothly. Often members use these points to assist the chairperson.

The following are procedural points most used in meetings:

Point of Order:

It should be used when a member feels that the meeting procedure is not being stuck to and s/he wants the meeting to return to the correct procedure or order. For example, when an individual is speaking totally off the point, another member might ask on a point of order for the speaker to stick to the agenda.

Point of Information:

A member may raise their hand and ask to make point of information (or request information) when it is not his or her turn to speak. This can enable a member to speak (by putting up his/her hand and asking to speak) when it is not his/her turn to request more information on the matter being discussed, or to give more information on a point being discussed.

Out of Order:

When an individual is not sticking to meeting procedure, being rude, interjecting or misbehaving in some way, the chairperson might rule him/her out of order.

Protection:

A speaker who is being harassed when he/she is speaking can ask for the protection of the Chairperson.

Quorums:

This is the minimum number of people who must be present for the meeting to conduct business and take decisions. This minimum number is stated in the organisations constitution. The meeting cannot start until there is a quorum. Always ensure that you have this minimum number of people at a meeting, especially when decisions must be taken. If you do not, and decisions are taken, members who were not present can request that it is re-discussed, meaning that time was wasted.

All these points are called meeting rules or procedures, which are there to try to make meetings more efficient and effective. They should not be over-used just for the sake of it.

c. How to take decisions in meetings

Decisions are usually reached through two main ways:

- **Consensus**

This means reaching decisions by discussion and general agreement.

- **Voting**

People vote for a particular proposal. Usually one person will put forward a proposal, someone else will second it and then people will vote. If the majority of people accept the proposal, it then becomes binding on the organisation.

Voting can either be done by a show of hands or secret ballot.

Show of hand

The Chairperson would call for a show of hand when there is a difference of opinion amongst members when a decision needs to be reached. S/he will call on members to raise their hands to show their support for or against a proposal.

These votes are then counted – majority would then ensure that the proposal stands or falls away.

Secret ballot

Each person would be given a piece of paper where s/he would write whether s/he supports a particular proposal or not. The votes would be counted and the majority would ensure that the proposal stands or falls away.

It is usually better to reach consensus than to vote. Reaching consensus often means that there are compromises from everyone but it ensures that most people feel part of the decision. Sometimes a vote does need to be taken, for example in elections or when the meeting cannot reach a decision through consensus.

d. How to chair the meeting

The chairperson is the most important person in the meeting. He or she will set the pace for the meeting, make sure that people stick to the topics, ensure that democratic decisions are taken, and that everyone is on board with these decisions. Chairing is a great skill and it is important to teach members to chair meetings and rotate the job where possible so that more people can practise this skill. However, it is always good to have an experienced chairperson for important meetings.

A good chairperson is an active chairperson; it is not the chairperson's job to simply keep a list of speakers and to let them speak one after the other. The chairperson should introduce the topic clearly and guide the discussion especially when people start repeating points. When a discussion throws up opposing views, the chairperson should also try to summarise the different positions and where possible, propose a way forward. The way forward can involve taking a vote on an issue, having a further discussion at another date, or making a compromise that most people may agree with. The chairperson should ask for agreement from the meeting on the way forward, and apologise to those who still wanted to speak.

Here are the basic steps for chairing a meeting:

- The Chairperson opens the meeting and presents the agenda.
- S/he should start a meeting by setting a cut-off time when everyone agrees that the meeting should end. This helps to encourage people to be brief.
- S/he calls on individuals to introduce or lead the discussion of points on the agenda and gives everyone a chance to speak.
- S/he also ensures that no one dominates discussion.
- S/he should try to summarise the discussion clearly restating ideas and proposals put forward. However, there is no need to repeat everything that has been said.
- S/he must be able to get agreement on what the decision is – s/he must ensure that everyone understands the decision, delegates to someone the duty of carrying out the decision, ensures that the person given the responsibility knows what s/he has to do and when it should be done and reported on.
- S/he ensures that everyone takes part in the discussions and decision-making.
- S/he ensures that the date for the next meeting is always set at the meeting.

How to write minutes in the meeting

It is essential that minutes are recorded accurately. This not only serves as a reminder of issues that need to be followed up but also prevents arguments about previous decisions. Minutes are also a guide for the secretary and chairperson when drawing up the agenda for the next meeting.

Minutes help the organisation to learn from its past failures and successes. This is done when the secretary reflects on the minutes of the past year when drawing up an annual report.

There are three aspects to taking good minutes:

1. Listening

This is a very important skill to develop. You must not only listen to what is being said but you have to ensure that you understand as well.

2. Taking notes

Write down only the main points and the decisions taken. It is impossible to write down everything that is being said.

- Always try to identify the main points

What is the main aim of the discussion?

What information is important?

Use your own words. If you do this you will find that your minutes are more accurate and complete than if you try to jot down everything a speaker says.

- Pay special attention to decisions. If necessary, ask for the decisions to be repeated.
- Ask for clarification. Do not hesitate to stop the meeting if you are not clear about any decisions or issues being discussed.

3. Writing the minutes

The following information should be included:

- Nature of meeting, date, time, venue
- Names of those present
- Names of visitors

- Apologies
- Summaries of decisions and discussions

This includes work to be followed up and who have taken responsibility for certain tasks. The minutes should be written neatly in a special minute book or file; avoid jotting down minutes on scraps of paper. The book or file should be kept safely and always available for consultation at any time.

	Please complete Knowledge Activity: Multiple Choice Test
	Please complete Practical Activity: Task 13
	Please complete Workplace Activity: Task 18 Task 19 Task 20 Task 21

Module 9 : DECISION MAKING AND PROBLEM SOLVING



Learning outcomes

- Analyse problems and formulate decisions by using a structured approach
- Demonstrate an understanding of decision making and problem solving
- Understand using decision making models such as brain storming, SWOT analysis and PEST analysis

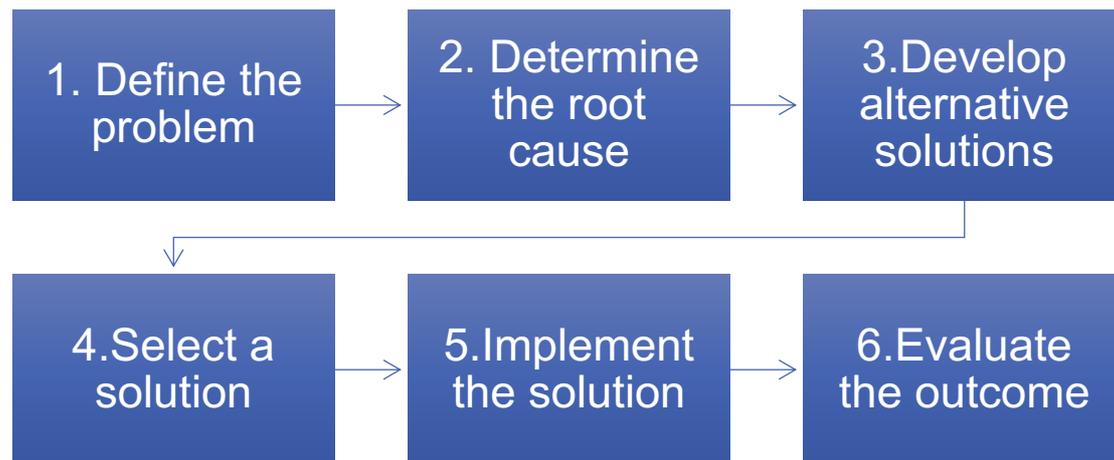
Principles of problem solving

Problems are an inevitable consequence of business and there are various techniques that will assist you to identify and resolve them in a structured way.

Most people take an unstructured approach to problem solving and although this can be successful, the solution they come up with may not always be the best one. A major disadvantage of an unstructured approach is that it is easy to hit a roadblock and convince yourself that the problem cannot be solved or that the solution cannot be implemented for practical reasons.

Problem solving models are used to address the many challenges that arise in the workplace. One such model is the Six-Step Problem Solving Model that ensures a consistent approach when dealing with problems.

Six-Step Problem Solving Model



The process is one of continuous improvement. The goal is not to solve but to evolve, adjusting the solution continually as new challenges emerge through repeating the six step process.

Step 1: Define the problem

Step 1 is about diagnosing the problem – the context, background and symptoms of the issue. At this stage you will use techniques such as:

- Brainstorming
- Interviewing
- Questionnaires

The following questions should be answered in this very important step:

- What do you see happening?
- What are the specific symptoms?
- What proof do you have that the problem exists?
- How long has the problem existed?
- What is the impact of the problem?

Step 2: Determine the root cause(s) of the problem (RCA)

Once all the symptoms have been identified, the cause of the problem must be identified. Root Cause Analysis is a problem solving method that builds a sequence of events to gain a deeper analysis to learn why a problem happens.

During this stage, identify as many causal factors as possible. Too often, people identify one or two factors and then stop, but that's not sufficient. With RCA, you don't want to simply treat the most obvious causes – you want to dig deeper.

The following tools can be used to identify causal factors:

5 Whys – Ask "Why?" until you get to the root of the problem.

Ask your team why the problem is occurring. (For example, "Why isn't team A meeting its response time targets?")

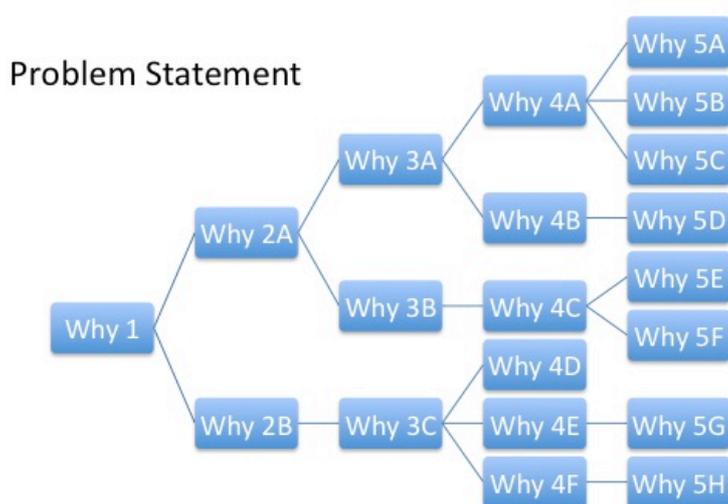
Asking "why?" sounds simple, but answering it requires thought and intelligent application.

Search for answers that are grounded in fact: they must be accounts of things that have actually happened – not guesses at what might have happened.

This prevents 5 Whys from becoming just a process of deductive reasoning, which can generate a large number of possible causes and, sometimes, create more confusion as you chase down hypothetical problems.

Your team members may come up with one obvious reason why, or several plausible ones. Record their answers under (or to the right of) your problem statement as succinct phrases, rather than single words or lengthy statements. For example, saying "volume of calls is too high" is better than a vague "overloaded."

5 Why Analysis



©2010 Paulsen & Paulsen, LLC

Drill Down – Break down a problem into small, detailed parts to better understand the big picture.

To use the technique, start by writing the problem down on the left-hand side of a large sheet of paper. Next, write down the points that make up the next level of detail on the problem a little to the right of this. These may be factors contributing to the problem, information relating to it, or questions raised by it. This process of breaking the problem down into its component part is called 'drilling down'.

For each of these points, repeat the process. Keep on drilling down into points until you fully understand the factors contributing to the problem. If you cannot break them down using the knowledge you have, then carry out whatever research is necessary to understand the point.

Cause and Effect Diagrams – Create a chart of all of the possible causal factors, to see where the trouble may have begun.

Professor Kaoru Ishikawa created Cause and Effect Analysis in the 1960s. The technique uses a diagram-based approach for thinking through all of the possible causes of a problem. This helps you to carry out a thorough analysis of the situation.

There are four steps to using the tool.

1. Identify the problem.
2. Work out the major factors involved.
3. Identify possible causes.
4. Analyze your diagram.

You'll find this method is particularly useful when you're trying to solve complicated problems.

Step 1: Identify the Problem

First, write down the exact problem you face. Where appropriate, identify who is involved, what the problem is, and when and where it occurs.

Then, write the problem in a box on the left-hand side of a large sheet of paper, and draw a line across the paper horizontally from the box. This arrangement, looking like the head and spine of a fish, gives you space to develop ideas.

Example:

In this simple example, a manager is having problems with an uncooperative branch office.

Figure 1 – Cause and Effect Analysis Example Step 1



Step 2: Work Out the Major Factors Involved

Next, identify the factors that may be part of the problem. These may be systems, equipment, materials, external forces, people involved with the problem, and so on.

Try to draw out as many of these as possible.

Brainstorm any other factors that may affect the situation.

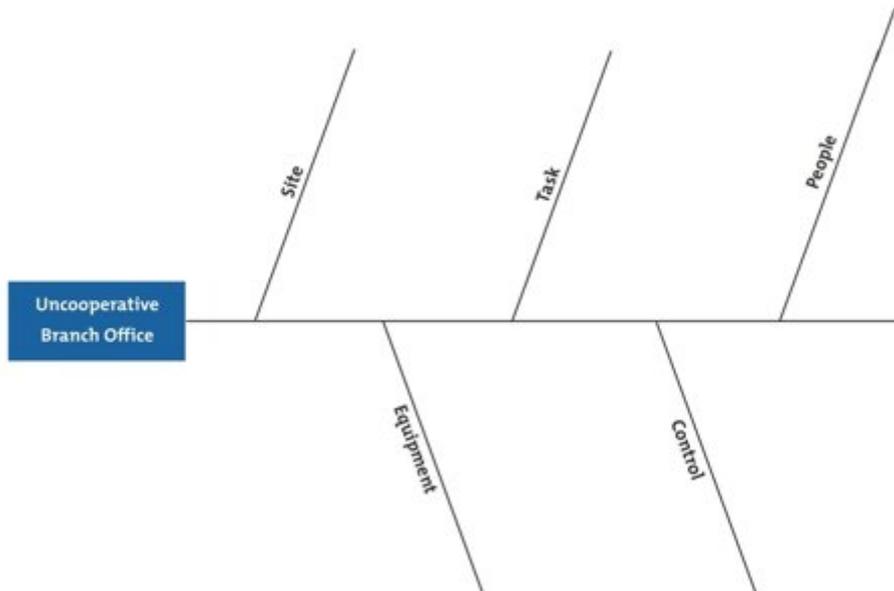
Then draw a line off the "spine" of the diagram for each factor, and label each line.

Example:

The manager identifies the following factors, and adds these to his diagram:

- Site.
- Task.
- People.
- Equipment.
- Control.

Figure 2 – Cause and Effect Analysis Example Step 2



Step 3: Identify Possible Causes

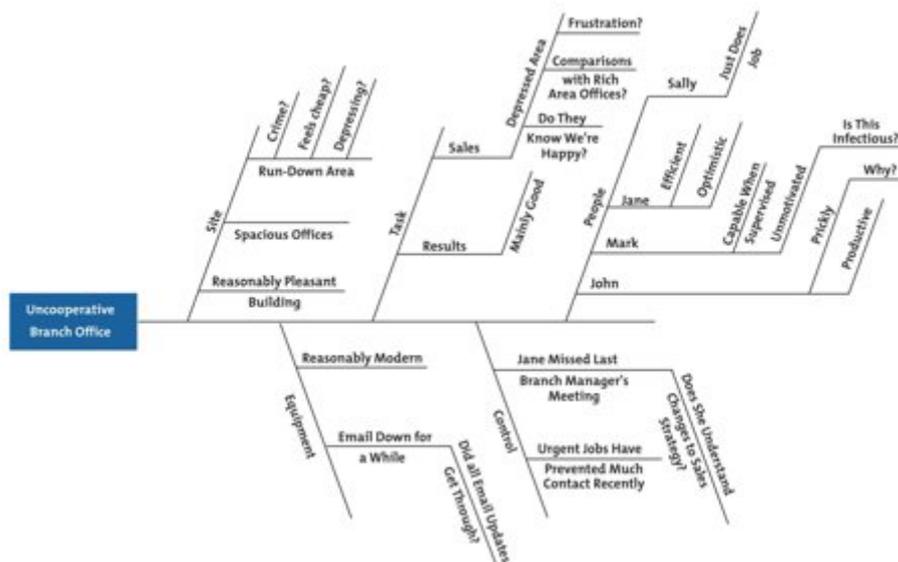
Now, for each of the factors you considered in step 2, brainstorm possible causes of the problem that may be related to the factor.

Show these possible causes as shorter lines coming off the "bones" of the diagram. Where a cause is large or complex, then it may be best to break it down into sub-causes. Show these as lines coming off each cause line.

Example:

For each of the factors he identified in step 2, the manager brainstorms possible causes of the problem, and adds these to his diagram, as shown in figure 3.

Figure 3 – Cause and Effect Analysis Example Step 3



Step 4: Analyze Your Diagram

By this stage you should have a diagram showing all of the possible causes of the problem that you can think of.

Depending on the complexity and importance of the problem, you can now investigate the most likely causes further. This may involve setting up investigations, carrying out surveys, and so on. These will be designed to test which of these possible causes is actually contributing to the problem.

Example:

The manager has now finished his analysis. If he hadn't looked at the problem this way, he might have dealt with it by assuming that people in the branch office were "being difficult." Instead he thinks that the best approach is to arrange a meeting with the Branch Manager. This would allow him to brief the manager fully on the new strategy, and talk through any problems that she may be experiencing.

Tip:

A useful way to use this technique with a team is to write all of the possible causes of the problem down on sticky notes. You can then group similar ones together on the diagram.

Step 3: Develop alternative solutions

Analytical, creative problem solving is about creating a variety of solutions, not just one. Often the most obvious answer is not the most effective solution to the problem. This step focuses on:

- Finding as many solutions to the problem, no matter how outlandish they may seem
- Looking at how each solution relates to the root cause and symptoms of the problem
- Deciding if different solutions can be merged to give a better answer to the problem

At this stage it is not about finding one solution, but eliminating the options that will prove less effective at dealing with both the symptoms and the root cause. Techniques include:

- SWOT Analysis
- Brainstorming

SWOT Analysis

You can use SWOT discussions as the basis for a brainstorming session about where to take your company next. If you have a particular problem you're concerned with, focus SWOT

analysis directly on the issue. Whether the problem is a corporate weakness, the threat from a new competitor or an opportunity you don't know how to exploit, SWOT analysis places the problem in the context of your overall strengths and vulnerabilities.

One way to apply SWOT to a problem is to draw up a four-square grid: Two squares list strengths along with opportunities and threats and the other two list weaknesses with threats and opportunities. If the problem you're analyzing is a threat, such as a new competitor, the grid shows which of your weaknesses -- slow growth, or an inexperienced sales force -- make you vulnerable to the threat. The grid also helps you see which of your strengths is best suited to fend off the threat.

Brainstorming

The purpose of brainstorming is to generate as many ideas as possible and then carefully select the one or two that will enhance your organisation.

One of the first things to understand about brainstorming is the fact that it is meant to be one of the most open and free tools of creativity that you can use. At first, there are going to be very few limitations placed on what can come from your brainstorming sessions – the whole point of the process is to think of as many new, innovative ideas as possible.

The time for practicality and rational thinking will come later down the line. Even though brainstorming is about freedom and creativity, you still need to have some basic structure in place for your brainstorming sessions.

The first step is to clearly define the problem that you are trying to solve. The key is to have asked the right question or to have posed the problem in a way that at least some of the results of the brainstorming session are usable.

Step 1: Prepare the Group

First, set up a comfortable meeting environment for the session. Make sure that the room is well-lit and that you have the tools, resources, and refreshments that you need.

How much information or preparation does your team need in order to brainstorm solutions to your problem?

Consider who will attend the meeting. A room full of like-minded people won't generate as many creative ideas as a diverse group, so try to include people from a wide range of disciplines, and include people who have a variety of different thinking styles.

When everyone is gathered, appoint one person to record the ideas that come from the session. This person shouldn't necessarily be the team manager – it's hard to record and contribute at the same time. Post notes where everyone can see them, such as on flip charts or whiteboards; or use a computer with a data projector.

If people aren't used to working together, consider using an appropriate warm-up exercise, or an icebreaker .

Step 2: Present the Problem

Clearly define the problem that you want to solve, and lay out any criteria that you must meet. Make it clear that the meeting's objective is to generate as many ideas as possible. Give people plenty of quiet time at the start of the session to write down as many of their own ideas as they can. Then, ask them to share their ideas, while giving everyone a fair opportunity to contribute.

Step 3: Guide the Discussion

Once everyone has shared their ideas, start a group discussion to develop other people's ideas, and use them to create new ideas. Building on others' ideas is one of the most valuable aspects of group brainstorming.

Encourage everyone to contribute and to develop ideas, including the quietest people, and discourage anyone from criticizing ideas.

As the group facilitator, you should share ideas if you have them, but spend your time and energy supporting your team and guiding the discussion. Stick to one conversation at a time, and refocus the group if people become sidetracked.

Although you're guiding the discussion, remember to let everyone have fun while brainstorming. Welcome creativity, and encourage your team to come up with as many ideas as possible, regardless of whether they're practical or impractical.

Don't follow one train of thought for too long. Make sure that you generate a good number of different ideas, and explore individual ideas in detail. If a team member needs to "tune out" to explore an idea alone, allow them the freedom to do this.

Also, if the brainstorming session is lengthy, take plenty of breaks so that people can continue to concentrate.

Step 4: Select a solution

In this step all the potential solutions are evaluated to narrow it down to one. This step applies two key questions:

- Which solution is most feasible?
- Which solution is favoured by those who will implement and use it?

Feasibility is ascertained by deciding if a solution:

- Can be implemented within an acceptable timeframe?
- Is cost effective, reliable and realistic?

- Can adapt to conditions as they evolve and change?
- Its risks are manageable?
- Will benefit the organisation?

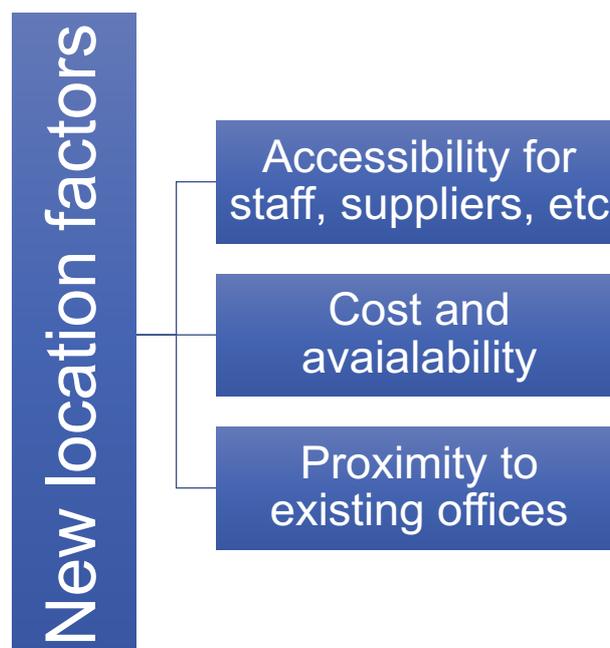
A tool that is commonly used to make important decision in business, is called the **Decision Matrix Analysis model**. Rather than using a pre-designed matrix – which may or may not be appropriate for your needs – you are going to create your own matrix when using this model.

The first thing you need to do in order to assemble your matrix is to collect a list of the various options that you have for the decision. For instance, if you are trying to:

Decide on a location for a new office that you are building, you could list all of the potential locations as rows on the left side of your matrix.

You aren't trying to eliminate anything at this point in the process. Obviously, you are going to need some columns to intersect with your rows if you are going to create a proper matrix. The columns, in this case, are going to be the various factors that you are going to use to influence your decision. You can have as many factors as you would like, but you should try to develop at least three or four if you are going to have a matrix that will tell you something about making the right decision.

Continuing with the example of a location for your new office, there are plenty of potential factors that may influence the decision. For instance, you could rate each location on its distance from the freeway, as proximity to main roads will make the location easier to access for employees, suppliers, etc.



Compile a complete list of all the factors that you want to weigh and use those as the columns across the top of your matrix to complete the model.

Now that the rows and columns are assembled properly, you are going to place a score in each box as a way of coming up with an overall rating for each location.

You can use a scale that makes sense for your purposes, such as 1-5 or 1-10.

So, for example, a cost score of 5 on the 1-5 scale would mean that the location offers great value.

Go through and fill out the entire matrix, carefully giving a score to each location for each of the factors that you have weighed. Once finished, you can then decide how you would like to weight each column based on its importance.

So, if the cost of the project is the highest priority, you may decide to multiply the cost column by three in order to weight it appropriately. On the other hand, if the length of the lease is not something you are particularly concerned with, you may decide to skip using a multiplier in that column.

To finish off your use of this model, you are simply going to add up the scores that you are left with. The highest scoring option is the best solution to the identified problem unless past experience or new information challenges this decision.

Step 5: Implement the solution

Once the solution has been chosen, initial project planning begins and establishes:

- The project manager
- Who else needs to be involved to implement the solution
- The key milestones
- What actions need to be taken before implementing the solution
- What actions need to be taken during implementing the solution
- Why are these actions necessary?

Step 6: Evaluate the Outcome

The final stage requires an evaluation of the outcomes and results of the solution process. The implementation of the solution will be monitored to ensure that:

- Milestones are met
- Costs are contained
- Necessary work is completed

Evaluation helps to decide whether there is a need to return to a previous step or continue with the implementation. Ask questions such as:

- Did the option answer the questions we were working on?
- Did the process address the findings that came out of the assumptions?



Please complete Knowledge Activity: Multiple Choice Test