

BUSINESS PLAN MANAGEMENT

Managing the Implementation of a Business Plan

Learning Outcome 2

Propose the necessary procedures to effectively manage the implementation of a business plan.

Assessment Criteria

- 2.1 Inform staff clearly what the objectives and content of the plan are and where their responsibilities lie, by:
- promulgating policy statements;
 - circulating memoranda setting out the responsibilities to each;
 - conducting meetings to brief and explain their roles.
- Justify necessary details to enlist commitment of all staff involved to achievement of performance targets, both quantitative and qualitative;
 - Debate the importance of initiating staff input into the plan from the time of its introduction, and in setting up channels of communication for ongoing effective and timely feedback.
 - Define reporting lines, procedures and frequencies for concise the clear reports which provide authorities with all relevant information and recommendations to amend plan or correct activities to conform to plan.

Content

2.1 IMPLEMENTING THE BUSINESS PLAN

This section deals with the business planning step “Implementation” (Who will be responsible?)

Introduction

- The main resource material to be used for illustration in Learning Outcomes 2 and 3 will be the Enrico’s Investments Case Study. It is imperative that this assignment be completed before this section commences.
- Implementation involves all areas of management and every manager must have the ability to get things done through other people.

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- We have to get the right people in the right place at the right time with the required skills and resources to do the job better than the competition.
 - In summary, there are several key considerations for designing and managing implementation:-
 - Consolidate the key steps from the strategic programmes and schedules
 - Review the responsibility areas in terms of human resource availability
 - Review how these responsibility allocations and work-loads match the existing organisation design and responsibility profile
 - Ensure adequate physical and financial resources are available
 - Define performance requirements for key organisational units and executives
 - Determine personal motivation and incentive systems
 - Analyse key inter-relationships and co-ordination procedures
 - Ensure adequate participation of those responsible for detailed operational implementation
 - Establish appropriate information systems to ensure timely and effective measurement of performance against standards so that corrective action can be taken when required
 - Adopt relevant training programmes to ensure implementers have the desired level of knowledge and skills before-hand
 - Ensure that all leaders understand and are committed to the implementation plan
 - **Key questions concerning organisation**
 - Can we analyse the work to be done objectively without being biased by the personalities of current incumbents?
 - Can we get back to the fundamentals and adopt a “clean sheet” or “zero-base” approach as if the business were starting from the beginning?
 - Are we bold enough to assess whether the current organisation structure is structured for optimum performance in the sense of being designed to satisfy the requirements of the new strategies as well as sustaining the existing momentum.?
 - Has each unit in the structure the right resources for both the existing momentum and the new strategies?

- Have we got an environment (culture) conducive to intelligent and enthusiastic participation?
- Have the new objectives been built into the main responsibility areas (eg function, geographic area, product group) shown on the organisation chart
- **Principles of organisation structure**
 - **Objectivity** - productivity will increase when the work performed is directed towards tangible, understood and accepted objectives
 - **Specialisation** - performance can be enhanced through specialisation because the division of labour matches human territorial, achievement and recognition needs
 - **Logical Arrangement** - logically arranged work tends to produce the greatest accomplishment and highest personal satisfaction for the largest number of people over the longest period of time
 - **Minimum Resources** - full loads should be allocated to avoid waste, forced busy-ness, tension and frustration
 - **Maximum Span** - the more people each manager can effectively manage the smaller the total numbers required
 - **Minimum Levels** - the fewer the levels (the flatter the organisation chart) the greater the potential effectiveness for the people involved
 - **Split Groupings** - to be avoided if possible because they encourage duplication and force the supervising manager to spend unnecessary time co-ordinating the split groups activities eg a marketing manager who supervises an advertising manager, a sales manager, a research manager and a product manager
 - **Management Bias** - a natural tendency for managers supervising two or more different functions, products or geographic units to favour the most familiar or the closest
- **Types of organisation structure**
 - We are looking for a consistent pattern of grouping work to be performed and that will best satisfy corporate objectives.
 - There are three types:-
 - Functional organisation structure
 - The key word is **specialisation**. Grouping is made in terms of the different kinds of work to be performed with each position specialising in one kind of work

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- Suits small organisations
 - Economical to administer and flexible
 - With growth the tendency is to add layers which creates problems with communication and decision-making and also as the organisation expands into new products, markets and areas
 - Divisionalised organisation structure
 - The key words are **end result accountability**. Work is grouped in terms of the end results desired and therefore accountability is for the completed end product, not just for parts of it
 - Primary kinds of work necessary to achieve overall objectives are to be performed within the same organisational grouping
 - Usually occurs at the first level (below the CEO) on the basis of products, markets or geographic areas
 - In large diversified organisations some activities might be centralised eg legal, corporate public relations, personnel management
 - Matrix organisational structure
 - The key words are **project-orientation**. The work to be done is grouped in terms of projects or programmes which have a limited life span.
 - Some activities might centralised
 - Sometimes project teams are established within a functional or divisionalised structure, requiring a manager to incorporate a project leadership or membership responsibility with their existing responsibility
 - **Class Exercise 10** (say 30 minutes). Discuss an appropriate organisation structure for the Enrico's Investments Case Study.
 - For the development project team;
 - For the restaurant and resort activities.
 - **Organisational change**
 - The following steps are essential when planning organisational change
 - Establish the design criteria for the new structure. This involves an understanding of the business plan, particularly mission, objectives and strategies.

- Define the existing structure and responsibility profiles
- Define the ideal organisation in terms of the planning requirements and not the existing people. Develop the structure first and then the people. Do not develop the ideal structure around the strengths and weaknesses of existing people.
- Define short-term improvements required eg clarify responsibilities, streamline, cut duplication etc
- Develop a staged organisation development plan to move the structure from where it is to what is desired in the long-term
- Implementation involving good communication and participation
- **Delegation**
 - Delegation is an act and/or a process of assigning responsibility, authority and accountability to others
 - Getting others to do work effectively is a key part of a manager's job because it conserves resources for more important activities and multiplies key strengths through the work of others
 - Sub-objectives in the key result areas need to be defined by those responsible before delegation eg marketing manager identifies the key factors for success in the whole marketing plan to be sales incentives and differential pricing
 - Delegation involves job design, management by objectives, selection, training and development
 - Problems in delegation
 - Responsibility and authority not defined
 - Authority not delegated with responsibility
 - Fear and insecurity producing interference. Often we find it hard to let go. We fear that the job won't be done properly and become concerned over "inputs" rather than "outcomes". Often there is difficulty in accepting that others might work in a different way.
 - Good ideas get lost because of vague responsibilities, particularly with committee work
 - Participation sometimes wrongly encourages group rather than individual responsibility. Where advice is proffered this does not necessarily mean shared responsibility for decision-making and implementation.

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- **Class Exercise 11** (say 15 minutes). Discuss what aspects of Enrico Bosconi's current job might have to be delegated and why.
 - Steps for effective delegation
 - Identify existing accountability command points. Accountability is the obligation to do the work with the allocated resources and authority to agreed standards.
 - Clarify responsibility (the work assigned to a position)
 - Line responsibility - refers to those areas that the manager is directly responsible for, from conception through to final execution
 - Staff responsibility - areas for providing advice (eg suggestions or recommendations) and/or service
 - Clarify authority (the sum of rights and powers assigned to a position)
 - Command authority - this is the right to make the final decision.
 - Recommendation authority - this is the right to offer recommendations and for feed-back on consideration and implementation of those recommendations
 - Approval authority - the right to approve a decision before it is finalised
 - Information authority - the right to receive relevant information about plans and decision proposals etc in addition to the routine reporting system
 - Re-define responsibility, authority and accountability and
 - Ensure the provision of resources in the right quality, quantity, time and place
 - Ensure the provision of reliable information (intelligence) at the time and place of decision
 - Agree and establish controls by exception with adequate feed-back mechanisms
 - Confirm commitment by double-checking that the key components of vision and direction in the business planning process are believed and understood and that there is genuine commitment to what is expected (not just to what might be inspected)
 - Prepare appropriate job descriptions

- **Class Exercise 12** (say 15 minutes). Discuss the approach for establishing a job description for a new marketing manager for Enrico's Barossa Retreat.
- Preparing for delegation
 - Technical and routine work are often prime areas for delegation
 - Final management decisions, unresolved technical issues and new work are difficult to delegate
 - Define and discuss what results are expected in the form of delegation standards (performance criteria)
 - Define and discuss the major programme steps
 - Define and discuss the major scheduling requirements (eg due date, interim progress reporting dates)
 - Define and discuss budget requirements, particularly expenditure limits
 - Communicate, educate, participate, motivate
- Steps for testing capacity for delegation
 - Start out easily by encouraging people to answer their own questions eg what do you think?
 - Require solutions not problems eg ask for recommendations
 - Facilitate the persons problem-solving process through discussion
 - Select short assignments, gradually increasing the level of difficulty
 - Extend the gap between monitoring sessions
 - Deal with mistakes patiently
 - Require completed reports that are good enough to sign off yourself
- **Action plans and implementation audit**
 - Action plan
 - A written summary statement of who does what and when?
 - Detailed action plans are completed after delegations have been put in place

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- Milestones and completion dates drafted in major programmes are validated and locked in
 - Implementation audit
 - Leadership
 - Do superiors have confidence and trust in subordinates
 - Do subordinates feel free to discuss major parts of their jobs with superiors
 - Do superiors seek and use subordinates opinions
 - Motivation
 - Are high performance motivates used (achievement and recognition)?
 - Do subordinates feel a high degree of responsibility?
 - Communication
 - Have the objectives of the business plan been communicated, understood and accepted?
 - Have the responsibilities in achieving the plan objectives been clarified and accepted?
 - Has the action required of them to discharge their responsibilities been developed in conjunction with those responsible?
 - Procedures and schedules
 - Have procedures and schedules been developed to obtain feedback from staff initially and on an on-going regular basis?
 - Are formal opportunities in place for feedback and dialogue between staff and management
 - Priorities
 - Are staff clear on their priorities and schedules for meeting action plan targets?
 - Have all the necessary resource and organisational requirements been identified?
 - Are there any organisational limitations or constraints?

- **Class Exercise 13** (say 20 minutes). What are the top five activities Enrico Bosconi must plan for and complete before investing in the proposed new resort?

2.2 FINANCIAL PLAN (What are the costs, benefits and resource requirements?)

- **Resources**
 - Capital expenditure budget
 - Human resource expenditure budget
- **Budgets**
 - Profit & loss (total and by division)
 - Cash flow
 - Balance sheet
 - Ratios
 - Funds statements
- **Summary costs and benefits**
- **Class Exercise 14** (say 20 minutes). Discuss the financial performance and plans for Enrico's Investments.

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