A Compendium of Topics to Support Management Development in National Meteorological and Hydrological Services
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# Table of contents

Foreword ................................................................................................................................................ iii

Executive summary ....................................................................................................................................... v

1. Introduction ........................................................................................................................................... 1

2. Coaching and mentoring ...................................................................................................................... 3

3. Influencing, negotiating and managing conflict .................................................................................. 27

4. Leading your team .................................................................................................................................. 51

5. Motivating your team ............................................................................................................................. 87

6. Managing time ......................................................................................................................................... 111

7. Communicating effectively .................................................................................................................... 131

8. Managing human resources .................................................................................................................. 155

9. Managing finance ................................................................................................................................. 191

10. Managing projects ................................................................................................................................. 219

11. Managing change ................................................................................................................................... 251

12. Planning strategically ............................................................................................................................. 279
A Compendium of Topics to Support Management Development in NMHSs

Foreword

The sixty-ninth session of the Executive Council (Geneva, 10–17 May 2017) recognised that management skills are important for the development and modernization of National Meteorological and Hydrological Services (NMHSs). Consequently, the Executive Council urged Members to put in place initiatives with a significant focus on human resource development, such as study tours and bilateral and multilateral projects, and enhance management skills through education and training. The Executive Council also identified embedding education and training as critical elements in the management and modernization of NMHSs as one of the education and training priorities. To help address these requirements and priorities, the Secretary-General was requested to support training initiatives aimed at enhancing the management capacity of NMHSs.

The continuing success of NMHSs is built on their ability to take advantage of scientific developments and technological advances. This requires scientific and technical staff who have developed their expertise through a combination of initial education and training and subsequent continuing professional development. Some of these individuals will take on management roles for which they might have little preparation. So it is important that NMHSs have arrangements in place to develop management and leadership skills throughout the organization. Not only will this enhance the management of day-to-day operations, research and development, it will also help some talented individuals acquire the management skills required to become senior managers within a NMHS.

With NMHSs there is a variety of approaches to management development. Some NMHSs have structured programmes that are associated with particular jobs or grades within their organization. Moreover, some aspects of those programmes might be directed at staff members who have the potential to take on senior roles. However, some other NMHSs might offer occasional opportunities to attend training events for managers in a rather unstructured way, whilst others might expect managers to acquire the required expertise “on the job”. For these NMHSs it might be beneficial to establish a management development programme.

It needs to be acknowledged that managers can be effective in many different ways. This will depend upon the personality of the managers, the needs of the team and the culture of the organization. Consequently, the aim of a management development programme is to expose managers to information about theories, techniques and good practice, and provide time for them to analyse and reflect upon their performance as managers and consider how they can become more effective. At the same time, the programme could help establish the required management culture throughout the NMHS.
The present compendium of topics for management development is intended to help a NMHS establish management development programmes that meet the needs and culture of the organization. The provision of curricular (i.e. aims, learning outcomes and content), briefing notes, sources of further reading and discussion topics should make it easier to establish a bespoke programme rather than having to start from scratch. Even if an external agency provides the components of a management development programme, having the compendium should make it easier to specify what should be included. Regional Training Centres could also use the compendium as a basis for developing a management development programme that addresses the needs of the region it serves. Finally, the compendium could be used to decide what aspects of management development could be included in scientific and technical training courses.

It is expected that any management development programme established by a NMHS that is based on the compendium will remove, enhance or add topics to meet organizational needs.

It is hoped that having access to the material in the compendium will support the endeavour of NMHSs on management develop programmes and related capacity development activities that meet their specific needs in this ever changing world.

Professor Petteri Taalas
Secretary-General
Executive summary

National Meteorological and Hydrological Services (NMHSs) need to remain effective in a complex and fast-changing environment. They need to have the capacity to develop and modernize and make full use of the organization’s scientific and technical capabilities. To be successful, NMHSs need to ensure that their managers have the expertise required to direct the organization’s activities and personnel and the leadership skills required to influence people to achieve a common goal.

In recent years, the requirement for managers to plan and organize resources has been complemented by the need to motivate, coach and develop others and thereby build human capital within an NMHS. This approach provides economic benefits for both individuals and the employer. Developing human capital also helps to:

- Enhance the managerial expertise of existing managers and as a consequence improve their performance;
- Provide existing managers with the additional expertise required to develop their careers;
- Retain and develop talented managers who have the potential to take on senior roles within an organization;
- Develop the expertise required by potential managers when they are about to take on their first managerial post.

Management development is a key part of building human capital among managers at all levels within an NMHS. Management skills can be enhanced through a formal management development programme consisting of a variety of modules. Semi-formal processes such as coaching, work shadowing and secondments can also be part of, or can be complementary to, a management development programme.

An NMHS might establish its own management development programme delivered in-house using its own staff and/or external training providers. In addition, Regional Training Centres (RTCs) might support NMHSs in their region by providing a management development programme that complements the scientific and technical training already provided. Whatever approach is taken, a considerable effort is required to establish such a programme.

To aid NMHSs and RTCs in establishing a management development programme, this compendium contains a set of aims and learning outcomes, as well as eleven modules that could form part of such a programme. These modules are supported by briefing notes intended to provide sufficient information for the modules to be prepared and delivered in a manner that takes into account the requirements, experience and culture of the participants. Information is provided about the source material and further reading (mainly available online), key learning points and possible discussion topics.

The way a management development programme is delivered depends upon the learning culture of those participating in the programme. However, management development is most
effective if full use is made of the experience and expertise of the participants. The suggested discussion topics can facilitate this process, and the briefing notes can be used to guide and consolidate the results of those discussions.

There are managers at various levels within an NMHS, and in nearly all cases, they are responsible for managing people, usually an organization’s most important resource. It is therefore recommended that the management development programme should focus on people management and include the following topics:

– Coaching and mentoring;
– Influencing, negotiating and managing conflict;
– Leading your team;
– Motivating your team;
– Managing time;
– Communicating effectively;
– Managing human resources.

Middle and senior managers are usually involved in the development of the organization and require skills beyond those that are necessary to manage people. This is addressed in the following topics:

– Managing finance;
– Managing projects;
– Managing change;
– Planning strategically.

The proposed management development programme is intended to be used by NMHSs and RTCs as a basis for developing their own programmes to meet specific local needs.
1. Introduction

National Meteorological and Hydrological Services (NMHSs) need to remain effective in a complex and fast-changing environment. They need to ensure that full use is made of the organization’s scientific and technical capabilities. To be successful, NMHSs require managers who can direct the organization’s activities and personnel while providing leadership that inspires others to fulfil their potential and meet their personal goals and those of the organization. This is particularly important for the development and modernization of NMHSs.

Management is a set of processes that can keep a complicated system of people and technology running smoothly. The most important aspects of management include planning, budgeting, organizing, staffing, controlling and problem-solving. Performing these tasks effectively provides direction, ensures commitment, facilitates change and achieves results.

NMHSs require good managers because these individuals improve the functioning of the organization as well as the performance of its employees. They do this by encouraging a group of people to work towards achieving a common goal while creating the conditions for these people to succeed in their endeavours. In recent years, the requirement for managers to plan and organize resources has been complemented by the need to motivate, coach and develop others and thereby build human capital – the collective capability, knowledge and skills of the people who are employed by an NMHS.

Within an NMHS, there are people with management responsibilities at various levels. These range from team leaders, who are responsible for organizing, monitoring and supporting the work of others, through first-line and middle managers, to senior managers/directors who lead the NMHS and set its direction. Though the management skills required vary according to the level of management responsibility, all managers need to be able to manage people and provide leadership.

Management skills can be acquired through access to development opportunities and an appropriate level of support. Even people who have the personal qualities that make them natural managers can benefit from further developing their managerial skills.

The development needs of managers can be identified via the performance management process. These needs can be more easily identified if there is a set of management competencies against which managers can be assessed.

Once identified, individual or organizational management development needs can be addressed by establishing a management development programme consisting of a series of modules dealing with various aspects of management. This compendium contains a proposed set of eleven modules, specified in terms of aims and learning outcomes, that could form the basis of a management development programme. These modules are supported by briefing notes intended to provide sufficient information for the modules to be prepared and delivered in a manner that takes into account local requirements, practices and
cultures. Consequently, some parts of the proposed programme might need to be expanded or reduced.

The modules are intended to be self-contained, so occasionally some topics are covered in more than one of the briefing notes.

To support the briefing notes, this compendium includes information about:

- Source material and further reading: These are mainly online resources along with a few key reference books;
- Key points: These identify the most important learning points from each of the main content areas;
- Possible discussion topics: These could be used as the basis for group discussions that build upon the experience and expertise of the participants.

It is expected that most of the learning will be achieved through group discussions, with the briefing notes being used to guide and consolidate the results of those discussions. As a result, the time taken to cover one of the modules will depend upon the extent to which group work is the primary approach to learning. The requirements, experience and culture of the participants will determine the structure and learning methods that are used.

Simply attending modules in a development programme will not necessarily lead to a change in the behaviour of the participants. To ensure that the material has been absorbed, participants need to have opportunities to reflect upon what has been learned and receive feedback about the impact of the new learning on how their management responsibilities are now being carried out. Coaching, work shadowing and secondments are also useful activities that can help consolidate knowledge and change behaviour.

Management development programmes are often run in-house, with the training and development or human resource department taking responsibility for implementing the programme. In such cases, delivery of the modules might be done by employees from within an NMHS or by external training providers. Alternatively, management development programmes might be run by external education and training institutions such as Regional Training Centres (RTCs). Whatever approach is taken, it is recommended that upon completion of a management development programme, participants receive a recognized managerial qualification.

The proposed management development programme is intended to be used by NMHSs and RTCs as a basis for developing their own programmes to meet specific local needs.
2. Coaching and mentoring

Aim
To provide the skills and tools necessary for individuals to act as a coach or mentor.

Learning outcomes
You will be able to:
- Explain the similarities and differences between coaching and mentoring;
- Identify the benefits of coaching and mentoring;
- Deliver coaching sessions;
- Deliver mentoring sessions;
- Establish coaching and mentoring schemes.

Content
Introduction to coaching and mentoring
- Learning needs;
- What are coaching and mentoring?
- Roles of the coach and mentor;

Benefits of coaching and mentoring
- Benefits of coaching;
- Benefits of mentoring.

Delivering coaching sessions
- Internal and external coaches;
- Coaching styles;
- Coaching skills;
- GROW model;
- FUEL model;
- OSKAR framework;
- Other coaching models.

Delivering mentoring sessions
- Mentoring styles;
- Mentoring skills;
- Three-stage model.
Coaching culture and coaching schemes
- Characteristics of a coaching culture;
- Establishing a coaching scheme.

Mentoring culture and mentoring schemes
- Characteristics of a mentoring culture;
- Establishing a mentoring scheme.
Briefing – coaching and mentoring

Introduction to coaching and mentoring

Learning needs

Learning needs (also referred to as training needs) are the gaps between an organization’s current capability and the skills and abilities preventing it from operating effectively or meeting its goals. Learning needs can exist at the organizational, team or individual level.

Once the learning needs have been established, the next step is to specify the desired outcomes from any learning opportunities designed to meet the learning needs. How the learning needs are addressed will depend on multiple factors, including the nature of the learning outcomes, the urgency involved, the organizational culture, the occupation and background of the people being targeted and the availability of resources and training and development expertise. Some options include:

- Classroom-based courses, either in-house or external;
- Distance learning, probably web-based;
- On-the-job training, including shadowing and observing;
- Coaching and mentoring.

In recent years, there has been an increasing emphasis on encouraging self-directed learning, which has led to a growing use of coaching and mentoring. Because individuals have been required to take responsibility for their own learning, organizations and individuals have been able to respond more rapidly to changing requirements, especially those associated with new technology.

What are coaching and mentoring?

Coaching and mentoring are ways of facilitating and supporting self-managed learning and addressing learning needs. These methods are particularly effective in supporting the development of individuals, improving performance, helping in the transition between jobs, inducting a new staff member and changing the culture of an organization.

There appear to be no widely accepted definitions for coaching and mentoring. In fact, these terms are sometimes used interchangeably. Indeed, coaching and mentoring do have some common characteristics: both are based on one-to-one interactions, both involve self-help through sharing and reflection, both make use of the helper’s experience and advice and both involve an agreement about the desired outcomes. In broad terms, however, coaching and mentoring have different purposes.

- Coaching aims to develop an individual’s expertise in order to improve job performance, unlock potential or facilitate organizational change;
- Mentoring aims to provide guidance and support to help an individual build a career while balancing his or her personal and professional lives.
The key differences between coaching and mentoring can be summarized as follows:

- Coaching is performance-focused, short-term, formal and structured;
- Mentoring is career-focused, long-term, informal and unstructured.

Roles of the coach and mentor
Because coaching and mentoring have different purposes, there are differences in the individuals taking on the role of coach or mentor and what is expected of each.

- **Coach**: This is often a member of the same organization as the individual being coached. Frequently, it is the line manager who acts as the internal coach. Sometimes, however, an external coach is used. Both types of coaches set the agenda and help the individual find his or her own solutions to problems and issues.

- **Mentor**: This is usually a more experienced staff member who is not in an individual’s direct management chain. The mentor provides support, guidance and advice based on his or her own experience within the organization and beyond. The mentor helps the individual achieve his or her personal and career goals. The agenda is set by the person being mentored.

Benefits of coaching and mentoring

**Benefits of coaching**
The individual, the coach and the organization can all benefit from coaching.

The following are some of the benefits of coaching for an individual:

- Performance is improved by building on specific areas of expertise and/or identifying and solving work-related issues;
- Feedback about strengths and weaknesses is provided based on evidence;
- The knowledge gained from learning experiences is incorporated into the performance of job-related tasks;
- Motivation and job satisfaction are increased and professional development is supported;
- Clarity is provided about roles and expectations;
- Self-awareness is supported and aid is provided to help the individual engage in learning and personal development.

Coaching is able to provide quick results because it is focused on an individual’s needs and capabilities. There are also benefits for the coach and the organization (see Figure 2.1).
Benefits of mentoring

The following are some of the benefits of mentoring for an individual:

- Impartial support, advice, encouragement and motivation are provided;
- Confidence in dealing with difficult issues is increased, and aid is provided to deal with problem-solving and decision-making;
- Support is provided during periods of organizational change or transition to a new role;
- Reflection and a commitment to professional development are encouraged;
- Help is provided in order to understand an organization’s culture, structure and way of doing things;
- Professional goals are clarified, career development is supported and self-awareness and aspirations are raised.

There are also benefits for the mentor and the organization (see Figure 2.2).
Coaching and mentoring

Delivering coaching sessions

**Internal and external coaches**

Internal and external coaches carry out their roles in slightly different ways.

Internal coaches are usually managers who act as coaches for the members of their team. In these cases, the coach already knows a lot about the person being coached. This can be an advantage if there is already a good relationship between the two people involved and they both have similar professional expertise. Additionally, if the coach is the individual’s manager, the coach will have a personal interest in the coaching having a successful outcome. On the other hand, there is the danger that the coach may already have his or her own views about what the coaching should achieve, which may cause the coach to be too forthright in providing advice and direction. It is therefore important for the coach to concentrate on what emerges from the coaching rather than bringing any preconceived views to the process. Care should also be taken to allow the person being coached to explore the issues being addressed and develop his or her own solutions. The coach’s expertise and experience are obviously of great value, but they can best be used by asking questions (for example, “Have you thought about...?”).

External coaches are usually hired by an organization for a particular purpose, such as developing management and leadership skills or helping to implement organizational change. In these cases, there is no existing relationship with the person being coached; the coach knows little about that person and has few preconceived ideas. It is also likely that the external coach will not have the same professional expertise as the person being coached. The challenge for the external coach is to build trust and to understand the issues that need to be addressed. There are also advantages to using an external coach: the coach can be completely objective with no personal interest in the outcome of the coaching other than wanting to help the individual identify his or her goals and take action to reach them. Having an external coach makes it easier for individuals to be exploratory in their self-reflection and open about the issues they are facing.

**Coaching styles**

In sports, there are three main coaching styles.

- **Directive coaching:** The coach gives instructions, makes all the decisions and establishes action plans on the basis that the coach has more experience and expertise than the person being coached. The recipient of the coaching is expected to comply with the coach’s instructions. There is little flexibility in this style of coaching, which tends to be rather autocratic.

- **Cooperative coaching:** The coach and the person being coached share in the decision-making and establishment of action plans. The coach’s role is to provide guidance and support using his or her experience and expertise. This style of coaching is flexible and focused on the needs of the person receiving the coaching.

- **Casual coaching:** The coach takes an informal approach, provides little input and leaves the person being coached to make all the decisions.
In workplace coaching, the cooperative approach is usually taken. At times, however, the use of directive elements may be necessary (for example, if the coaching is associated with developing specific skills or demonstrating how to follow established procedures). In this document, when discussing coaching tools, it will be assumed that the cooperative approach is the one taken.

Cooperative coaching, which can be used to enhance expertise or modify behaviour, involves the following key steps:

- Identification of the learning needs;
- Agreement on the desired outcome;
- Performance of the coaching;
- Review of what has been learned;
- Agreement on what happens next.

For this process to be successful, it is important for both parties to be committed to the coaching process, for the coaching sessions to be planned, for sufficient time to be allocated to the coaching sessions and for regular feedback to be given.

**Coaching skills**

A successful coach must have a variety of skills, the most important of which are indicated in Figure 2.3.

![Figure 2.3. Key coaching skills](image)

The following are more detailed guidelines regarding the abovementioned skills:

- **Listening**: Gather information by listening carefully to what is being said, being attentive and keeping interruptions to a minimum. When doing this, avoid making judgements or having fixed opinions, and be aware of the body language of the person being coached. Paraphrase or summarize the information conveyed to confirm that everything has been understood.
Coaching and mentoring

- **Questioning**: Ask open-ended, non-judgemental questions that help the person being coached think through the issues. The questions may be challenging, but they should be asked in a constructive way to ensure that a good relationship is maintained. Asking questions to help individuals find their own solutions is better than telling them what they should do.

- **Building relationships and motivating**: Use good interpersonal skills to create a good relationship, build trust and establish a feeling of partnership. The person being coached needs to be sure that he or she can speak freely and that confidentiality will be respected. Being encouraging, supportive and enthusiastic will help build the relationship and provide motivation, as will focusing on the person and his or her development.

- **Providing feedback**: Ensure that feedback is provided in a clear, relevant, positive and non-judgemental way. It is also beneficial to use feedback to acknowledge strengths and successes and, if necessary, to encourage the person being coached to identify his or her own weaknesses and how they could be addressed. Providing effective objective and supportive feedback can contribute to the building of trust.

- **Focusing on outcomes**: Help the person being coached set meaningful goals, milestones and success measures. Encourage the exploration of different ways of reaching goals before creating an action plan. The coaching is likely to be successful if, when discussing an action plan, the person being coached accepts that he or she is accountable for what happens.

In addition to possessing coaching skills, it is useful for a coach to be aware of the various coaching models used. Although there are benefits in using these models to structure coaching sessions, they do not have to be followed. Coaches can develop their own way of coaching. However, the models provide a starting point for thinking about how to carry out the coaching.

**GROW model**

One model that is often used for coaching is the GROW model. John Whitmore, Graham Alexander and Alan Fine all contributed to the development of this model, which was popularized in a book by John Whitmore.¹

The GROW model has four components which can be described as follows: decide where you are going (goals), understand where you currently are (reality), explore various routes to reach your goal (options) and commit to specific actions to move towards your goal (will or way forward) – see Figure 2.4. The strength of this model is that it leads to a clearly defined outcome with the person being coached having the primary role in identifying problems and generating solutions.

The following are additional details about the four stages of the GROW model:

- **Goals**: Identify what needs to change and turn this into a goal. Ideally, a goal should be SMART: specific, measurable, attainable, realistic and time-bound. To help identify the goal, the coach might ask questions such as: “What is important for you at this time?”, “What do you want to achieve?” and “How will you know you have achieved your goal?”.

- **Reality**: Assess the current reality to ensure that, through self-evaluation, there is clarity about the starting point for moving towards the goal and the obstacles that have hindered past progress. It is important to fully explore this issue before deciding how to go about achieving the goal. To help assess the current reality, the coach might ask questions such as: “Where are you relative to your goal?”, “What is holding you back?” and “What steps have you already taken to achieve your goal?”.

- **Options**: Explore the options for achieving the goal. It is important to be creative and identify a wide range of options. To help explore the options, the coach might ask questions such as: “What are the advantages and disadvantages of each option?”, “On what basis will you assess the options?” and “What do you need to stop doing to achieve your goal?”.

- **Will**: Establish the will to pursue one of the options. Once an option has been chosen, the person being coached should commit to implementing an action plan that will lead to the achievement of the goal. Having a clear way forward will enhance the motivation to take the agreed actions and overcome barriers and difficulties. To help establish the will, the coach might ask questions such as: “What action will you take?” “How will you overcome any obstacles?” and “What support do you require?”.

A slight variation on the GROW model is the T-GROW model. This model starts by clarifying the broad topic that the person being coached wants to address, thereby providing context for the later discussion about goals. This initial discussion might also reveal new issues that need to be addressed.

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The GROW model and its variant were developed on the assumption that the coach is not an expert in the areas of interest of the person being coached. In these cases, the coach acts as a facilitator and avoids providing guidance or direction. The aim is to allow the individuals being coached to analyse the issues that need to be addressed and find their own solutions. Often, however, it is the line manager who acts as the coach. In this case, the coach might have expertise and experience that can be used to provide additional insights and professional advice. The GROW model can still be used, but the coach should take care to avoid imposing solutions. The emphasis should remain on encouraging the individuals being coached to think things through for themselves.

**FUEL model**

The FUEL model of coaching covers essentially the same process as the GROW model, but it is structured in a slightly different way. It was developed by John H. Zenger and Kathleen Stinnett. The FUEL model can still be used, but the coach should take care to avoid imposing solutions. The emphasis should remain on encouraging the individuals being coached to think things through for themselves.

As with GROW, FUEL has four components: frame the conversation, understand the current state, explore the desired state and lay out a success plan.

- **Frame the conversation**: Establish the context and purpose of the coaching. The coach might ask questions such as: “What do you want to discuss?”, “What do you want to accomplish?” and “What other issues do you want to address?”.
- **Understand the current state**: Ensure that the existing situation is fully recognized and that any underlying issues are exposed. The coach might ask questions such as: “What is happening to you now?”, “What will happen to you if the situation does not change?” and “What have you done that has been particularly successful?”.

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– **Explore the desired state**: Identify goals and the various ways in which they might be achieved. The coach might ask questions such as: “What do you want to accomplish?”, “What paths are available for you to achieve your goals?” and “What obstacles would you need to overcome to achieve your goals?”.

– **Lay out a success plan**: Create a detailed action plan. The coach might ask questions such as: “What actions do you need to take to achieve your goals?”, “When will you start?” and “What support do you require?”.

Compared with GROW, FUEL avoids the risk of focussing on an inappropriate goal by first understanding the current state before exploring options. Consequently, unlike GROW, FUEL is applicable to a wide variety of interactions rather than just coaching.

**OSKAR framework**

The OSKAR framework for coaching was developed by Paul Z. Jackson and Mark McKergow.\(^4\) It has five components: outcome, scale, know-how, affirm and action, and review – see Figure 2.6.

![Figure 2.6. The OSKAR framework](image)

The following is a detailed description of the components of the OSKAR framework:

– **Outcome**: Establish what the outcome of the coaching should be. The coach might ask questions such as: “What do you want to achieve in the short term?”, “What do you want to achieve in the long term?” and “What would success look like?”.

– **Scale**: Use the scaling technique to assess how close the person being coached is to the desired outcome. This involves identifying where the individual stands on a scale of 1 to 10, where 10 represents the desired outcome and 1 the worst possible outcome. The coach might ask questions such as: “Where are you on the scale?”.

“How did you get to that point on the scale?” and “How would you know that you have moved up the scale?”.

- **Know-how**: Establish what expertise is already available and what is required to move up the scale towards the desired outcome. The coach might ask questions such as: “What are your strengths?”, “What expertise do you currently have that will help you?”, and “What additional experience or expertise do you require?”.

- **Affirm and action**: Identify what is already being done well and then focus on the actions that are required to reach the desired outcome. The coach might ask questions such as: “What is the next step?”, “When will you start?” and “What support do you require?”.

- **Review**: Evaluate progress at the start of the next coaching session. The coach might ask questions such as: “What changes have been successful?”, “What new actions have you planned?” and “Are the actions you have taken moving you towards your desired outcome?”.

OSKAR puts the emphasis on taking a collaborative approach and highlighting achievements with a view to finding a solution rather than just fixing a problem. This approach can be highly motivating. However, unless care is taken, there is a risk that issues associated with poor behaviour or performance may not be fully addressed.

A variation on the OSKAR framework is OSCAR: outcome, situation, choices and consequences, actions and review.
Other coaching models

In addition to GROW, FUEL and OSKAR, there are many other coaching models. These will not be described in detail here, but the ideas behind them are apparent from the names of their individual stages.

- **ACHIEVE**: Assessment, creative brainstorming, hone goals, initiate options, evaluate options, valid action plan, encourage momentum;
- **CIGAR**: Current reality, ideas, gaps, action, review;
- **CLEAR**: Contracting, listening, explaining, action, review;
- **POWER**: Perceive, observe, want, engage, review;
- **SCORE**: Symptoms, causes, outcomes, resources, effects;
- **STAR**: Situation, task, action, results;
- **VISTA**: Visualization, insight, self-awareness, thinking, action.

All the models describe a similar process; the main benefit of reviewing them is to encourage the coach to think about the coaching process. Of course, none of the coaching models need be used, but it is important for a coach to approach the task in a systematic way. Indeed, overly relying on one coaching model can lead to individuals feeling that they are being manipulated because the coach is following a fixed agenda rather than responding to the situation and the information that has been provided.

Delivering mentoring sessions

**Mentoring styles**

A mentor can take on a variety of roles during the mentoring process – see Figure 2.7. The importance of these roles will vary depending upon the relationship between the two people involved in the mentoring process and what the individual being mentored is hoping to achieve. Because the relationship is so important, individuals who are to be mentored usually have the opportunity to identify who they would like to ask to be their mentor, or they are permitted to choose a mentor from a small group. Sometimes a mentor who is external to the organization might be chosen so that there can be continuity of mentoring over a long period, even when the person being mentored moves to another organization.
There are many ways of mentoring someone. The approach taken depends upon the relationship between the people involved, their personalities and the nature of the issues being addressed. Normally, it is the person being mentored who identifies the issues to be explored. After this is done, the mentor has a choice of two broad approaches.

- **Non-directive mentoring**: The mentor listens, asks questions and summarizes what he or she has heard to help the person being mentored find solutions.
- **Directive mentoring**: The mentor takes a prominent role by making suggestions, offering advice and giving feedback to influence the solutions chosen by the person being mentored.

These approaches might be used in a single mentoring session or during different sessions. In all circumstances, the approach taken should be the one that best meets the needs of the person being mentored.

**Mentoring skills**

There are various skills required to be a successful mentor. Many of these skills are the same as those required to be a successful coach, especially those concerned with listening, questioning, and building relationships and motivating. However, a good mentor also requires the skills outlined in Figure 2.8.
More detailed information about the key skills required to be a good mentor, other than those required to be a good coach is described below:

- **Open-mindedness**: Keeping an open mind is important even though the mentor is likely to have his or her own views about a variety of topics of interest to the person being mentored. The person receiving the mentoring also needs to be open to new ideas and perspectives. When mentoring is working well, both people involved should learn from the experience.

- **Honesty and trustworthiness**: Honesty is the basis of the mentoring relationship. There needs to be trust on both sides so that sensitive issues can be fully explored knowing that what is discussed will be treated as confidential. Building trust requires time and patience and is helped if the mentor is sincere, fulfils the commitments that are given and engages enthusiastically in the mentoring process.

- **Credibility and respect**: Having appropriate knowledge and experience, along with a willingness to share these with the person being mentored gives the mentor credibility when offering support and guidance. The positive qualities exhibited by the mentor engender respect, as does knowing that the mentor is highly regarded by colleagues within the organization and recognized as a role model.

For mentoring to be successful, it is important that time be invested in creating a harmonious relationship while encouraging the person being mentored to become independent. There also needs to be clarity with regard to the roles, an emphasis on opportunities rather than problems and an agreement about the desired outcomes. Finally, it is important to recognize when the mentoring has come to a natural end because the desired goals have been achieved.

The models used to structure coaching sessions can also be used as a basis for mentoring. However, a three-stage mentoring model is also often used. As with the coaching models, this mentoring model can be used to help mentors think about how they want to approach the mentoring and provides a tool kit that can be used when required.
**Three-stage model**

The three-stage model developed by Gerard Egan\(^5\) is often used for non-directive mentoring. This model, summarized in Figure 2.9, can be used for a single mentoring session or applied over a series of sessions. It addresses the questions “What is going on?”, “What do I want instead?” and “How might I achieve what I want?”.

![Three-stage model for non-directive mentoring](image)

- **Exploration**: Create a non-threatening relationship and help the person being mentored explain and reflect on what is happening without the mentor making any judgements or imposing his or her views. This is also an opportunity to explore the context and underlying issues associated with the topics being raised and to identify any gaps in understanding or perception. The mentor might ask questions such as: “Shall we explore this issue some more?”, “Is there anything you have overlooked?” and “What is most important or would make most difference?”.

- **New understanding**: Help the person being mentored to think about what he or she really wants based on an in-depth and objective understanding of the situation. Alternative ways of looking at the issues might be identified by the mentor to positively challenge existing views. One or more SMART goals should be identified, taking into account the barriers and opportunities associated with those goals. The mentor might ask questions such as: “What are your options?”, “What is your goal?” and “What will be the benefits of achieving your goal?”.

- **Action**: Help the person being mentored to assess the various ways in which his or her goals might be reached and to develop a realistic action plan based on the preferred option. Consider what support is required to carry out the action plan and how any problems encountered might be overcome. The mentor might ask questions such as: “Which approach will be the best?”, “Who might be able to help you?” and “What will you do first and by when?”.

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Coaching culture and coaching schemes

Characteristics of a coaching culture
In a coaching culture, coaching is considered to be a key part of the role of a manager rather than something that is an additional burden. Consequently, managers are expected to seek opportunities to coach their staff with the aim of helping them fulfil their potential in terms of improving their performance, developing their expertise and enhancing their career prospects. Getting the best from the staff improves the overall efficiency and effectiveness of an organization. In a coaching culture, the emphasis is on using coaching to develop a high-performance culture rather than just as a means of dealing with poor performance.

The following are some of the characteristics of a coaching culture within an organization:
- Problems and issues faced by employees are recognized and addressed, and mistakes are treated as part of the learning process;
- Employees take responsibility for their own development and are encouraged to develop to their full potential;
- Employees accept that they are accountable for their performance and feel empowered and engaged.

Establishing a coaching scheme
Establishing a coaching scheme is not an easy task, especially if coaching is hardly used within an organization. For there to be a successful move to this type of culture, it is essential that the initiative should have top-level support, be aligned with the objectives of the organization and be implemented through a well-defined and properly resourced programme. The following are some steps to help establish a coaching scheme:
- Clarify why a coaching scheme would be beneficial to the organization;
- Link the coaching scheme to the organization’s priorities and strategies;
- Explain what coaching can and cannot achieve;
- Be clear about who can be involved in the coaching scheme;
- Develop coaching capability;
- Ensure that coaching is a part of the human resource and performance management processes.

Developing coaching capability might initially require the use of external coaches to develop the coaching expertise of a small group of staff. That small group could then be used to help develop the coaching expertise of other managers.

Creating a coaching scheme will only be successful if the people doing the coaching are committed and motivated. These individuals need adequate resources, encouragement and support. There are also a number of organizational barriers that might have to be overcome:
- If there is not a coaching culture, there may be a lack of understanding of what is involved, leading to resistance or lack of commitment.
Coaching and mentoring

- Managers and other individuals doing the coaching may lack coaching experience, may not have the required skills or may feel that they do not have time to do the coaching.
- The value of coaching may not be recognized, so coaching may be seen as something that has a low priority.

If a coaching programme is well planned and implemented effectively, most of these barriers can be overcome.

Mentoring culture and mentoring schemes

Characteristics of a mentoring culture

A mentoring culture is one in which organizations encourage their employees and provide them with the necessary support to manage their own development. The following are some characteristics of a mentoring culture:

- Learning and good practice are encouraged throughout the organization by providing direct access to experts in an atmosphere that promotes the acquisition of experience and expertise.
- Individuals with high potential are given support and guidance to develop leadership competencies that benefit both the individual and the future success of the organization.
- Employees with diverse expertise and backgrounds feel valued by the organization and are given opportunities to share opinions and experiences.
- There is a climate of openness and trust, which encourages individuals to recognize their mistakes and learn from them.

Establishing a mentoring scheme

Establishing an effective mentoring scheme requires top-level support, organizational commitment and an investment in developing mentoring expertise. To begin with, it is important to be clear about the purpose of the mentoring scheme and how the organization will benefit from it. Once it has been decided that introducing a mentoring scheme will be worthwhile and affordable, a mentoring strategy and implementation plan will be required. The following are some key questions that will need to be addressed when preparing the strategy and plan:

- How will the mentoring scheme be aligned with the organizational culture?
- Who will have access to the mentoring?
- How will the mentors be chosen?
- How will an individual be allocated to a mentor?
- What support and/or training and development will be required for mentors?
- What will be the role of line managers?
- How will the benefits of the mentoring scheme be communicated?
- How will the mentoring scheme be evaluated?
The successful implementation of an effective mentoring scheme will benefit the organization as well those involved in the mentoring.

Source material and further reading

**Coaching and mentoring**
- [https://www.cipd.co.uk/knowledge/fundamentals/people/development/coaching-mentoring-factsheet](https://www.cipd.co.uk/knowledge/fundamentals/people/development/coaching-mentoring-factsheet) (CIPD: Coaching and mentoring)

**Coaching**
- [https://www.skillsyouneed.com/learn/coaching.html](https://www.skillsyouneed.com/learn/coaching.html) (SkillsYouNeed: What is coaching?)
- [https://www.skillsyouneed.com/learn/coaching-skills.html](https://www.skillsyouneed.com/learn/coaching-skills.html) (SkillsYouNeed: Coaching skills)

**Coaching models**
- [https://www.mindtools.com/pages/article/newLDR_89.htm](https://www.mindtools.com/pages/article/newLDR_89.htm) (MindTools: The GROW model)

**Mentoring**
- [https://www.skillsyouneed.com/learn/mentoring.html](https://www.skillsyouneed.com/learn/mentoring.html) (SkillsYouNeed: What is mentoring?)
- [https://www.skillsyouneed.com/learn/mentoring-skills.html](https://www.skillsyouneed.com/learn/mentoring-skills.html) (SkillsYouNeed: Mentoring skills)
- [https://www.skillsyouneed.com/learn/learning-from-mentoring.html](https://www.skillsyouneed.com/learn/learning-from-mentoring.html) (SkillsYouNeed: Learning from mentoring)

**Key points**

*Similarities and differences between coaching and mentoring*
Coaching and mentoring are both ways of facilitating and supporting self-managed learning. They require individuals to take responsibility for their own learning and allow organizations and individuals to respond more rapidly to changing requirements.

Coaching aims to develop an individual’s expertise in order to improve job performance, unlock potential or facilitate organizational change. Coaching is performance-focused, short-term, formal and structured.

Mentoring aims to provide guidance and support to help an individual build a career while balancing his or her personal and professional life. Mentoring is career-focused, long-term, informal and unstructured.

An internal coach is a member of the same organization as the individual being coached (frequently the line manager), but sometimes an external coach is used. Coaches set the agenda, but they help the individual find his or her own solutions to problems and issues.

A mentor is a more experienced staff member who is not in the individual’s direct management chain. Mentors provide support, guidance and advice based on their experience within the organization and beyond.

**Benefits of coaching and mentoring**

- The benefits of coaching to an individual include improved performance, access to objective feedback, support for learning transfer, increased motivation, enhanced clarity about roles and expectations and support for self-awareness and personal development.
- The benefits of mentoring to an individual include access to impartial advice, enhanced confidence and self-awareness, support during periods of change, support for professional development and career progression, help in understanding the organization’s culture and structure and clarification of professional goals.
- Coaching and mentoring provide benefits to the coach and mentor as well as to the organization as a whole.

**Delivering coaching sessions**

- In sport, there are three main styles of coaching (directive, cooperative and casual), but in the workplace, cooperative coaching is usually used.
- The key skills for coaches are listening, questioning, building relationships and motivating, giving feedback and focusing on outcomes.
- It is worthwhile for coaches to be aware of various coaching models because they provide a starting point for thinking about how to go about doing the coaching, but coaches can develop their own approach.
- The GROW model is frequently used for coaching: goal (identify what needs to change), reality (assess the current state), options (explore the options for achieving the goal) and will (establish the will to pursue one of the options).
- The FUEL model is similar to the GROW model, but it is structured in a slightly different way: frame the conversation, understand the current state, explore the desired state and lay out a success plan.
The OSKAR framework for coaching has five components: outcome, scale, know-how, affirm and action, and review.
Delivering mentoring sessions

- There are many ways of mentoring someone. The approach taken depends upon the relationship between the people involved, their personalities and the nature of the issues being addressed.
- There are two broad approaches to mentoring: non-directive (the mentor listens, asks questions and summarizes what he or she has heard to help the person being mentored find solutions) and directive (the mentor takes a prominent role by making suggestions, offering advice and influencing the choice of solutions).
- The key skills for mentors are the same as some of those for coaches (listening, questioning, building relationships and motivating), but mentors also need to be open-minded, honest and trustworthy and have credibility and respect.
- A three-stage process can be used for non-directive mentoring: explore (What is going on?), new understanding (What do I want instead?) and action (How might I achieve what I want?).

Coaching culture and coaching schemes

- An organization has a coaching culture if problems and issues faced by employees are recognized and addressed, employees take responsibility for their own development and employees accept that they are accountable for their performance and feel empowered and engaged.
- To establish a coaching culture, clarify why a coaching scheme would be beneficial, link the coaching scheme to the organization’s priorities and strategies, explain what coaching can and cannot achieve, be clear about who will be involved, develop coaching capability and ensure that coaching is a part of the human resource and performance management processes.

Mentoring culture and mentoring schemes

- An organization has a mentoring culture if it encourages learning and good practice throughout the organization, if individuals with high potential are given support and guidance, if employees with diverse expertise and backgrounds feel valued by the organization and if there is a climate of openness and trust.
- When establishing a mentoring scheme, the following are some questions that need to be addressed: “Who will have access to the scheme?”, “How will the mentors be chosen?”, “How will an individual be allocated to a mentor?”, “What support will be required for mentors”, “What will be the role of line managers?”, “How will the benefits of the scheme be communicated” and “How will the scheme be evaluated?”. 
Suggested discussion topics

**Similarities and differences between coaching and mentoring**
- What is meant by coaching and mentoring, and what are the differences between the two?
- What are the advantages and disadvantages of using internal coaches and external coaches?

**Benefits of coaching and mentoring**
- What are the benefits of coaching to the individual, the manager as coach and the organization?
- What are the benefits of mentoring to the individual, the manager as coach and the organization?

**Delivering coaching sessions**
- What are the skills required of a coach?
- What are the key steps in providing coaching?

**Delivering mentoring sessions**
- What are the skills required of a mentor?
- What are the key steps in providing mentoring?

**Coaching culture and coaching schemes**
- What are the characteristics of a coaching culture?
- What actions are required to establish a coaching scheme?
- What are the organizational barriers to establishing a coaching scheme?

**Mentoring culture and mentoring schemes**
- What are the characteristics of a mentoring culture?
- What actions are required to establish a mentoring scheme?
- Establishing a mentoring scheme
3. Influencing, negotiating and managing conflict

Aim
To acquire the knowledge, skills and techniques necessary to effectively influence, negotiate and manage conflict.

Learning outcomes
You will be able to:
- Explain what is meant by emotional intelligence and describe ways in which it might be enhanced;
- Describe the key elements of influencing and negotiating;
- Use effective influencing and negotiating strategies;
- Explain the causes of conflict;
- Use effective strategies for resolving conflicts.

Content

Emotional intelligence
- What is emotional intelligence?
- How can emotional intelligence be enhanced?

Overview of influencing
- What is influence?
- Sources of power;
- Influencing skills;
- General approach to influencing;
- Barriers to successful influencing.

Influencing styles
- Push and pull;
- Influencing styles of Musselwhite and Plouffe;
- Cialdini’s six principles of influence.

Overview of negotiating
- Factors affecting negotiations;
- Types of negotiations and outcomes.

Carrying out a negotiation
- Negotiation process;
- Preparing for negotiations;
- Conducting negotiations.
Managing conflict

– Causes of conflict;
– Conflict management styles;
– Process for resolving conflict;
– Using mediation.
Influencing, negotiating and managing conflict

Emotional intelligence

What is emotional intelligence?

In 1990, Peter Salovey and John Mayer\(^6\) proposed that emotional intelligence (often referred to as EQ) involves “the ability to monitor one’s own and others’ feelings and emotions, to discriminate among them and to use this information to guide one’s thinking and actions”. Later, they identified four skills that underpin emotional intelligence – the abilities to perceive emotions, reason with emotions, understand emotions and manage emotions.

In 1998, Daniel Goleman\(^7\) proposed that in the working environment, there are five components to emotional intelligence (see Figure 3.1) which fall into two broad categories:

- **Personal competence**: Self-awareness, self-regulation and motivation;
- **Social competence**: Empathy and social skills.

![Figure 3.1. The five components of emotional intelligence](image)

These components will now be considered in more detail.

- **Self-awareness**: Recognize and understand your emotions and their impact on others (for example, recognize your own strengths and weaknesses and trust your emotions when making decisions).
- **Self-regulation**: Control your emotions when faced with problems or provocations (for example, do not get frustrated and make sure your emotions and behaviours are appropriate for the situation).
- **Motivation**: Motivate yourself to persevere, overcome obstacles, consider options and achieve goals (for example, stay focused on a task and avoid being impulsive).

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Influencing, negotiating and managing conflict

- **Empathy**: Recognize and understand the emotions of others and their impact (for example, listen effectively and be sensitive to the feelings of others).
- **Social skills**: Use awareness of emotions and influencing skills to build rapport and strong relationships and inspire others (for example, maintain good relationships based on trust and respect).

Having high levels of emotional intelligence is of value when dealing with people. Also, unlike intellectual prowess as measured by IQ, there is evidence that emotional intelligence can be improved.

**How can emotional intelligence be enhanced?**

Emotional intelligence can be improved by first being aware of its existence and then reflecting on the extent to which you have the skills associated with the five components. Completing personality questionnaires or emotional intelligence inventories can also help identify areas where emotional intelligence could be improved.

There are some specific actions that can be taken to enhance emotional intelligence. The following are some examples:

- **Improve self-awareness**: Think about why you feel the way you do, seek feedback from colleagues, have coaching and carry out a formal 360° assessment;
- **Self-regulation**: Acquire strategies for dealing with time management, stress and anger;
- **Motivation**: Set goals, identify obstacles and prepare a plan for achieving your goals;
- **Empathy**: Improve your active listening skills and acquire counselling skills;
- **Social skills**: Become a coach or mentor and improve your ability to communicate, network, be assertive and build relationships.

Enhancing emotional intelligence can increase resilience when faced with changes or challenging situations and can contribute to achieving success in both one’s career and one’s personal life. In some jobs, a high level of emotional intelligence is important, especially if the job involves influencing, negotiating and managing conflict.

**Overview of influencing**

**What is influence?**

Influence is the ability to persuade someone to think or act in a particular way. Exerting influence might be aimed at, for example, persuading someone to take a specific action, gaining support for an activity, inspiring others, changing attitudes or creating relationships. Whatever influencing is trying to achieve, it should be carried out with integrity. Using influence to manipulate others or for personal gain might bring short-term benefits, but in the end, it will be detrimental to an individual’s reputation and future ability to influence.

There are techniques that can be used to influence others, but it is helpful if the groundwork has already been set by networking and having a good reputation.
– **Networking**: You are more likely to influence others if they already know you. Taking actions to strengthen existing relationships and establish new ones will therefore enhance opportunities to be influential.

– **Reputation**: Even if the people you are trying to influence do not know you personally, they might know of your reputation. Having a good reputation (for example, for sincerity, trustworthiness, knowledge and a willingness to listen to others) would be of value when trying to exert influence.

Before trying to influence someone, think carefully about the following:

– What do you want the outcome to be, and what compromises might be acceptable?

– Who do you need to influence to achieve the desired outcome, what are their needs and what attitudes might affect their response?

– What will the person being influenced gain from the desired outcome and/or what are the disadvantages of not trying to influence this person?

**Sources of power**

Both power and influence can be used to persuade someone to do what you want. However, there is a difference between these two concepts: power can be used to compel someone to act according to your wishes, but influence makes people respond in a positive way to what they are being asked to do. Someone with power can make things happen and overcome resistance, but this might not alter thoughts and attitudes. On the other hand, someone with little power might have significant influence on others.

In 1959, John French and Bertram Raven⁸ identified five sources of power: legitimate, reward, coercive, expert and referent. In 1965, Bertram Raven⁹ added another source: informational power – see Figure 3.2.

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Figure 3.2. Six sources of power

The six sources of power can be described as follows:

- **Legitimate**: Power is based on the formal right to make demands and expect compliance. Having power based on one’s position within an organization means that if the position is lost, the power disappears, along with the ability to influence others.

- **Reward**: Power is based on the ability to provide rewards for compliance. In principle, rewards could be financial (for example, promotion or salary increases) or work-related (for example, desirable assignments, training opportunities or compliments), but in reality, few individuals have complete control over financial rewards.

- **Coercive**: Power is based on the ability to provide punishment for non-compliance. The main purpose is to force someone to do something against his or her will, and the punishment for non-compliance is the withholding of financial or work-related rewards. This can lead to an abuse of power and a dissatisfied workforce.

- **Informational**: Power is based on controlling access to information that is wanted by others. It involves being able to share or withhold information and can be used to help or hinder others. This type of power is temporary, because information eventually becomes available, and tends to be ineffective in influencing others.

- **Expert**: Power is based on having a high level of expertise and experience which are valued within an organization and allow individuals to take on a variety of roles and responsibilities. Power of this kind can be used to influence others based on trust and respect.

- **Referent**: Power is based on being liked and respected and reflects an individual’s personal characteristics. The individual makes others feel good and is therefore effective at influencing them. This type of power can be abused by someone who is likeable but lacks integrity.

These six sources of power can be categorized according to whether the source is positional (legitimate, reward, coercive, informational) or personal (expert, referent). In general, personal power tends to be more influential than positional power.
Influencing, negotiating and managing conflict

**Influencing skills**

Being effective at influencing requires using:

– The right personal skills;
– The right influencing strategy based on the chosen influencing style.

Influencing styles will be summarized later; this section will focus on personal skills. Personal skills relate to general management and are not solely used for influencing.

The following are the key personal skills that are used to influence people:

– **Listening**: Active listening is a way of ensuring that people feel understood and that their views are appreciated. Active listening can be demonstrated by:
  – Using a positive facial expression (for example, nodding and smiling), having good eye contact (though not in all cultures), reflecting the other person’s body language and avoiding distracting mannerisms;
  – Using confirming statements, paraphrasing what has been said and asking whether your understanding is correct;
  – Being patient and responding in a positive way to what has been said.

– **Questioning**: Asking questions rather than making statements will help the individuals being influenced feel that they are contributing to the outcome, and they will therefore feel committed to it. There are three basic types of questions: open questions (“what”, “how”, “why”), probing questions (“tell me more about…”, “why was that”, “what then”) and closed questions (“when”, “where”, “who”, “how many”).

– **Building trust**: To be influential, it is necessary to be believed; building trust is therefore very important. Trust comes from the way in which someone behaves. Engaging in behaviours that demonstrate competence, acting with integrity and sincerity, caring about others and being open (for example, volunteering information and admitting to mistakes) and reliable (for example, being consistent and doing what you say you will do) help build trust.

**General approach to influencing**

The approach taken to influencing will depend upon the desired outcome and the preferred influencing styles of the person doing the influencing and the person being influenced. Once these aspects have been thought through, there is a general approach that can be adapted for use in specific circumstances:

– Create a rapport with the person to be influenced;
– Reach an agreement about the problem to be addressed;
– Identify possible ways of addressing the problem and any difficulties that might be encountered;
– Explain the preferred course of action;
– Agree on a course of action;
– Monitor the implementation of the actions.
This process might lead to the one of the following outcomes. The person being influenced:

- Is fully persuaded by what is proposed and commits to it;
- Agrees to what is proposed primarily based on valuing the relationship with the person doing the influencing, but with limited commitment;
- Complies with what is proposed but without fully buying into it, possibly leading to poor implementation;
- Resists what is proposed and might attempt to block its implementation.

**Barriers to successful influencing**

The following are some of the mistakes that can be made when trying to influence someone:

- Not being aware of your own preferred influencing style and that of the people to be influenced and not fully considering the appropriate tone to be adopted in a given interaction (for example, being overly familiar or overly formal);
- Not properly preparing in terms of what you are trying to achieve, who needs to be influenced, what potential options there may be and the extent of the authority you have to deliver on those options;
- Trying too hard to achieve the desired outcome (for example, being too keen to reach an agreement or pushing someone into expressing agreement but without winning hearts and minds) or not trying hard enough (for example, not being sufficiently determined);
- Talking too much, not giving sufficient opportunities for the other individual to respond or give his or her own views and not taking on board new information conveyed by the person who is being influenced;
- Providing so much information that there might be confusion about what it all means;
- Being too focused on the long-term benefits (which seem far-off and imprecise) rather than covering some immediate short-term benefits which definitely seem achievable.

**Influencing styles**

**Push and pull**

There are two basic approaches to influencing, referred to as “push” and “pull”. These are described below and summarized in Figure 3.3.

- **Push**: Drive someone to change. The emphasis is on the influencer making proposals and giving information. This might achieve quick results, especially in the short term, but gain little commitment. Indeed, used in an aggressive way, this approach could lead to there being resistance to what the influencer is trying to achieve.

- **Pull**: Motivate someone to change. The emphasis is on the influencer testing understanding, seeking information and sharing decision-making with the person he or she is trying to influence. This approach usually gains commitment and leads to a successful outcome but is likely to take longer than the push approach.
Knowing these influencing styles can help you become aware of your preferred style and that of others. In addition, to be effective at influencing, it is necessary to decide which style is best suited for the situation and the people you want to influence. When wanting to be influential with respect to a particular issue, ask the following questions:

- What is my preferred style of influencing?
- What is the preferred style of influencing of the people who I want to influence?
- If my style of influencing and that of the people I want to influence are likely to lead to conflict, how should I change the style I use?

Two ways of categorizing influencing styles will now be outlined:

- Influencing styles of Musselwhite and Plouffe;
- Cialdini’s six principles of influence.

These should be used as a basis of thinking about your own influencing styles and those of others rather than as a strict categorization that should be applied in all circumstances.

**Influencing styles of Musselwhite and Plouffe**

Chris Musselwhite and Tammie Plouffe\(^\text{10}\) identified five influencing styles – see Figure 3.4.

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Influencing, negotiating and managing conflict

The five styles can be broadly categorized as “push” (asserting and rationalizing) or “pull” (negotiating, inspiring and bridging).

- **Asserting**: The influencer asserts his or her own proposals, views and ideas by taking a forthright approach, challenging the views of others, displaying conviction, maintaining control and expecting others to follow (for example, “I think we should...”).

- **Rationalizing**: The influencer tries to persuade others by presenting proposals, views and ideas in a logical and even-handed way based on evidence and the influencer's own expertise/experience (for example, “The evidence indicates...”).

- **Negotiating**: The influencer seeks compromise and cooperation by encouraging others to contribute to developing proposals and to present their own views and ideas and by being willing to compromise (for example, “What do you think about...?”).

- **Inspiring**: The influencer engages with the aspirations and emotions of others by communicating a sense of shared values and an optimistic view of future possibilities and opportunities (for example, “Imagine that...”).

- **Bridging**: The influencer gets people to work together to achieve a common goal by building coalitions, identifying areas of agreement, using personal relationships and creating an environment of trust (for example, “Can we agree that...?”).

**Cialdini’s six principles of influence**

Based on extensive research, Robert Cialdini¹¹ identified six principles of influence – see Figure 3.5. These principles take into account behavioural patterns that affect the extent to which influencing is likely to be successful.

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Influencing, negotiating and managing conflict

Figure 3.5. Cialdini’s six principles of influence

The above principles are described in more detail below.

- **Reciprocity**: People are more likely to respond positively if they have already received something that is valued (for example, information or praise). In other words, if you give me something, I am obliged to give you something back.

- **Scarcity**: People are more likely seize opportunities that are scarce or are likely to be lost. In other words, you want something now that you might not be able to have in the future.

- **Authority**: People can be persuaded by others who are knowledgeable, credible and exercise good judgement. In other words, you tend to accept what is proposed by people with more expertise than you.

- **Commitment and consistency**: People like to comply with requests that are consistent with something that they have said or done. In other words, you usually align actions with what you say and do.

- **Liking**: People tend to respond favourably to a request from someone they like and trust. In other words, you usually agree with people that you like.

- **Social proof**: People are influenced by what others say and do. In other words, when uncertain, you often look to others to guide your decisions and actions.

**Overview of negotiating**

**Factors affecting negotiations**

Negotiating is of vital importance for everyone in the workplace. Indeed, negotiating takes place at home and in a social setting as well as at work.

Negotiating is the bargaining process between two or more parties seeking to discover common ground and reach an agreement to settle a matter of joint concern or resolve a conflict. The ideal outcome is an agreement that is viewed by both parties as being fair, provides mutual benefit and maintains relationships.

There are three factors that have a significant impact on the outcome of a negotiation:
Influencing, negotiating and managing conflict

- **Attitude**: The attitude of the parties with respect to each other, the issues being addressed and the negotiating process can have a marked effect on the negotiation. If both parties have a positive attitude throughout the process, this will affect the tone of the negotiation and increase the likelihood of a successful outcome.

- **Knowledge**: Negotiations are likely to progress smoothly and lead to a successful outcome if both parties are properly prepared. The parties need to be clear about the issues to be addressed and any constraints on what can be agreed.

- **Interpersonal skills**: Having people involved with good listening skills, questioning skills and assertiveness skills (that is, people who are confident and direct in dealing with others) is beneficial to the negotiating process. Without these skills, the process might be more prolonged and difficult than need be and could lead to an outcome that is not ideal.

Misunderstandings can cause problems during a negotiation. These can be reduced by both parties listening carefully to what is being said and summarizing what they have heard to check on understanding.

**Types of negotiations and outcomes**

There are two types of negotiation:

- **Distributive negotiation**: There is no opportunity for trade-offs, so one party wins and the other loses based on a competition between the parties. Such negotiations usually involve only one issue.

- **Integrative negotiation**: There is an opportunity for trade-offs because both parties have some slightly different interests and place differing levels of importance on some aspects. This process integrates the goals of both parties by problem-solving that is both creative and collaborative.

There are four possible outcomes of a negotiation:

- **Win-win**: Both parties feel that the outcome is rewarding, with their views having been taken into consideration. Most of their goals have been achieved, and the outcome is fair (equal distribution of benefits) and/or creative (a new solution providing benefits to both parties). Achieving this outcome is more likely if there is trust and respect between the parties and mutual understanding of their interests and goals. During the negotiation, relationships are preserved and might even be strengthened; this provides a good basis for future negotiations.

- **Win-lose or lose-win**: One party gets what it wants, with the other achieving little or nothing. This can happen if one party is unwilling to compromise and ignores the needs of others, and the other party has not been able to respond to these tactics. As a result, one party is pleased with the outcome, but the other will probably be resentful and unwilling to enter into negotiations in the future. Indeed, there might be permanent damage to the relationship.

- **Lose-lose**: Both parties are unwilling to compromise, resulting in neither party achieving a satisfactory outcome; the parties are no better off than before the start of the negotiation. Haggling (giving and taking concessions, often in a contentious
Influencing, negotiating and managing conflict

manner) may lead to an agreement that is not ideal, and neither party feels content with the outcome.

There is usually a win-lose outcome from a distributive negotiation. With an integrative negotiation, the aim is to have a win-win outcome, though win-lose is also possible.

Figure 3.6 summaries the desirability of the four possible outcomes of a negotiation.

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I win, You lose</td>
<td>Short-sighted</td>
</tr>
<tr>
<td>I win, You win</td>
<td>Rewarding</td>
</tr>
<tr>
<td>I lose, You lose</td>
<td>Unsatisfactory</td>
</tr>
<tr>
<td>I lose, You win</td>
<td>Costly</td>
</tr>
</tbody>
</table>

Figure 3.6. Desirability of the four possible outcomes of a negotiation

At first sight, an “I win, you lose” outcome might appear satisfactory to the winner, but it is likely to be of only short-term benefit, and the relationship between the parties will probably suffer. For the loser, the outcome is likely to be costly in some way.

Carrying out a negotiation

Negotiation process

Negotiating usually involves six phases, as illustrated in Figure 3.7.

![Figure 3.7. The six phases of a negotiation](image)

Information about the purpose of each of the six phases is detailed below.

- **Preparing**: Be clear about what you want and do not want, assess what the other parties want and do not want and identify what concessions you are prepared to make.
- **Opening**: Create a positive climate, build relationships, agree on the ground rules and commit to cooperating during the negotiation and executing whatever is agreed.
- **Positioning**: Both parties explain and justify their positions, clarify their interests and viewpoints and try to identify common ground and the gap between their positions.

- **Exploring**: Aim to reach an agreement that produces a win-win outcome by exploring options, asking probing questions, seeking creative solutions, being prepared to “give and take” and being assertive but not aggressive.

- **Closing**: Formalize what has been agreed upon and ensure that both parties have the capacity to implement the agreement and reach a decision about procedures for implementing and monitoring what has been agreed upon.

- **Executing**: Implement the agreement and ensure that commitments are met.

During the early phases, it might be clear that there is little common ground as a basis for an agreement. If this is the case, the negotiation should cease, though a decision may be made to meet again. Early action is required to avoid protracted unproductive arguments, time being wasted and damage to relationships.

**Preparing for negotiations**

Negotiations are only likely to be successful if effective preparations have been made. The following are some questions that might be considered:

- What is the desired outcome of the negotiation and why is it wanted?
- What does the other party really want?
- What are the important issues for both parties?
- Can any issues be dropped because they are not important?
- What can be traded and what are the “red lines” that cannot be crossed?
- What concessions can be made and what is my bottom line?
- What is the best alternative to a negotiated agreement?
- Who stands to lose most if an agreement is not reached?
- What is the history of the relationships with the other party?
- Is there any information that should be shared before the negotiation so that the other parties can effectively prepare?
- What authority is needed to reach the desired outcomes, and who should participate in the negotiation?

**Conducting negotiations**

Roger Fisher and William Ury\(^\text{12}\) identified four principles to support successful negotiations.

- **Separate people and issues**: During negotiations, there is a danger that the people involved may take what is said as a personal attack and that this may get in the way of dealing with substantive issues. The personal issues may be associated with differing perceptions of the facts, frustration at slow progress, anger when interests are threatened or misunderstandings due to poor communication. These problems

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Influencing, negotiating and managing conflict

- **Focus on interests, not positions**: Position is what people want; interest is the reason they want it. If negotiations focus on positions, one party is likely to feel that they have lost if an agreement is reached. However, exposing the interests underlying the positions, along with any associated issues and concerns, will increase the likelihood of finding a solution that satisfies both parties. It may be that, though the parties have opposing positions, there could be some common interests that could be used as a basis for an agreement. The important question is “Why do you want that?” rather than “What do you want?”.

- **Generate options**: Sometimes negotiations are conducted in such a way that they do not fully explore all the available options because there is an immediate focus on only one. It is preferable to identify a range of options, including new options, and then assess them in a collaborative way to find options that are mutually beneficial. In these cases, the negotiations can be thought of as problem-solving exercises. If only one option is considered, there is the risk that there can only be one winner.

- **Use objective criteria**: When there are opposing interests, identifying objective criteria might be a way of resolving differences. The criteria need to be acceptable to both parties and to be seen as fair. Such criteria might not always be available, but if they are, the negotiation process can be simplified.

**Managing conflict**

**Causes of conflict**

People have certain expectations at work. If people feel that these are not met or are ignored, conflict could arise.

Conflict is often distressing and can quickly lead to a breakdown in communication, deterioration in relationships and people becoming disengaged from their work. However, conflict can also be a turned into something positive if it is handled effectively at an early stage and leads to hidden problems being exposed and resolved.
According to Art Bell, there are six causes of conflict in the workplace; two more were added by Brett Hart. These causes are summarized in Figure 3.8.

**Figure 3.8. Eight causes of conflict in the workplace**

Additional information about the causes of conflict is described below.

- **Conflicting resources**: There can be demands on the same resource which lead to conflict (for example, people with a high level of expertise who are fully occupied with day-to-day operations are also required to contribute to a project). When this happens, an open discussion about the problem and more detailed planning can help the parties find a solution.

- **Conflicting styles**: Close colleagues can have completely different styles of working which are incompatible (for example, some people carefully plan their work, whereas others do things in a rush at the last minute). This can be avoided by taking working styles into account when creating a team. It is also worth having discussions about preferred working styles and what the shared team culture should be.

- **Conflicting perceptions**: Different perceptions of an event or situation can cause conflict (for example, gossip and office politics associated with major changes that might happen). Communicating openly, even to report bad news or uncertainties, can help overcome this problem.

- **Conflicting goals**: People with similar responsibilities might have conflicts because they have different views about their goals (for example, people working together to provide a service might have different views about the importance of speed versus accuracy). Setting and documenting clear and consistent goals can reduce the likelihood of the conflict occurring.

- **Conflicting pressure**: When people are working under pressure, conflict can arise when they are required to perform additional urgent tasks (for example, someone who is working to meet an important approaching deadline is asked to take on

13 Bell, A., 2002: *Six Ways to Resolve Workplace Conflicts*. San Francisco, University of San Francisco
another task with a similar deadline). Agreeing to change the priorities of some tasks or change deadlines might solve the problem.

- **Conflicting roles**: Conflict can occur if tasks are allocated in a way that appears inconsistent with established roles (for example, instead of a task being given to the usual person, it is given to someone else without explanation) or where there are unclear accountabilities between team members. Having clear roles and responsibilities and explaining any changes in established practices can address this problem.

- **Conflicting personal views**: Someone being given a task that is at odds with his or her ethical views can lead to conflict (for example, someone is asked to prepare a report about a project that he or she believes exaggerates the benefits while underplaying the disadvantages). Prevent this from happening by acting ethically at all times. In addition, when someone raises ethical concerns, try to understand the cause so that there is an opportunity to first clarify the situation and then help resolve it.

- **Unpredictable policies**: Conflict might happen if policies are not applied consistently or changes in policies are not clearly communicated (for example, no explanation is given for a major change in policy that impacts on working arrangements). Ensuring that policies are applied consistently and explaining policy changes can address this problem.

In all cases, the key to resolving these conflicts is to identify the root cause, which might not be readily apparent. In other words, the conflict might merely be the symptom of an underlying issue that needs to be addressed.

**Conflict management styles**

Kenneth Thomas and Ralph Kilmann\textsuperscript{15} developed what has become known as the Thomas-Kilmann Conflict Mode Instrument as a model for handling conflict. It is based on a consideration of two types of behaviour:

- **Assertiveness**: The extent to which the focus is on meeting one’s own concerns;
- **Cooperativeness**: The extent to which the focus is on satisfying the concerns of others.

An assessment of the above behaviour types led to a description of five management styles for dealing with conflict, as illustrated in Figure 3.9.

The following is a description of the five management styles:

- **Accommodating**: The focus is on smoothing over the problem by acting selflessly to achieve peace. This reduces tension and maintains relationships but might not address the underlying issues. Taking this approach might be appropriate if the issue is of low importance or the other party is the expert.

- **Avoiding**: Dealing with the conflict is avoided and the associated issues are ignored. This approach can be appropriate if the issues involved are unimportant or ephemeral and the expectation is that the conflict can resolve itself. However, there is the danger that if the problem is not resolved, the bad feelings will continue.

- **Collaborating**: The emphasis is on fully satisfying the concerns of both parties by working together to find an agreed solution. This approach is based on there being trust and mutual understanding of needs and expertise. It can be time consuming, but the win-win outcome gains commitment and provides a long-term solution.

- **Competing**: The aim is to impose a solution to the conflict without considering how it would affect the other party. This might be appropriate when a quick decision is required. The winner is satisfied with the result, but in general a win-lose outcome creates a loser who is dissatisfied and is likely to continue having bad feelings about the situation.

- **Compromising**: An attempt is made to find a middle ground by both parties being required to give up some things. The outcome is that both parties are partially satisfied, and harmonious relationships are maintained, particularly if the issue is of only moderate importance or only a temporary solution is required. However, there might be a lack of commitment to an outcome that is not as favourable as that coming from the collaborative approach.

It is desirable for people to know their default styles so that they are self-aware and recognize that in specific circumstances, using alternative styles might be more appropriate than using the one that comes naturally.
Process for resolving conflict

A general approach to managing conflict is the “DES” model:

– Describe the situation in an objective and precise manner;
– Express feelings associated with the situation that has caused the conflict;
– Specify what needs to happen to resolve the conflict.

A slight variation on this approach is the “DESC” model. Here, there is an additional step:

– Clarify the consequences of failing to resolve the conflict.

DES and DESC are useful models because they are straightforward to implement and, to a large extent, describe a natural approach to resolving a conflict.

Figure 3.10 illustrates a more detailed process that could be followed when trying to resolve a conflict.

The following provides some details about what happens in each of the five steps:

– **Clarify the source of conflict**: The parties share information by explaining their points of view with the intention of trying to reach an agreement about the source of the conflict. It might be necessary to go beyond the stated dispute to reveal the root cause.

– **Establish a common goal**: The parties explain what they want to happen to resolve the conflict and try to reach an agreement about what both parties would consider to be a desirable outcome – the common goal.

– **Identify solutions**: The parties explore the various solutions that might lead to the common goal being achieved and identify the barriers associated with implementing the solutions.

– **Agree on a solution**: From the solutions that might be acceptable based on where there is common ground, the parties seek the one that is best for both of them.

– **Implement the solution**: The parties commit to implementing the agreed solution, identify what they now need to do and agree on how they will know that the solution is working.
To manage conflict, as well as being patient and impartial, avoiding criticism and maintaining a positive attitude, it is necessary to have the following key skills:

- **Communicating**: Transferring information accurately, clearly and as intended in verbal and non-verbal ways;
- **Active listening**: Concentrating on what someone is saying and using verbal and non-verbal messages to show interest in and understanding of what is being said;
- **Assertiveness**: Expressing views clearly, firmly, calmly and honestly, but without being aggressive;
- **Empathy**: Being aware of the feelings and emotions of others.

**Using mediation**

Increasingly, mediation is being used to resolve a tense and difficult situation in the workplace. Using mediation can prevent an issue from escalating into something major that might involve some formal processes. The aim is to restore working relationships rather than determining who was right or wrong in the past.

Mediation involves using an impartial third party to help resolve the conflict. The mediator acts as a facilitator and helps the parties reach an agreement but is not involved in decision-making. The way mediation is carried out depends upon the severity and difficulty of the conflict, but the following is the kind of process that could be adapted to any situation:

- **Agree on the ground rules**: The mediator convinces the parties to agree on the ground rules (for example, about confidentiality and behaviour). This may involve the mediator having separate meetings with the parties before an agreement can be reached.
- **Understand the conflict**: The mediator encourages the parties to give their points of view about the conflict and specify what they want to achieve from the mediation.
- **Understand each other’s views**: The mediator helps the parties understand each other’s views and tries to convince them to focus on the future rather than the past.
- **Create options**: The mediator helps the parties generate options for resolving the conflict. This might reveal some quick wins that can be implemented immediately. Sometimes, it might be possible to establish criteria for assessing the options.
- **Reach an agreement**: The mediator helps the parties reach an agreement about implementing one of the solutions. This involves getting them to commit to the agreement and identifying what still needs to be done to address any unresolved issues.

Though the process might be carried out effectively, there is no guarantee that the issue causing the dispute will be resolved by mediation.

The following are some general principles that should be applied during the mediation.

- **Confidentiality**: The mediation process should be treated as confidential;
- **Impartiality**: The mediator should be independent with no vested interest in the outcome;
– **Non-judgemental attitude**: The mediator should not make any judgements about who is right and who is wrong – emphasis should be on the parties who are in dispute finding a solution;
– **Flexibility**: The mediation process should be flexible and take into account the nature of the dispute and the people involved;
– **Informality**: There should be an informal atmosphere so that all parties feel at ease;
– **Voluntary nature**: The parties involved in the dispute should be free to choose whether they want mediation.

**Source material and further reading**

**Emotional intelligence**

**Influencing**
– [https://www.skillsyouneed.com/ips/persuasion-skills.html](https://www.skillsyouneed.com/ips/persuasion-skills.html) (SkillsYouNeed: Persuasion and influencing skills)
– [https://uk.video.search.yahoo.com/search/video?fr=mcafee&p=Caldini+youtube#id=2&vid=c8c2b0fe076883e93783400bbff16d76&action=click](https://uk.video.search.yahoo.com/search/video?fr=mcafee&p=Caldini+youtube#id=2&vid=c8c2b0fe076883e93783400bbff16d76&action=click) (YouTube: Robert Cialdini – The 6 principles of influence)

**Negotiating**

**Conflict**
– [https://www.cipd.co.uk/knowledge/fundamentals/relations/disputes/mediation-factsheet#6347](https://www.cipd.co.uk/knowledge/fundamentals/relations/disputes/mediation-factsheet#6347) (CIPD: Mediation at work)
Key points

**Emotional intelligence**
- Emotional intelligence involves “the ability to monitor one’s own and others’ feelings and emotions, to discriminate among them and to use this information to guide one’s thinking and actions”.  
- Emotional intelligence (self-awareness, self-regulation, motivation, empathy and social skills) is important when dealing with people, and actions can be taken to enhance emotional intelligence.

**Overview of influencing**
- Influence is the ability to persuade someone to think or act in a specific way (for example, persuading someone to take a specific action, gaining support for an activity, inspiring others, changing attitudes, creating relationships).
- Using influence to manipulate others or for personal gain might bring short-term benefits, but in the end, it will be detrimental to one’s reputation and future ability to influence.
- John French and Bertram Raven identified six sources of power: legitimate, reward, coercive, informational, expert and referent. The use of personal power (expert and referent) tends to be more influential than the use of positional power (legitimate, reward, coercive and informational).
- The key influencing skills are listening (being an active listener), questioning (asking questions rather than making statements) and building trust (being believed and trusted).
- Barriers to successful influencing include not being aware of one’s own and others’ preferred influencing styles, inadequate preparation, trying too hard or not hard enough to achieve the desired outcome, talking too much, causing confusion by providing too much information and not trying to gain some short-term benefits.

**Influencing styles**
- There are two bases influencing styles: push (drive someone to change by making proposals and giving information) and pull (motivate someone to change by testing understanding, seeking information and sharing decision-making).
- Chris Musselwhite and Tammie Plouffe identified five influencing styles: asserting (“I think we should...”), rationalizing (“The evidence indicates...”), negotiating (“What do you think about...?”), inspiring (“Imagine that...”) and bridging (“Can we agree that...?”).
- Robert Cialdini identified six principles of influence: reciprocity (obligation to repay), scarcity (we want what might not be available), authority (we obey those in charge), commitment and consistency (need for personal realignment), liking (obligations of friendship) and social proof (the power of what others do).

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Overview of negotiating

- Negotiating is the bargaining process between two or more parties seeking to discover common ground and reach an agreement to settle a matter of joint concern or resolve a conflict. The ideal outcome is an agreement that is viewed as fair, provides mutual benefit and maintains relationships.
- The outcome of a negotiation is affected by the attitude of the people involved in the negotiation, the extent to which they are properly prepared and whether they have the key skills of listening, questioning and being assertive.
- There are four possible outcomes to a negotiation: win-win (I win, you win – rewarding), win-lose (I win, you lose – short-sighted), lose-win (I lose, you win – costly) and lose-lose (I lose, you lose – unsatisfactory).

Negotiation process

- Negotiating usually involves six phases: preparing (clarifying what is wanted), opening (creating a positive climate), positioning (explaining and justifying positions), exploring (exploring options with a view to reaching a win-win outcome), closing (formalizing what has been agreed) and executing (implementing the agreement).
- Roger Fisher and William Ury identified four principles to support successful negotiations: separate people and issues, focus on interest rather than positions, generate options and use objective criteria.

Managing conflict

- The key skills for managing conflict are communicating, active listening, assertiveness and empathy.
- According to Art Bell and Brett Hart, there are eight causes of conflict in the workplace. These are associated with resources, styles, perceptions, goals, pressure, roles, personal views and policies.
- There are five management styles for dealing with conflict based on the extent of assertiveness and cooperation: accommodating, avoiding, collaborating, competing and compromising.
- The process for resolving conflict often has five stages: clarify the source of the conflict, establish a common goal, identify solutions, agree on a solution and implement the solution.
- Mediation involves using an impartial third party to help resolve a conflict. The mediator acts as a facilitator and helps the parties reach agreement but is not involved in decision-making.
- In the mediation process, the mediator convinces the parties to agree on the ground rules and encourages the parties to give their points of view. The mediator then helps the parties to understand each other’s views, generate options for resolving the conflict and reach an agreement about implementing one of the solutions.

Suggested discussion points

Emotional intelligence

- Emotional intelligence has five components: self-awareness, self-regulation, motivation, empathy and social skills. How would you recognize that someone is emotionally intelligent in each of these areas?
Overview of influencing
- What skills are required to be effective at influencing?
- What are the barriers to influencing being successful?

Influencing styles
- What influencing styles could be used?
- What could be done to increase the likelihood of influencing being successful?

Overview of negotiating
- What skills are required to be an effective negotiator?
- How would you go about achieving a win-win outcome when negotiating?

Negotiation process
- What steps would you take in carrying out a negotiation?
- What questions would you ask yourself in preparation for a negotiation?

Managing conflict
- What are the causes of conflict in the workplace?
- What management styles could be adopted when dealing with a conflict?
- What steps would you take when dealing with a conflict?
4. Leading your team

Aim
To understand what is required of a leader and to acquire the tools and techniques needed to lead a team.

Learning outcomes
You will be able to:
- Explain the differences between leadership and management;
- Describe the characteristics of a poor leader;
- Use leadership styles to fit the situation;
- Identify the various kinds of teams that might exist in an organization;
- Provide effective leadership of virtual teams;
- Recognize the stages that a group goes through to create a team;
- Describe the roles that might be taken on by team members;
- Set direction and monitor the performance of a team;
- Develop the skills required to be an effective team leader.

Content
Leadership and management
- Difference between management and leadership;
- Management functions;
- Leadership qualities and failures;
- Action-centred Leadership;
- Introduction to leadership styles.

Leadership styles
- Categorization of leadership models;
- Blake Mouton managerial grid;
- Hersey-Blanchard situational leadership theory;
- Goleman’s leadership styles;
- Transformational and transactional leadership.

Types of teams
- Categorization of teams;
- Virtual teams.

Creating effective teams
- Development of a team;
- Effective teams;
- Team roles.
**Team performance**
- Planning and setting direction;
- Establishing working arrangements and monitoring performance;
- Running meetings.

**Some key skills for team leaders**
- Building trust;
- Communicating;
- Motivating;
- Coaching;
- Delegating;
- Giving feedback;
- Resolving conflicts and dealing with other challenges.
Briefing – leading your team

Leadership and management

Difference between management and leadership

Leadership and management are different but complementary. For example, leaders do not necessarily have management responsibilities and good managers often take on leadership roles within an organization.

There are many definitions of leadership and management. The following are those proposed by John Kotter:17

– Management is a set of processes that can keep a complicated system of people and technology running smoothly. The most important aspects of management include planning, budgeting, organizing, staffing, controlling and problem-solving.

– Leadership is a set of processes that creates organizations in the first place or adapts them to significantly changing circumstances. Leadership defines what the future should look like, aligns people with that vision and inspires them to make it happen despite the obstacles.

Based on these definitions, the following are some of the key differences between the activities of managers and those of leaders:

– Managers produce plans and budgets, whereas leaders set direction by creating vision and strategy;

– Managers direct, organize and control others, whereas leaders create a shared culture, encourage team working, help people develop and build relationships;

– Managers concentrate on using resources effectively and solve problems to achieve objectives, whereas leaders focus on inspiring, motivating and persuading others;

– Managers ensure that systems and processes run efficiently and effectively, whereas leaders create systems and processes;

– Managers maintain stability, whereas leaders create change.

According to John Kotter, the difference between management and leadership can be summarized as follows: management is about coping with complexity, whereas leadership is about coping with change.18

Management functions

Not all leaders are managers, but it is likely that most leaders have some management responsibilities. In 1916, Henri Fayol identified five functions of managers: planning, organizing, commanding, coordinating and controlling. Since then, there have been many

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18 ibid.
other attempts at defining the functions of managers. For example, in the 1970s, Harold Koontz and Cyril O’Donnell\(^{19}\) proposed the following functions:

- **Planning**: Determine a course of action to achieve organizational objectives using the available resources. This ensures effective use of resources and describes what needs to be achieved and how that can be accomplished.
- **Organizing**: Bring together the resources required to meet the objectives, including identifying activities, assigning duties and specifying responsibilities. This ensures that structures and resources are in place to put the plan into action.
- **Staffing**: Arrange for the organization to have the right people in the right places with the right expertise to achieve the objectives by selecting, appraising and developing staff. This ensures the operational functionality of the organization.
- **Directing**: Influence, guide, supervise and motivate staff so that they are committed to achieving the objectives. This helps improve productivity and encourages managers to act more like leaders.
- **Controlling**: Measure accomplishments against the objectives and take corrective action if this is required. This helps ensure that standards are maintained and the objectives are achieved.

These functions can be thought of as defining a management process: planning, organizing, staffing, directing and controlling.

Henry Mintzberg\(^{20}\) took a slightly different approach. He investigated how managers operate in a range of organizations and at a variety of levels. This resulted in the identification of ten managerial roles which fell into three groups.

- **Interpersonal**: Acts as a figurehead, leads the staff and liaises with others.
- **Informational**: Monitors information and performance, disseminates information and acts as a spokesperson for the organization.
- **Decisional**: Acts as an entrepreneur, deals with disturbances and barriers, allocates resources and negotiates with others.

Underlying the management functions is an ability to communicate effectively. There should also be a commitment to continual improvement. The attitude should be: when doing something, ask if it could be done better; if it could, do something about it. The following are some ways in which a manager can support continual improvement.

- Seek opportunities to improve one’s own working methods and those of the team rather than only taking action when something goes wrong.
- Encourage members of the team to suggest improvements, and recognize the value of any suggestions.


Leading your team

- Identify and address the root cause of problems rather than just making a short-term fix.
- Recognize that sometimes a series of small changes can be more effective in making improvements than a few major ones.

Having managers who are skilled at carrying out the managerial functions is required for the meeting of organizational goals, making optimum utilization of resources and helping the organization prosper in a changing environment.

For anyone who has a leadership role with some management responsibilities, it is important to think about how best to carry out the management functions and roles that have been described. In addition, having individuals assess their performance against the managerial functions and roles can provide a basis for developing their managerial abilities.

**Leadership qualities and failures**

Trait theories of leadership use good leaders as exemplars and then try to identify the qualities they have in common. Many lists of the qualities of good leaders have been produced. These lists include qualities such as being assertive, committed, communicative, confident, consistent, cooperative, courageous, creative, decisive, delegative, dependable, determined, empathetic, energetic, flexible, honest, innovative, objective, positive, responsible, self-sincere, sensitive, tough, trustworthy — and on and on. However, there appears to be no agreement about the key qualities.

An interesting approach was put forward by Jack Zenger and Joseph Folkman. They compiled a set of 16 leadership competencies and then asked over 300,000 supervisors, middle managers, senior managers and top executives to select their top four competencies. The following are the key skills that were chosen, though their relative importance depends upon the level within the organization of the respondents.

- Inspires and motivates others;
- Displays high integrity and honesty;
- Solves problems and analyses issues;
- Drives for results;
- Communicates powerfully and prolifically;
- Collaborates and promotes teamwork;
- Builds relationships;
- Displays a strategic perspective.

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Another approach adopted by Zenger and Folkman\(^{22}\) was to identify the 10 fatal flaws in leadership. They based these on 360° feedback summaries about leaders who were considered ineffective or had been dismissed. It was found that the worst leaders had at least one of the following shortcomings:

- **Lack energy and enthusiasm**: Appear passive, see new initiatives as a burden and make few suggestions for change;
- **Accept their own mediocre performance**: Set minimal expectations and believe mediocre performance is acceptable;
- **Lack clear vision and direction**: Focus on executing the objectives of the organization while expecting others to deal with strategy, vision, and direction;
- **Have poor judgment**: Make decisions that are not in the best interest of the organization and make promises that are not kept;
- **Do not collaborate**: Act independently and fail to develop positive relationships and share information and resources;
- **Do not walk the talk**: Set standards of behaviour or expectations of performance but do not follow them;
- **Resist new ideas**: Closed to new thinking, reject suggestions for change and prefer to keep things as they are;
- **Do not learn from mistakes**: Make excuses for mistakes, do not learn from mistakes and repeat mistakes;
- **Lack interpersonal skills**: Lack social skills, can be abrasive, insensitive, and arrogant, and do not respect others;
- **Fail to develop others**: Focus on themselves and consider the development of others as being unimportant.

To enhance leadership ability, it might be more productive to put the emphasis on identifying and eliminating shortcomings rather than on trying to develop new leadership qualities.

**Action-centred leadership**

John Adair developed "Action-centred leadership",\(^{23}\) which is based on the idea that leaders are expected to help team members achieve the common task, build and maintain the team and respond to the needs of individuals – see Figure 4.1.


These three aspects overlap because they are not independent.

- The task needs the team to work together;
- The team needs fully developed individuals to complete the task;
- The individuals need the task to be challenging and one they find motivating.

To fulfil these three aspects, Adair identified eight functions that need to be carried out by leaders. These are summarized in Figure 4.2.

The following outlines what is involved in each of these functions:

- **Defining the task**: Set clear objectives that are SMART;
- **Planning**: Consider alternative ways to achieve the task and prepare plans;
- **Briefing the team**: Keep the team involved and aware of progress by giving, receiving and sharing information;
- **Controlling what happens**: Maintain overall control to ensure that resources are used effectively;
Leading your team

- **Evaluating results**: Identify how to improve performance and development opportunities;
- **Motivating individuals**: Seek ways to motivate individual team members;
- **Organizing people**: Ensure that there is good time management, personal development and delegation of tasks;
- **Setting an example**: Demonstrate the behaviour expected of others.

Though this approach might seem rather simplistic, it has the advantage of emphasizing what leaders need to do. This opens up the possibility of individuals developing their leadership skills rather than depending upon their personal qualities.

**Introduction to leadership styles**

In 1939, Kurt Lewin\(^\text{24}\) led a team that defined three main leadership styles based on the extent to which decision-making is shared.

- **Autocratic**: The leader has complete control over the team and how tasks are carried out, makes decisions with little input from others and expects team members to be compliant. This style can be effective if the leader is the most knowledgeable person, there is a crisis or the task is routine and requires little skill. However, this leadership style can be demotivating, provide few opportunities for creativity and hinder the development of a team ethos.

- **Democratic/participative**: The leader provides guidance and encourages team members to give their views and participate in decision-making, with the final decisions still being made by the leader. This approach promotes creativity, teamwork and high levels of productivity, with team members feeling valued, satisfied and motivated. The democratic approach can be effective if team members are skilled and want to share their knowledge, but it can also lead to slow decision-making and frustration.

- **Laissez-faire/delegative**: The leader gives the team full responsibility for completing a task along with the associated decision-making and problem-solving capabilities. Little guidance is given, and feedback is provided by the leader only when requested. This allows thinking time for the leader but runs the risk of resulting in unsatisfactory completion of the task. This approach can be effective if the team is self-motivated and has the required expertise and experience.

These three styles can be described in a slightly different way.

- **Directive**: “I decide and then tell others what needs to be done”.
- **Consultative**: “I ask others for their views and then I make the decision about what needs to be done”.
- **Collaborative**: “I explore the issue with others and then we decide together what needs to be done”.

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Though managers tend to have a preferred leadership style, the style adopted should depend upon the nature of the decision and the capabilities of others who might be involved in the decision-making process. In general, a collaborative approach used in the right circumstances increases motivation and commitment, with a resulting increase in performance. However, it is important to remember that when a collaborative approach is taken, the manager is still accountable for the consequences of the decisions that have been made.

**Leadership styles**

*Categorization of leadership models*

Since the Lewin leadership styles were defined, many other models of leadership have been proposed. In addition to the trait theories dealing with the qualities expected of leaders, most leadership style theories fall into the following broad categories.

- **Behavioural theories**: The emphasis is on the ways in which leaders behave (for example, Blake Mouton managerial grid);
- **Situational leadership**: The styles are based on the approaches required to match the situation in terms of the development or readiness levels of the team members (for example, Hersey-Blanchard situational leadership theory);
- **Transactional theories**: The focus is on the contract by which the leader provides rewards and recognition in return for team members doing what they are told to do;
- **Transformational theories**: Prominence is given to the way in which a leader can promote change and transform an organization.

The three leadership styles identified by Kurt Lewin also occur in various forms in the other theories/models of leadership.

**Blake Mouton managerial grid**

The managerial grid is a behavioural leadership model developed by Robert Blake and Jane Mouton. It focuses on two factors affecting a leadership style: concern for people (that is, relationship oriented) and concern for production (that is, task oriented):

- **Concern for people**: The extent to which a leader considers the needs, interests and personal development of employees when deciding how tasks should be carried out;
- **Concern for production**: The extent to which a leader considers production effectiveness and efficiency when deciding how tasks should be carried out.

As shown in Figure 4.3, the model identifies five leadership styles based on the blend of the people and production factors.

The following are the characteristics of the five leadership styles:

- **Impoverished leadership**: The leader has little concern for people or production. Effort is not put into motivating or satisfying employees or creating efficient work processes and achieving results. This could lead to employees being demotivated and having low levels of satisfaction along with a disorganized workplace.

- **Produce or perish leadership**: The leader is mainly concerned with achieving results through planning, directing and controlling the work of others, with little account taken of the needs of the employees. This leads to short-term success but at the expense of having discontented employees.

- **Middle of the road leadership**: The leader tries to balance achieving results and meeting the needs of employees. This involves compromising, with the likely outcome being average performance based on moderately motivated employees and moderately effective production.

- **Country club leadership**: The leader is mainly concerned with providing employees with a safe, friendly and comfortable working environment with minimal conflict. It is assumed that happy employees will work hard and produce what is required. This can lead to results not being achieved because of a lack of supervision and control.

- **Team leadership**: The leader focuses on both production and people needs by creating a team atmosphere where employees are involved in decision-making and feel valued and empowered. The result is that employees feel motivated and committed to working hard and increasing productivity.

The managerial grid can be used as an evaluation tool for assessing an individual's own preferred management style. This could be done by using a questionnaire that helps people identify where they are on the grid based on their concerns for production and people. For example, if an individual's leadership style appears to be too production orientated, efforts could be made to improve communications with the team and involve the team in problem-solving. On the other hand, if someone is putting too much focus on people aspects, there could be more emphasis on planning and monitoring the team's activities.
The drawback of the managerial grid approach is that it gives the impression that individuals have a fixed leadership style. In reality, the leadership style should take account of what is most appropriate for the team and organization in any specific circumstance.

**Hersey-Blanchard situational leadership theory**

In the 1960s, Paul Hersey and Ken Blanchard\(^26\) proposed that there is no single leadership style that can be used effectively in all circumstances. Instead, they argued that the best leaders adopt a style that is appropriate for the situation – the style is determined by the characteristics of the team and the task to be completed. In the 1970s, this became known as the “situational leadership theory”.

The Hersey-Blanchard situational leadership theory is based on:

- The amount of task behaviour (guidance) provided by a leader (for example, the extent to which the leader specifies what to do, how, where and when to do it and who should do it);
- The amount of relationship behaviour (supportive behaviour) provided by a leader (for example, the extent to which the leader engages in two-way communication and demonstrates supportive behaviour);
- The readiness level that the team members exhibit in performing a specific task (for example, the extent to which team members have the expertise and willingness to accept responsibility for completing a task).

According to this theory, there are four leadership styles, indicated below. These are based on a decreasing amount of direction provided by the leader, accompanied by an increasing focus on the relationship between the leader and the team members.

- **S1. Telling**: The leader gives instructions to the team members about what they should do and how they should do it with little engagement with and close supervision of the individuals who have to carry out the task.
- **S2. Selling**: The leader provides direction and support by engaging with the team members, explaining what is involved in completing the task and seeking to get the team members to buy into what needs to be done.
- **S3. Participating**: The leader focuses on building relationships with the team members rather than giving direction, and there is shared decision-making about how to carry out some aspects of the task.
- **S4. Delegating**: The leader passes on most of the responsibilities for completing the task to the members of the team, with the leader taking on a monitoring or advisory role and having little or no involvement in any decision-making.

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Along with these leadership styles, the Hersey-Blanchard theory identifies four maturity levels for the team members that indicate their readiness to carry out the task. Based on a team’s state of readiness, an appropriate leadership style can be adopted.

- **R1. Unable and unwilling or insecure**: Team members are inexperienced, lack the expertise required for the task and are unable and unwilling to take responsibility for completing the task. The leader uses S1.

- **R2. Unable but willing or confident**: Though inexperienced, team members are eager to take on the task but feel that they will need support because they do not have the required expertise. The leader uses S2.

- **R3. Able but unwilling or insecure**: Team members have the experience and expertise required to complete the task but lack the confidence or the willingness to do the work without collaborating with the leader. The leader uses S3.

- **R4. Able and willing or confident**: Team members have the experience and expertise required to complete the task and know that they are capable of doing it and confident that they can succeed without the support of the leader. The leader uses S4.

The relationship between the maturity level of a team and an appropriate leadership style is summarized in Figure 4.4.

<table>
<thead>
<tr>
<th>Maturity level of the team</th>
<th>Leadership style</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1: Unable and unwilling or insecure</td>
<td>S1: Telling</td>
</tr>
<tr>
<td>R2: Unable but willing or confident</td>
<td>S2: Selling</td>
</tr>
<tr>
<td>R3: Able but unwilling or insecure</td>
<td>S3: Participating</td>
</tr>
<tr>
<td>R4: Able and willing or confident</td>
<td>S4: Delegating</td>
</tr>
</tbody>
</table>

**Figure 4.4. The relationship between the maturity level of a team and an appropriate leadership style according to the situational leadership theory**

The advantage of the theory is that it recognizes that leaders need to be aware of (a) the capabilities of the team members and (b) the importance of being flexible with respect to the leadership style that is adopted. However, teams are made up of individuals, so there might not be homogeneity in their readiness to take on a task. Additionally, as a team matures, changes in leadership style can be rather confusing, so the leader needs to take great care in transitioning between leadership styles. Finally, there is the danger that the model may put the focus on the short-term objective of successfully completing a task, possibly at the expense of taking a longer-term view of what is best for the team members and the organization as a whole.
Ken Blanchard\textsuperscript{27} produced an extension of the Hersey-Blanchard theory, referred to as the situational leadership II model. He identified four leadership styles based on directing behaviour (the extent to which the leader provides direction and control) and supporting behaviour (the extent to which the leader provides encouragement and feedback). These styles are directing (S1: “I decide”), coaching (S2: “let’s talk, I decide”), supporting (S3: “let’s talk, you decide”) and delegating (S4: “you decide”). In addition, he assumed that employees go through a development cycle brought about by increases in experience and expertise. The four development levels are: enthusiastic beginner (D1: low competence, high commitment), disillusioned learner (D2: some competence, low commitment), capable but cautious performer (D3: moderate competence, variable commitment) and self-reliant achiever (D4: high competence, high commitment). As with the Hersey-Blanchard theory, in the situational leadership II model, the leadership style used should be appropriate for the development level of the team or individuals.

\textbf{Goleman’s leadership styles}

Peter Salavoy and John Mayer created the idea of emotional intelligence, and this was popularized in a book by Daniel Goleman.\textsuperscript{28} Emotional intelligence is the ability to perceive, understand and manage your own emotions and recognize, understand and influence the emotions of others. It covers five aspects.

- **Self-awareness**: Knowing your emotions;
- **Self-regulation**: Managing your emotions;
- **Motivation**: Motivating yourself;
- **Empathy**: Recognizing and understanding other people’s emotions;
- **Social skill**: Managing relationships.

Daniel Goleman, et al.\textsuperscript{29} identified six leadership styles that use the five aspects of emotional intelligence in various combinations – see Figure 4.5. These styles are similar to those in the Hersey-Blanchard situational leadership theory, but the authors’ styles put the emphasis on the underlying importance of emotional intelligence. It is assumed that a leader should have the required emotional intelligence to be able to choose the appropriate leadership style rather than just analyse the readiness of a team to undertake a task.

\begin{itemize}
\item [\textsuperscript{27}] Blanchard, K.H., P. Zigarmi and D. Zigarmi, 1985: \textit{Leadership and the One Minute Manager: Increasing Effectiveness through Situational Leadership}. New York, Morrow.
\end{itemize}
Figure 4.5. The basis of the leadership styles described by Daniel Goleman and colleagues

The six leadership styles are as follows:

- **Commanding/coercive**: “Do what I tell you”: Gives clear and decisive instructions and expects them to be followed. Effective in a crisis or at the start of a new project but can inhibit organization flexibility and employee motivation.

- **Authoritative/visionary**: “Come with me”: Creates a sense of direction, motivates employees and encourages change. Effective when the organization is drifting or needs to go in a different direction, but less effective when team members are more experienced than the leader.

- **Affiliative**: “Put people first”: Creates harmony and increases morale by building relationships. Effective when there are stressful situations or the need to heal rifts in relationships, but can lead to performance being neglected.

- **Democratic**: “What do you think”: Values the sharing of ideas and opinions with a view to achieving buy-in and consensus. Effective when team members are competent, but can lead to indecision and team members feeling leaderless.

- **Pacesetting**: “Do as I do now”: Demonstrates high standards of performance and expects team members to do the same. Effective with competent and motivated team members, but less competent team members feel overwhelmed and left behind.

- **Coaching**: “Try this”: Puts the focus on personal development and giving support to improve performance. Effective with team members that know their weaknesses and want to improve their performance, but not effective if they are reluctant to change their ways.

Some of the styles are likely to come naturally to many people, though some might be more challenging to implement. Nevertheless, having leaders that are able to switch between styles in appropriate circumstances is good for the team and the organization. It should be noted, however, that the commanding/coercive and pacesetting styles have the potential to create discord, so they need to be used with care.
**Transformational and transactional leadership**

Transformational leaders are inspiring risk takers who bring about change in an organization and motivate others to want to make changes and fulfil their potential. Transformational leaders tend to be emotionally intelligent, enthusiastic, energetic and passionate. There are four aspects to transformational leadership:

- **Intellectual stimulation**: Challenges the status quo and encourages others to be innovative and creative, explore new ways of doing things and promote critical thinking and problem-solving;
- **Individualized consideration**: Offers support, encouragement and guidance to others on an individual basis, promotes the sharing of ideas and values the unique contribution an individual makes;
- **Inspirational motivation**: Articulates a compelling vision that inspires others and gives them a sense of direction and purpose, sets high standards and encourages others to contribute to the development of the organization;
- **Idealized influence**: Acts as a role model, wins the trust, loyalty and respect of others and fosters a spirit of teamwork and a commitment to the organization and its mission and values.

By creating and communicating a compelling vision, transformational leaders drive change and innovation in an organization. They also build an enthusiastic workforce committed to helping to implement changes and overcome any associated challenges while continuing to perform at a high level. However, there is a danger that transformational leaders might depend too much on passion and emotion at the expense of analysing what is really happening within the organization and the detailed actions required to achieve the vision. This could be overcome if transformational leaders have the support of colleagues who can do the analysis and prepare detailed plans.

A very different approach is referred to as transactional leadership. This is mainly based on the assumption that people have to be instructed, controlled and monitored to carry out tasks, with motivation coming from a combination of rewards and punishment (that is, there is no self-motivation). Consequently, the people carrying out a task are expected to obey the orders of their superiors. This style works in situations where employees are motivated by rewards. However, this approach creates a stressful work environment and compliant workers who are not encouraged to innovate.

**Types of teams**

**Categorization of teams**

The terms “group” and “team” are often used as if they mean the same thing. However, in the workplace, there are important differences between the two:

- **Group**: People who form part of a distinct unit but work independently and are only accountable for achieving their own objectives;
- **Team**: People who collaborate to achieve some set purpose and are collectively accountable for achieving the team’s objectives.
Leading your team

There are many types of teams; the following are the main ones:

- **Operational/work teams**: These are long-lasting teams that undertake ongoing activities, with team members having well-defined responsibilities. The team leader is responsible for managing and motivating the team, planning and allocating tasks and appraising performance.

- **Self-managed teams**: These are operational/work teams that take collective responsibility for ensuring that the team operates effectively and meets its objectives. The team leader has a supporting role by providing guidance and assistance and monitoring performance. The team as a whole agrees on the standards and objectives.

- **Project teams**: These are composed of people with contrasting expertise who are drawn from different parts of an organization to work on a project. Usually, the team is led by a project manager who is responsible for the overall management and success of the project. Although the project manager allocates the tasks, the team members are not usually managed by the project manager.

- **Focus teams**: These are created to deal with a specific issue or problem. Usually, the team is expected to generate ideas that will improve some aspect of performance. These teams are usually short-lived and composed of only a few people. The task of the team leader depends upon the expertise and experience of the team members and involves keeping the team focused and encouraging the sharing of ideas.

- **Community of practice**: These are made up of people with a common professional interest who want to share learning, experiences and information. The group is led by the community leader, who is responsible for ensuring that the community functions as a knowledge-sharing mechanism, and there is a feeling of ownership among the members.

It is important to recognize that sometimes it is better for people to work alone rather than in a team. In general, it is worth establishing a team to tackle a particular task if it is complex, involves many choices and uncertainties and requires people with varying experiences and expertise. This applies to project and focus teams.

**Virtual teams**

Virtual teams are collections of individuals who work together but are separated in either space (for example, people located in different parts of an organization) or time (for example, shift workers who have little direct contact with others doing the same job). There might also be cultural differences between team members if they come from different organizations or are located in different countries.

Usually, virtual team members have to rely on technology to collaborate, and the same applies to the leaders. This means that leading a virtual team can be very challenging. The following are some of the ways in which a leader can overcome some of these difficulties and ensure that the virtual team functions effectively:

- Take time to plan communications with an emphasis on the content, frequency and mode of communication;
Leading your team

- Demonstrate excellent written and oral communication skills;
- Agree on how the team will interact and the ways of working;
- Set expectations about behaviour and when advice should be sought or information provided;
- Foster a team identity with shared values and a commitment to supporting each other;
- Encourage and enable collaboration and cohesion by providing effective technology for sharing outputs, information and opinions (for example, teleconferencing, wikis or blogs);
- Be clear about responsibilities and who will do what when setting tasks;
- Build relationships and create a rapport with team members;
- Provide timely feedback and respond promptly to queries, problems or suggestions;
- Focus on results and outputs because there are few opportunities to directly monitor performance;
- Try to have regular virtual meetings that are focused and effective;
- Try to have occasional face-to-face meetings with all (or most) of the team;
- Ensure that performance management is carried out effectively and support is given for professional development (for example, via coaching).

Many of the above approaches apply to leading teams that are not virtual, but they have increased importance when there is little face-to-face contact.

There are a variety of reasons why a virtual team might not be effective. The primary reason for ineffective leadership is most likely not fully grasping the complexity of leading a virtual team separated by time, distance or culture. In particular, there might be problems associated with a lack of (a) effective communication and engagement, (b) trust and commitment and (c) clarity about roles and responsibilities.

Creating effective teams

Development of a team

A team starts off as a collection of individuals. Bruce Tuckerman\(^{30}\) identified four stages in turning these individuals into an effective team – see Figure 4.6.

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These four stages are described in detail below:

- **Forming**: The individuals who will form the team consider how they will work together and what they are trying to achieve. At this stage, they may be watchful and uncertain. The role of the team leader is to provide guidance and direction, clarify the team’s purpose and objectives and clarify roles and responsibilities. This is similar to being in “telling mode”, with the team being dependent on the leader.

- **Storming**: This is a period of turbulence and possibly conflict, with team members putting forward different views, vying for position, coming to terms with various working styles and challenging the views of the leader. If all goes well, this results in progress being made with respect to how the team will operate and the specification of responsibilities. The role of the leader is to be in “selling mode” and focus on what the team is trying to achieve.

- **Norming**: The individuals are becoming members of a cohesive team with agreement about what the team is expected to accomplish and how this will be achieved, how the team will operate and the responsibilities and tasks that individuals will undertake. The members of the team now feel committed. The team leader is in “participating mode” and focuses on building relationships and sharing some decision-making powers with team members.

- **Performing**: The team is now working effectively together and knows what it is doing and why it is doing it. There are good working relationships, problems are solved and results are being produced. The team is no longer reliant on the team leader, who is now in “delegating mode”. The team leader provides overall direction, advice, encouragement and development opportunities and delegates some responsibilities to the team members.

A simplified version of this process could be described as involving chaotic, formal and skilful stages.

If the team is not permanent and has been created to complete a specific task (for example, a project team), there is a final stage referred to as adjourning. This involves contemplating the disbandment of the team. The team might become more effective with a determination to complete the task or less effective as the end of the task approaches. The role of the leader is to continue to motivate the team by celebrating success and recognizing the achievements of the team.
The duration of each stage can vary depending upon the nature of the team, and some teams might not go through all phases because they are short-lived. In addition, some stages might be merged rather than treated as discrete. The role of the leader is to support the team in progressing through the stages as quickly as possible to reach the point of ‘performing’ and then to stay in that stage. Overall, the leader needs to make the best of the strengths of the individual team members and minimize the impact of any weaknesses.

For permanent teams, the stages are still applicable when new members join the team.

**Effective teams**

The following are some of the characteristics of effective teams:

- **Clear purpose**: There is an understanding of how the team’s activities contribute to meeting departmental and/or organizational goals;
- **Clear objectives**: Individual team members know what is expected of them, as does the team as a whole;
- **Balanced roles**: There is a good balance of the expertise and experience required for the team to be successful;
- **Defined roles and responsibilities**: Team members understand their roles and responsibilities and those of others;
- **Commitment and accountability**: There is a commitment to work within the team’s priorities and plans, and team members feel accountable for the team’s success;
- **Trust**: Team members are trustworthy and reliable and respect the views and contributions of others;
- **Support and cooperation**: Team members are supported, and there is a commitment to work together to meet the team’s objectives;
- **Good communications**: There are both formal and informal communications that support the timely sharing of information;
- **Openness**: Team members express their views openly and honestly and experience a good balance between being supported and challenged;
- **Personal development**: There are opportunities for team members to enhance their expertise and experience;
- **Evaluation**: The team members regularly review the performance of the team, and they are willing to change their priorities and plans;
- **Sense of identity**: The team members feel that that have a common purpose and a sense of belonging;
- **Leadership**: The team leader acts in an appropriate way and is trusted by the members of the team.

A team could still be effective without displaying all of these characteristics, but the more of them that occur, the more likely it is that the team will be high-achieving, with the team members feeling that their involvement is satisfying both personally and professionally.
Team roles

According to Meredith Belbin,\(^{31}\) team members take on different roles. Belbin identified nine roles, though individual team members might take on several roles. The roles were categorized as action-oriented, people-oriented and thought-oriented, as indicated in Figure 4.7.

The following summarizes the roles and potential weaknesses:

- **Shaper**: Makes things happen, overcomes obstacles, stimulates others and helps the team improve, but might appear aggressive and argumentative;

- **Implementer**: Determines actions, creates plans and gets things done, but might appear inflexible and resistant to change;

- **Complete finisher**: Ensures that all tasks are completed satisfactorily and details are checked, but might appear reluctant to delegate and too concerned with details;

- **Coordinator**: Guides the team, clarifies priorities and objectives and delegates, but might appear manipulative and too ready to allocate tasks to others;

- **Team worker**: Encourages cooperation, provides support and makes sure that team members work together, but might appear indecisive and an avoider of conflict;

- **Resource investigator**: Explores options, works with stakeholders and negotiates access to resources, but might appear overly optimistic and quick to lose enthusiasm;

- **Plant**: Innovates and solves problems, but might appear unrealistic, unwilling to accept constraints and uncommunicative;

- **Monitor evaluator**: Challenges, analyses and evaluates options, but might appear uninspiring, over-cautious and lacking in drive;

- **Specialist**: Provides specialized expertise, but might make few contributions outside the specialist area and be too focused on technicalities.

Knowledge of team roles is important in creating a balanced team. All the roles are of equal importance, but the team might not be fully effective if several people attempt to take on the same roles or if some roles are not carried out.

**Team performance**

**Planning and setting direction**

Planning for the team is usually most effective if team members have an opportunity to contribute to the planning process. The team plan should also be aligned with the organization’s annual and strategic plans.

When preparing a team plan, it is worth asking questions such as the following:

- How can the team contribute to meeting the organization's top-level objectives?
- What weaknesses are impacting the team’s activities, and how can they be overcome?
- What could be done to build upon the strengths of the team?
- What processes and procedures could be changed to enhance the effectiveness of the team?
- How could the products and services provided by the team be enhanced?

The outcome of these deliberations should be a few team objectives.

To get the best from the team, it is desirable for the objectives to have the following characteristics:

- **Clear and concise**: The objectives should be SMART (specific, measurable, achievable, relevant and time-bound) so that there is no doubt about what is expected to be achieved. In addition, it should be clear that progress in meeting the objectives will be evaluated and finally reviewed/rewarded (SMART becomes SMARTER).

- **Degree of challenge**: There should be a degree of challenge in the objectives so that accomplishing them feels like an achievement. However, if they are too challenging, they are likely to be demotivating because they are too difficult to achieve. If the objectives are too easy to achieve, they will have little impact on performance.

- **Known benefits**: There will be a commitment to meeting the objectives if they are considered to be worthwhile and if there is an understanding of the benefits of achieving the objectives for the individuals, the team and the organization. Having team members contribute to setting the objectives is a way of gaining their commitment.

To complement the objectives, it might also be appropriate to have some key performance indicators (KPIs) that are likely to be for the team rather than for individuals. The KPIs can be used as measures to assess whether progress is being made in achieving the objectives. Sometimes the KPIs might be set at an organizational or departmental level, but meeting the team objectives might contribute to those KPIs.
To identify the KPIs, it might be worth first considering the critical success factors (CSFs). The CSFs identify the areas of activity that should receive constant and careful attention when managing performance.

Having established the objectives, and possibly the KPIs, it is beneficial to prepare an action plan. This provides a reality check on whether the objectives are likely to be achieved in the time frame and with the resources available. The action plan also provides the means by which the team leader can monitor progress towards meeting the objectives. It should also specify who will do what by when.

**Establishing working arrangements and monitoring performance**

For a team to function effectively, all the members need to understand how they will work together and what is expected of them. These can be thought of as the “ground rules” for the team and are sometimes formalized in a team charter.

The allocation of tasks is likely to be the responsibility of the team leader (assuming the team leader has management responsibilities). The team leader needs to ensure that tasks are distributed fairly among the team members and that there is clarity about what the tasks entail and the required outputs. It is important that team members given tasks have the required expertise and experience, or that support is given to develop this expertise. Who would benefit from taking on tasks that will contribute to their professional development is also worth considering.

Part of the process of allocating tasks is the team leader making decisions, sometimes in consultation with team members. If a consultation is taking place, the team leader needs to ensure that everyone understands the issue to be addressed or what is being proposed (including the proposal's disadvantages, benefits and rationale). The team leader then needs to give full consideration to the opinions and proposals from the team members. However, before starting the consultation process, it should be clear whether the aim is to make a decision by consensus or whether the team leader alone will make the decision but wants to explore the ideas and opinions of the team members.

Overseeing the performance of the team involves ensuring that the objectives are met and the required resources are available (in terms of both the staff and the required expertise). To do this, it is necessary to monitor performance. However, not everything can be monitored, so a decision is required about what is important (having KPIs will help with this) and about how the monitoring of those aspects can be implemented. The team members also need to know how their performance is being monitored and assessed and what control systems are in place.

It is also useful to take into account the following in establishing working arrangements:

- The team culture covering how the team members want to work together, how they will collaborate and how they will raise issues with each other and resolve them;
Leading your team

What, if any, flexible working arrangements will be considered, and what commitments the team members may have outside of their role that could impact how they manage their work.

Running meetings
Leaders frequently have to run meetings involving their own team and/or participants from various other teams. There are essentially three types of meetings:

– Information giving – conveying information;
– Information taking – obtaining information;
– Problem-solving – resolving a problem or improving operations.

In practice, a meeting might contain more than one of these elements.

Problem-solving meetings are the most satisfying and productive meetings and make good use of the experience and expertise of the participants. They also help develop the team as a whole and enhance the expertise of the members of the team. The following are the key steps in leading a problem-solving meeting:

– Review the current situation and clarify what needs to be achieved;
– Identify the root cause of the problem or issue that needs to be addressed;
– Be creative in identifying the options for resolving the problem or issue;
– Evaluate the options (for example, in terms of cost/benefit, risks or practicalities);
– Determine what action will be taken (who will do what by when) and how implementation will be monitored.

With this process, it is important to keep the third and fourth steps separate. Evaluating options when they are suggested tends to inhibit creativity in identifying the full range of options that are available.

Some key skills for team leaders

Building trust
Trust is an essential element of a productive and effective team. Without trust, a team is really just a group of individuals, and a lack of trust can have an adverse impact on performance, communication, collaboration and innovation. There needs to be trust among all the members of the team and between the team leader and the team members.

The most effective way for a team leader to build trust in the team is to lead by example and demonstrate the following characteristics:

– Honesty: Tell the truth as much as possible and show emotion;
– Reliability: Do what is said and be consistent;
– Openness: Volunteer information and do not omit important details;
– Integrity: Display loyalty and be prepared to alter one’s own behaviour.

Trust can also be built among the members of the team by doing the following:
Leading your team

- Encouraging team members to discuss progress and problems in an honest and meaningful way;
- Discussing mistakes by team members in a constructive way with the emphasis on what can be learned from the mistakes and how can they be avoided in the future;
- Being clear about what is expected from team members;
- Involving team members in problem-solving;
- Recognizing the achievements or efforts of the team and team members;
- Giving full consideration to the ideas, proposals and opinions of team members;
- Getting to know team members by having informal contacts;
- Scheduling regular meetings with team members to give feedback and gain input.

It is important to remember that trust is hard to build but easy to lose.

Communicating

A key role of a team leader is to communicate with the team and others that have an interest in the team's activities. This requires the team leader to adapt his or her style of communication to individuals, the team and the situation.

Before communicating any important information, it is worth asking the following questions:

- Why am I communicating?
- Who is receiving the communication?
- What is the message?
- Which is the best communication channel?
- How can feedback be obtained?

Having addressed those questions, there are seven communication principles that can be applied to both written and oral communication – known as the “7 Cs”. These principles are summarized in Figure 4.8. They were first articulated by Scott Cutlip and Allen Center\(^{32}\) in the 1950s; since then, they have appeared in a variety of forms.

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The following illustrates the approaches that can be taken to satisfy the 7 Cs of communication:

- **Clarity**: Be clear about the purpose of the message and ensure that it can be understood by the recipient;
- **Conciseness**: Keep to the point by focusing on what the message is trying to achieve;
- **Concreteness**: Ensure that the message is specific and definite rather than vague and general;
- **Correctness**: Make certain that the information contained in the message is accurate and the language used is correct and appropriate;
- **Coherence**: Present the information in a logical and consistent way;
- **Completeness**: Ensure that the message includes everything the recipient needs to understand the message, and if necessary, take action;
- **Courtesy**: Keep the message polite, friendly, professional, open and honest.

In some versions of the 7 Cs, "coherence" is replaced by “consideration”. In these cases, the principle is that consideration should be given to the requirements, viewpoints and characteristics of the recipient.

The following are some of the ways that a team leader can enhance the effectiveness of his or her communications:

- Encourage open channels of communication for sharing views and information and giving feedback;
- Explain the reasons and context when requesting that any actions be taken;
- Check that any requests for actions have been understood correctly;
- Avoid overuse of written communications, especially emails, and be creative in using different types of media;
Leading your team

- When possible, use face-to-face communication (including team meetings) with communication by telephone being a secondary option, especially for remote team members;
- Exhibit active listening skills (for example, pay attention, ask questions, avoid interrupting, respond appropriately and show understanding of what has been said);
- Look for opportunities to give praise and draw attention to achievements.

The effectiveness of the communication can have a profound impact on team performance and morale. In particular, two-way communication fosters cooperation and builds trust.

Motivating

One key responsibility of a team leader is to motivate the members of the team. When motivated, team members are committed to contributing to the team’s success and are willing to overcome obstacles. At the same time, motivation helps to make full use of the expertise of the team members, encourages creativity, stimulates professional development and enhances performance.

There are many theories about motivation, but they fall into two broad categories:
- Content theories based on need (the drive to satisfy a variety of needs);
- Process theories based on the way in which people make decisions about how to act (the selection of behavioural actions to meet needs and determine choices).

Though these theories provide a useful insight into motivation, there is no definitive theory of motivation. This means that when dealing with motivation, a team leader needs to take account of the culture and practices of the organization. In some circumstances, applying one of the theories might be beneficial, but the main value of the theories is to help team leaders think about the various approaches that could be taken. From a practical point of view, there are many aspects of day-to-day work that could be used by the team leader to motivate the members of the team – see Figure 4.9.

![Figure 4.9. Aspects of day-to-day work that can be used for motivation](image-url)
The following describes in more detail how aspects of day-to-day work can be used as opportunities to provide motivation:

- **Outcomes**: Ensure that all members of the team know what is expected of them and the way in which completion of the task will contribute to the meeting of organizational goals;
- **Tasks**: Set challenging but realistic tasks so that delivering the required outcome will provide a sense of achievement;
- **Deadlines**: Set realistic deadlines with a clear understanding of what is required and by when;
- **Responsibility and authority**: Give the team agreed levels of responsibility and authority so that they can take ownership of the task;
- **Expertise**: Fully utilize the expertise of the individual members of the team and provide opportunities for the enhancement of their expertise;
- **Relationships**: Have good relationships with the team members and show interest in what they are doing without trying to take over control;
- **Feedback**: Provide consistent positive feedback, recognize success and offer support.

**Coaching**

Team leaders have a responsibility to support the professional development of their team members so that they can enhance their expertise and experience, advance their careers and make a greater contribution to the success of the organization. This requires the team leader to understand the development needs of the team members, to create a culture in which the team members want to continue learning and to seek opportunities to support professional development.

There are many formal, semi-formal and informal learning activities that can support an individual’s professional development, but the most effective of these is probably coaching by the team leader. Coaching tends to be performance focused, short term, formal and structured.

The GROW model is often used for coaching, though there are other models (for example, FUEL and OSKAR). John Whitmore, Graham Alexander and Alan Fine all contributed to the development of GROW, but the model was popularized in a book by John Whitmore.33

GROW has four components: decide where you are going (goal), understand where you currently are (reality), explore various routes to reaching your goal (options), and commit to specific actions to move towards your goal (will or way forward) – see Figure 4.10. The strength of this model is that it leads to a clearly-defined outcome, with the person being coached having the primary role in identifying problems and generating solutions.

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33 Whitmore, J., 1992: *Coaching for Performance: GROWing People, Performance and Purpose*, Nicholas Brealey Publishing Ltd.
Leading your team

Figure 4.10. The GROW model for coaching

The following outlines the four stages of the GROW model:

- **Goal**: Identify what needs to change and turn this into a goal. Ideally, this should be SMART: specific, measurable, attainable, realistic and time-bound.
- **Reality**: Assess the current reality to ensure that there is clarity about the starting point for moving towards the goal and the obstacles that have hindered progress.
- **Options**: Explore the options for achieving the goal. It is important to be creative and identify a wide range of options.
- **Will**: Establish the will to pursue one of the options. Once an option has been chosen, the person being coached commits to implementing an action plan that will lead to the achievement of the goal.

A slight variation on the GROW model is the T-GROW model. This model starts by clarifying the broad topic that the person being coached wants to address, thereby providing context for the later discussion about goals. This initial discussion might also reveal new issues that need to be addressed.

The GROW model and its variant were developed on the assumption that the coach is not an expert in the areas of interest of the person being coached. In these cases, the coach acts as a facilitator and avoids providing guidance or direction. The aim is to allow the individuals being coached to analyse the issues that need to be addressed and find their own solutions. Often, however, it is the team leader who acts as the coach. In this case, the coach might have expertise and experience and might be able to provide additional insights and professional advice. The GROW model can still be used, but the coach should take care to avoid imposing solutions. The emphasis should remain on encouraging the individuals being coached to think things through for themselves.

**Delegating**

Delegating means that the team leader gives the authority and required resources (including time) to a member of the team to perform a task, but the team leader still has overall responsibility for the satisfactory completion of the task.
Leading your team

For the members of the team, taking on a delegated task can help with their professional development, raise self-esteem and provide job enhancement. There are also benefits for the whole team in improving efficiency, providing flexibility, aiding communication and teamwork and balancing workloads.

There are a variety of levels of delegation, and there are many ways in which these can be categorized, but they are all similar in specifying a hierarchy based on what is expected of the person who has been given the delegated task. The most basic level of delegation is for the team leader to just tell a team member to perform a task in a specific way without deviation. This leaves the team leader with complete control over the decision-making, but leaves the person carrying out the task with little sense of achievement. The following are some other levels of delegation:

- **Gather information**: This provides the team leader with the information required for a decision to be made.
- **Make recommendations**: The team leader still makes the decisions, possibly in consultation with the person carrying out the task, but now the team leader has recommendations based on an assessment of the options.
- **Make decisions, take action and keep me informed**: The team leader hands over decision-making but wants to be kept informed to monitor progress and, if necessary, intervene.
- **Full delegation – solve the problem**: The team leader hands over complete control of the task and decision-making, so that the team member is now accountable for the successful completion of the task.

Of course, there can be variations on these levels of delegation. For example, even if someone has delegated responsibility for making decisions, that person could be asked to check with the team leader before making key decisions and/or taking any actions that go beyond a set of agreed parameters.

Delegation is likely to be effective if a systematic approach is taken. The following four steps are likely to ensure a successful outcome for the delegation:

- **Decide what task to delegate**: Think carefully about why a task is being delegated. Then define the task so that there is no misunderstanding about what the outcome should be.
- **Select the right person**: Choose a person who has the time to carry out the task and the required expertise. Consideration could also be given to who would find the task interesting or who would benefit from a professional development opportunity.
- **Specify the task**: Make sure the chosen person understands the task (for example, outcome and deadlines) and knows what authority and responsibility have been delegated and the feedback arrangements. Avoid specifying how the task should be carried out.
- **Monitor progress**: Obtain feedback to monitor progress and help motivate the person carrying out the task. This provides the team leader with the opportunity to consider intervening if problems occur.
When implementing this process, the team leader needs to avoid (a) assuming the team member knows what is required without a full explanation being provided, (b) delegating a task or choosing a person just because it is convenient, (c) underestimating the time and effort required or (d) micromanaging the person carrying out the task.

**Giving feedback**

Team leaders need to be aware of the levels of motivation in their teams. This can be achieved by having informal team meetings (for example, once a week) and more formal meetings with individual team members (for example, once a quarter) to review progress and discuss development needs. In addition to these events being used to assess the levels of motivation, they are also opportunities to motivate. In both cases, giving feedback is an essential part of the process.

Feedback is any communication that helps individuals become more aware of themselves and how their performance and/or behaviour impacts on others. Giving feedback can be a formal process as part of performance management or less formal as part of day-to-day management (for example, at regular team meetings or at a debrief after a specific activity). If done well, feedback can increase motivation, improve performance and change behaviour.

Giving negative feedback can be difficult for all concerned. However, it is an important part of the development cycle and can be beneficial if it is delivered in a constructive way. Also, negative feedback is easier to give and easier to take if the team leader has already given some indications that there are concerns. Of course, giving positive feedback is highly motivating, provided it is deserved.

BOOST is an acronym summarizing the characteristics of an effective feedback process – see Figure 4.11.

![Figure 4.11. Characteristics of an effective feedback process](image)

The following indicates what happens in each step of the feedback process:

- **Balanced**: Describe what is good as well as where improvements could be made.
- **Observed**: Only include information based on what has been directly observed and only deal with shortcomings over which the person has some control.
Leading your team

- **Objective**: Ensure that there is no personal bias and that the feedback is related to what happens in the workplace.
- **Specific**: Give specific examples rather than general statements.
- **Timely**: Provide feedback at an appropriate time.

When giving feedback, it is usually better for the team leader to start by asking about the team member’s perception of his or her performance – what went well and what did not. Frequently, this will lead to the individual identifying what needs to be improved, perhaps in more detail than the team leader is able to do. The discussion can then go on to what can be done to help that improvement take place. At the end of the feedback session, it is worthwhile for the team leader to ask what has been learned from the feedback and what action will be taken.

**Resolving conflicts and dealing with other challenges**

It is almost inevitable that team leaders will be faced with challenges, including dealing with conflicts. In such situations, the team leader needs to take prompt action and avoid assuming that the problem will go away by itself.

A general approach to managing conflict is the DES method: describe the situation in an objective and precise manner, express feelings associated with the situation that has caused the conflict, and specify what needs to happen to resolve the conflict. This approach is applicable if the conflict is between the team leader and a team member or if the team leader is acting as a mediator between team members who are in conflict. A slight variation on this approach is the DESC method, which has the following final step: clarify the consequences of failing to resolve the conflict.

The following provides more details about the kind of process that a team leader could follow when trying to resolve a conflict:

- **Clarify the source of the conflict**. The parties share information by explaining their points of view with the intention of trying to reach an agreement about the source of the conflict. It might be necessary to go beyond the stated dispute to reveal the root cause.
- **Establish a common goal**. The parties explain what they want to happen to resolve the conflict and try to reach an agreement about what both parties would consider to be a desirable outcome – the common goal.
- **Identify solutions**. The parties explore the various solutions that might lead to the common goal being achieved and identify the barriers associated with implementing the solutions.
- **Agree on a solution**. From the solutions that might be acceptable based on where there is common ground, the parties seek the one that is best for both of them.
- **Implement the agreement**. The parties commit to implementing the agreed solution, identify what they now need to do and agree on how they will know that the solution is working.
The process that has been outlined for resolving a conflict should be adapted to the nature of the conflict and the relationship between the people involved.

As well as dealing with conflicts, the team leader might also be faced with challenges associated with a lack of commitment, a breakdown in communication or personality clashes. In all cases, the approach outlined for dealing with conflict can be adapted to the situation. In particular, as well as being patient, impartial, avoiding criticism and maintaining a positive attitude, it is necessary for the team leader to demonstrate the following when dealing with difficult situations:

- **Effective communication**: Transferring information accurately, clearly and as intended in verbal and non-verbal ways;
- **Active listening**: Concentrating on what someone is saying and using verbal and non-verbal messages to show interest and understanding in what is being said;
- **Assertiveness**: Expressing views clearly, firmly, calmly and honestly, but without being aggressive;
- **Empathy**: Being aware of the feelings and emotions of others.

**Source material and further reading**

**Books**


**Leadership and management**

- [Learn to be a Leader: Leadership versus management](http://www.learn-to-be-a-leader.com/leadership-versus-management.html)
- [SkillsYouNeed: Leadership trait theory](https://www.skillsyouneed.com/lead/trait-theory.html)

**Leadership styles**

- [MindTools: Leadership styles](https://www.mindtools.com/pages/article/newLDR_84.htm)
- [MindTools: Emotional intelligence in leadership](https://www.mindtools.com/pages/article/newLDR_45.htm)
- [MindTools: Leading by example](https://www.mindtools.com/pages/article/newLDR_60.htm)
- [Changing Minds: Leadership styles](http://changingminds.org/disciplines/leadership/styles/leadership_styles.htm)

**Team types and team creation**

- [Management Study Guide: Types of teams](http://managementstudyguide.com/types-of-teams.htm)
Leading your team

- https://www.mindtools.com/pages/article/newLDR_86.htm (MindTools: Forming, storming, norming, and performing)
- https://knowhownonprofit.org/your-team/people-management-skills/teams/effectiveteam/roles (NCVO Knowhow Nonprofit: Team roles)

Team performance
- https://www.youtube.com/watch?v=SEfgCqnMl5E (YouTube: The Key Differences Between Leading and Managing)
- https://www.mindtools.com/pages/article/newTMM_87.htm (MindTools: Performance management and KPIs)
- https://www.cipd.co.uk/knowledge/fundamentals/people/performance/factsheet (CIPD: Performance management: an introduction)
- https://www.cipd.ie/knowledge/hr-fundamentals/performance/appraisals-factsheet (CIPD: Performance appraisal)
- https://www.skillsyouneed.com/rhubarb/performance-management.html (SkillsYouNeed: 5 skills all managers need for implementing successful performance management)

Leadership skills
- https://www.skillsyouneed.com/leadership-skills.html (SkillsYouNeed: Leadership skills)
- https://www.mindtools.com/pages/article/newTMM_92.htm (MindTools: Team management skills)
Key points

Leadership and management

– Management keeps a complicated system of people and technology running smoothly by planning, budgeting, organizing, staffing, controlling and problem-solving.

– Leadership defines what the future should look like, aligns people with that vision and inspires them to make it happen despite the obstacles.

– Successful leaders inspire and motivate others, display high integrity and honesty, solve problems and analyse issues, drive for results, communicate powerfully and prolifically, collaborate and promote teamwork, build relationships and display a strategic perspective.

Leadership styles

– Trait theories try to identify the qualities of good leaders (including being assertive, committed, a communicator, confident, consistent, cooperative, courageous, creative, decisive, a delegator, dependable, determined, empathetic, energetic, flexible, honest, innovative, objective, positive, responsible, sincere, sensitive, tough and trustworthy), but there appears to be no agreement about the key qualities.

– The Blake Mouton managerial grid is based on a behavioural theory that uses an assessment of concern for people and for production to identify five leadership styles: impoverished, produce or perish, middle of the road, country club and team leadership.

– The Hersey-Blanchard situational leadership theory proposes that the best leaders adopt a style that is appropriate for the situation as determined by the characteristics of the team and the task to be completed; the leadership styles are telling, selling, participating and delegating.

– Goleman’s leadership styles have similarities to those in the Hersey-Blanchard theory, but the emphasis on the underlying importance of emotional intelligence manifests itself in six leadership styles: commanding/coercive, authoritative/visionary, affiliative, democratic, pacesetting and coaching.

– Transformational leadership involves bringing about change in an organization by challenging the status quo, offering support, encouragement and guidance, articulating a compelling vision and acting as a role model.

– Transactional leadership is mainly based on the assumption that people have to be instructed, controlled and monitored to carry out tasks with motivation coming from a combination of rewards and punishments.

Types of teams

– There are many types of teams including operational/work, self-managed, project and focus, and community of practice.

– Teams might be virtual, where members are separated in either space (for example, people located in different parts of an organization) or time (for example, shift workers who have little direct contact with others doing the same job).
Virtual teams are not likely to be productive if there is a lack of (a) effective communication and engagement, (b) trust and commitment and (c) clarity about roles and responsibilities.

Creating effective teams
- Bruce Tuckerman identified four stages in the development of a team: forming, storming, norming and performing, followed by adjourning if the team is disbanded.
- Meredith Belbin identified nine team roles, though an individual might take on several roles: shaper, implementer, complete finisher, coordinator, team worker, resource investigator, plant, monitor evaluator and specialist.

Team performance
- Team performance is managed by setting objectives that are clear and concise, providing a degree of challenge and identifying the benefits of the objectives being met.
- A team is likely to function effectively if there is agreement about how the team members will work together and what is expected of them – these can be thought of as the “ground rules” for the team and are sometimes formalized in a team charter.
- Arranging a team meeting to solve a problem or improve operations makes good use of the expertise and experience of the team members, provided that the meeting is run in a structured way.

Some key skills for team leaders
- Building trust involves honesty (tell the truth as much as possible and show emotion), reliability (do what you say and be consistent), openness (volunteer information and do not omit important details) and integrity (display loyalty and be prepared to alter your own behaviour).
- Effective communication involves adapting the style of communication to the individuals, team and situation and using the seven communication principles: clarity, conciseness, concreteness, correctness, coherence, completeness and courtesy.
- The team can be motivated by specifying what needs to be achieved, setting challenging but realistic tasks, setting realistic deadlines, agreeing on levels of responsibility and authority, fully utilizing expertise, having good relationships and providing consistent positive feedback.
- The GROW model is an effective approach to coaching: goal (identify what needs to change), reality (assess the current state), options (explore the options for achieving the goal) and will (establish the will to pursue one of the options).
- Delegation can be at a variety of levels (for example, gather information, make recommendations, make decisions and keep me informed, and solve the problem), but in most cases, the same process is followed: decide what to delegate, select the right person, specify the task and monitor progress.
- Helping people become more aware of themselves and how their performance and/or behaviour impacts others can be achieved by giving feedback that has the following characteristics: balanced, observed, objective, specific and timely.
A general approach to resolving a conflict involves clarifying the source of the conflict, establishing a common goal, identifying solutions, agreeing on a solution, and implementing the agreement.

**Suggested discussion topics**

**Leadership and management**
- What are the key differences between leadership and management?
- What are the key tasks of a leader?
- What are the shortcomings that might be demonstrated by a poor leader?

**Leadership styles**
- What leadership styles are available?
- How would you describe your preferred leadership style?
- When would it be appropriate to vary your leadership style?

**Types of teams**
- What actions could be taken to provide effective leadership of a virtual team?

**Creating effective teams**
- What stages might a group go through when trying to create a team?
- What are the characteristics of an effective team?
- What are the kinds of roles that people might take on in a team?

**Team performance**
- What can be done to ensure that the team is given direction?

**Some key skills for team leaders**
- What are the key skills required of a team leader?
5. Motivating your team

Aim
To acquire the skills and techniques necessary to improve your team’s motivation, morale and performance.

Learning outcomes
You will be able to:

– Define motivation and identify the benefits of a motivated workforce;
– Define morale and describe how it can be improved;
– Identify common motivators and demotivators;
– Apply a range of motivation theories;
– Motivate your team and yourself;
– Enhance employee involvement.

Content

Motivation and morale
– Definition of motivation;
– Benefits of a motivated workforce;
– Identifying the level of morale;
– Improving morale.

Motivators and demotivators
– Incentives as motivators;
– Common demotivators;
– Overview of theories of motivation.

Theories of motivation based on need
– Maslow’s hierarchy of needs;
– ERG theory;
– McClelland’s human motivation theory;
– Motivation-hygiene theory.

Theories based on how motivation works
– Equity theory;
– Expectancy theory.

Motivating your team and yourself
– Motivating your team;
– Self-motivation;
– Motivation to learn.
**Employee involvement and setting expectations**

- Benefits of employee involvement;
- Implementing employee involvement;
- Setting expectations;
- Staff attitude surveys.
Motivating your team

Motivation and morale

Definition of motivation

Motivation can help explain why people do what they do. However, motivation is not a straightforward concept as illustrated by the following:

- Sometimes an individual might understand the motivation behind behaving in a certain way, but at other times the motivation might be unclear.
- What motivates one person might not motivate someone else.

This suggests that people are motivated by a range of factors which vary from person to person, with both personality and the environment having an impact.

There are many definitions of motivation, but in essence they all refer to motivation being the driving force for the exertion of effort to satisfy individual needs or goals. Here “need” can be thought of as an internal state that makes an outcome appear attractive, whereas the “goal” is the result to which the effort is directed.

The driving forces fall into two broad categories.

- **Intrinsic**: Behaviour based on an individual’s need to do well and succeed and gain internal rewards. This includes such things as having pride in the work being undertaken, overcoming problems, seeking new challenges and developing expertise.
- **Extrinsic**: Behaviour aimed at gaining external rewards associated with performing specific tasks. The rewards can be tangible (for example, salary and associated benefits) or intangible (for example, praise and recognition).

To be motivated to carry out a task, it is not enough to just want to do it. In the context of the workplace, there is also the need to apply effort of sufficient intensity to achieve the desired outcome while overcoming obstacles and ensuring that the effort benefits the organization. These aspects are referred to as intensity, persistence and direction:

- **Intensity**: How hard someone works to achieve the desired outcome;
- **Persistence**: How the effort is maintained when faced with obstacles;
- **Direction**: The extent to which the effort leads to benefits for the organization.

Some people are self-motivated, but many others become motivated by the actions of their managers. It is important to recognize that there is no single way of motivating everyone, so managers need to be aware of the various approaches that are available.

Benefits of a motivated workforce

When people are motivated, they perform well and are likely to achieve the required results. Recognizing that achievement then acts as a further motivator.

A motivated workforce provides many benefits to an organization, including the following:
Motivating your team

- It helps utilize human resources by making full use of the expertise of the employees, stimulating their learning and professional development and encouraging creativity.
- It improves efficiency by closing the gap between capability and willingness to work.
- It supports organizational change by building relationships that can help implement change and overcome resistance.
- It supports the organization in attaining its goals by ensuring that the employees contribute to achieving those goals and fully utilizing resources.
- It enhances staff retention by making people feel that they have meaningful jobs that are both valued and fulfilling.

In addition to an organization benefiting from a motivated workforce, the employees also benefit in that they are able to achieve their personal goals, have job satisfaction and develop themselves and their careers.

**Identifying the level of morale**

Motivation and morale are different but closely related. In the workplace:
- Motivation is the driving force for the exertion of effort to satisfy individual needs or goals.
- Morale concerns the overall attitude towards a job and is reflected in the determination, confidence, enthusiasm and self-esteem exhibited when carrying out tasks.

High levels of motivation usually lead to high levels of morale. However, high morale does not necessarily lead to a highly motivated staff. In addition, morale is mainly, but not exclusively, a group phenomenon, whereas motivation is associated with individuals.

It is not easy to measure morale because people are often reluctant to express their opinions. However, Figure 5.1 summarizes some signs of low and high morale.

![Figure 5.1. Some signs of low and high morale](image)
Signs of low morale include:
- High rates of absenteeism, grievances and staff turnover;
- Widespread use of uninformed gossip, misinformation and speculation;
- High levels of dissatisfaction and frustration with supervisors and managers;
- Poor performance and employees lacking motivation;
- Low levels of cooperation and commitment.

In addition to the absence of the above signs of low morale, high morale is also characterized by the following:
- Conflicts and problems are immediately addressed;
- Effective communication takes place throughout the organization;
- Supervisors and managers are believed and trusted;
- High levels of performance are achieved;
- The culture is based on teamwork, cooperation and collaboration.

Surveys, suggestion boxes and workplace social media can also provide an insight into the state of morale.

**Improving morale**

There are many factors that might improve morale, but which ones are truly important depends upon the type of organization and the expectations of its employees. Some of the factors that can help improve morale are indicated in Figure 5.2.

![Figure 5.2. Factors that can help improve morale](image-url)
The following is a more detailed description of the factors that might lead to improvements in morale:

- **Goals and structure of the organization**: Belonging to an organization that has (a) a good reputation, clear vision and worthwhile goals, (b) a structure with well-defined roles and responsibilities and (c) an effective performance management process;

- **Leadership**: Having trust in the leadership of the organization, being treated fairly, receiving praise, recognition and positive feedback when deserved and being kept informed of relevant changes;

- **Supervision**: Having a level of supervision such that individuals have control over what they are doing without being closely supervised all the time, along with an effective performance management process;

- **Nature of the work**: Having interesting, meaningful and challenging work with the right tools and expertise, rather than work that is mainly monotonous and repetitive with little indication that an individual’s work is valued;

- **Creativity**: Having the opportunity to be creative and try new ways of doing things;

- **Rewards and opportunities**: Having rewards that are equitable, celebrating successes and providing opportunities to develop expertise and progress careers;

- **Relationships**: Having good relationships with colleagues, being treated with respect, having an opportunity to contribute to decision-making, and being part of a culture that values equality and inclusion;

- **Working environment**: Having a safe and pleasant working environment.

It is likely that high morale will lead to high productivity, but that is not always the case.

**Motivators and demotivators**

**Incentives as motivators**

Incentives are a powerful means of establishing the extrinsic motivation of people. They can be aimed at, for example, increasing productivity, improving the quality of what is produced and enhancing the retention of staff.

The most common tangible incentive is money, either as a salary, bonus or some other form of payment. This helps satisfy the need for material items but does not inspire and engage staff members. However, there is a range of intangible non-financial incentives available that can help address the low morale that comes from feeling unappreciated and inadequately supported. In fact, having non-financial incentives makes employees feel appreciated and valued. The following are some actions that can be taken to provide non-financial incentives:

- **Praise and recognize achievements**: Offering praise and recognition for a good performance and celebrating successes can increase self-esteem and lead to further improvements in performance and the retention of staff. However, these actions must be deserved. If they are unearned, they can diminish the impact of rightfully deserved praise and recognition and cause confusion about how performance can be improved.
Motivating your team

- **Enlarge, enrich or rotate jobs**: Providing interesting/challenging tasks, adding responsibilities, increasing autonomy for decision-making or swapping people between jobs can provide opportunities to reduce monotony, increase job satisfaction, have new experiences and develop new expertise.

- **Show respect**: Respecting all members of staff by treating them with courtesy, encouraging the expression of opinions and taking what they say seriously can help make them feel valued.

- **Encourage creativity and innovation**: Encouraging creativity and innovation can create a stimulating working environment.

- **Help with the meeting of personal goals**: Providing opportunities for people to develop their expertise can help them meet their personal goals while contributing to meeting organizational goals.

- **Provide advancement opportunities**: Ensuring that there are opportunities for advancement based on merit can encourage people to develop their expertise and increase their commitment to the organization.

- **Be flexible**: Responding positively when changes to working arrangements are requested (for example, through the provision of flexible working arrangements) can make people feel appreciated.

No matter what incentives are in place, it is important that they be implemented in a fair, transparent and consistent way. If they are not, the danger is that those who do not benefit from the incentives will feel demotivated.

**Common demotivators**

As well as considering what actions can be taken to motivate employees, it is also important to identify key demotivators. The following are some examples:

- **Inadequate managers**: Managers who (a) either take little interest in what is going on or try to exert too much control, (b) withhold important information when it is not necessary to do so, (c) act in an inconsistent way (for example, by saying one thing and doing another), (d) do not deliver on promises that are made or (e) spend their time playing politics within the organization;

- **Poor working conditions**: Inadequate equipment and facilities or a cramped and dirty working environment that makes people feel that they are not valued;

- **Inadequate staffing**: Too few people to carry out tasks so that there is a feeling of being constantly under pressure;

- **Unnecessary rules**: Excessive bureaucracy that appears to have no real purpose and inhibits people from getting on with their work;

- **Unclear expectations**: Lack of clarity among the employees about what is expected of them and about their roles and responsibilities and those of their colleagues, supervisors and managers.

**Overview of theories of motivation**
One of the first approaches to motivating people is the “carrot and stick” approach. This comes from the idea that it is possible to get a donkey to move forward either by holding a carrot in front of it or by hitting it with a stick from behind. In the workplace, this approach suggests that behaviour could be changed by a combination of rewards (for example, extra money or a promotion) and punishments (for example, pay cuts or public shaming).

The carrot and stick approach can have undesirable consequences. For example, providing a reward might entice someone to meet a specific target, but that effort might not be maintained after the reward has been received. Also, once a reward has been given, the recipient might expect something similar every time a target has been met or a task successfully completed. If a reward is not given, there might be resentment and a degree of demotivation. With regard to punishments, they might be effective if rewards have not had the desired effect. In general, however, threats of punishment are not effective in the long term and are likely to lead to embittered employees.

The carrot and stick approach might have been effective when jobs were straightforward and unchallenging, but today, jobs are more complex and require self-motivation facilitated by a variety of more sophisticated motivation techniques.

There are many theories of motivation, and here we will only describe a few. These theories fall into two broad categories.

– Theories based on need (the drive to satisfy a variety of needs);
– Theories based on how motivation works (the selection behavioural actions to meet needs and determine choices).

Although these theories provide useful insight into motivation, no theory of motivation is definitive. This means that when dealing with motivation, a manager needs to take account of the culture and practices of the organization. In some circumstances, applying one of the theories might be beneficial, but the main value of the theories is that they help managers think about how they can motivate their staff.

Theories of motivation based on need

Maslow’s hierarchy of needs

In his theory of human motivation, Abraham Maslow\(^{34}\) proposed that there is a hierarchy of needs which goes from basic to complex: physiological, safety, social, self-esteem and self-actualization - see Figure 5.3.

Maslow argued that people will only be motivated to take action to satisfy a specific need if those below it in the hierarchy are already satisfied. He contended that once a need is satisfied, it is no longer a motivator – action is only taken to satisfy unmet needs.

The following list contains the above needs and examples of what actions can be taken to satisfy those needs in the workplace.

- **Physiological**: Ensure that basic needs are met by providing a comfortable working environment and access to food and drink.
- **Safety**: Ensure that people feel secure by providing safe working conditions, job security and documented job descriptions, processes and procedures.
- **Social**: Develop a sense of belonging by encouraging teamwork, celebrating success and providing effective induction.
- **Self-esteem**: Support the development of self-esteem by offering praise, delegating responsibilities and encouraging participation in decision-making.
- **Self-actualization**: Help people reach their full potential by providing challenging work, allowing autonomy and encouraging creativity.

The first two levels can be thought of as deficiency needs and the other three as growth needs. Management actions to deal with growth needs are only likely to lead to a successful outcome if the deficiency needs, which are mainly the responsibility of the organization as a whole, are fully satisfied.

A drawback of this theory is that assumes that an individual is motivated to ascend the hierarchy sequentially. However, there appears to be little evidence that this is the case. Instead, it seems likely that an individual is motivated by the most powerful unsatisfied need.
**ERG theory**

The ERG theory proposed by Clayton P. Alderfer\(^{35}\) condenses Maslow’s five categories into three: existence, relatedness and growth – see Figure 5.4.

![Figure 5.4. The factors affecting motivation according to the ERG theory](image)

The following explains what is involved in each of the ERG factors and the relationship to Maslow’s hierarchy of needs:

- **Existence**: Satisfying the basic material necessities including an individual’s physiological and safety needs (levels one and two of Maslow).
- **Relatedness**: Maintaining interpersonal relationships and being esteemed by others (level three and part of level four of Maslow).
- **Growth**: Achieving self-development and self-esteem (part of level four and level five of Maslow).

Although the ERG theory appears similar to Maslow’s approach, there are some important differences. The ERG theory assumes that different levels of need might be pursued at the same time, and the priority of these needs might depend upon individuals and their situation. Another aspect of the theory is that it is assumed that if growth opportunities are not provided, individuals might no longer be motivated to grow but will instead be motivated to concentrate on relatedness. This could mean that more time is spent on socializing, which might not be very productive.

**McClelland’s human motivation theory**

An alternative approach to identifying needs was put forward by David McClelland,\(^{36}\) who proposed that people are motivated by three needs: achievement, affiliation and power – see Figure 5.5.

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For each person, there is a dominant motivator which is mainly determined by experience. The following are examples of characteristics associated with each motivator:

- **Achievement**: Seeks the attainment of challenging goals and job advancement, likes to get feedback and prefers to work alone or with other high achievers;
- **Affiliation**: Wants to be liked and have close relationships with others, favours collaboration over competition and prefers to work in a collaborative environment;
- **Power**: Desires to control/influence the behaviour of others, wants to win arguments, seeks status and recognition and works best when given the opportunity to manage others.

People who are motivated by power tend to fall into two categories. There are those who want personal power, which is demonstrated by their wanting to direct others, and there are those who are motivated by institutional power and want to mobilize the efforts of others to achieve organizational goals. People motivated by institutional power tend to be more effective leaders than those motivated by personal power.

**Motivation-hygiene theory**

Frederick Herzberg, et al.\(^{37}\) proposed that factors causing satisfaction (motivators) are different from those causing dissatisfaction (hygiene factors). It follows that:

- Eliminating the hygiene factors causing dissatisfaction does not lead to the enhancement of satisfaction.
- Enhancing the motivators causing satisfaction does not lead to the elimination of dissatisfaction.

Motivators are associated with the way the job is being performed, whereas hygiene factors are related to the context for job activities. In general:

– When motivators are present, people will feel satisfied, but if they are not present, there might be a slight feeling of discontent.
– When hygiene factors are addressed, there might be some short-term motivation, though overall, the feeling will probably be neutral, but people will be demotivated if hygiene factors are not satisfied.

Figure 5.6 gives an example of motivators and hygiene factors. The motivators are mainly intrinsic, whereas the hygiene factors are extrinsic.

The impact of hygiene factors causing dissatisfaction can be reduced by providing, for example, effective support and supervision, good working conditions, job security and competitive wages. On the other hand, the following are some ways of enhancing motivators:

– **Job enlargement**: Providing a greater variety of tasks to make the job more interesting;
– **Job enhancement**: Providing more challenging tasks to engender a sense of achievement;
– **Empowerment**: Delegating tasks so that there are more opportunities for individuals to plan and control their own work;
– **Recognition**: Ensuring that achievements and effective contributions by individuals are recognized to enhance their status;
– **Career development**: Giving opportunities for promotion and training and development so that individuals can fulfil their potential.

Based on the Motivation-Hygiene theory, managers can motivate people by eliminating the things that cause frustration and annoyance while at the same time enriching workers’ jobs and fully utilizing their expertise.
Theories based on how motivation works

Equity theory

The Equity theory of John Stacey Adams is based on an individual’s perception of outputs (rewards) and inputs (effort), and what is considered to be fair – see Figure 5.7. Inputs are what individuals put into their work and outputs are what they receive in return. The following are examples of inputs and outputs.

- **Inputs**: Ability, determination, adaptability, enthusiasm and loyalty.
- **Outputs**: Financial rewards, recognition, job security, responsibility, advancement and achievement.

![Figure 5.7. The balance of inputs and outputs according to equity theory](image)

The theory assumes that people will feel fairly treated if:

- The outputs and inputs of an individual are in balance.
- The ratio of outputs to inputs of one individual is similar to that of others.

People are likely to feel demotivated if their perception is that (a) their inputs are greater than their outputs and/or (b) the ratio of outputs to inputs of others appears more beneficial. In both cases, the degree of demotivation is likely to depend upon the extent of the disparity. If there is tension because people feel that they are being treated unfairly, they might try to regain equity by seeking to decrease the inputs (for example, reduce the quality of work) or increase the outputs (for example, enhance remuneration). In the extreme, people might simply leave the organization.

When individuals compare their output to input ratio with that of others (individuals or teams), the outcome will depend upon who is chosen as the comparator. The comparison might be made with others either inside or outside the organization, or with a past job that someone has had within the same organization.

The Equity theory is based on perceptions. This means that two people with exactly the same experience and doing the same job might have different views about their inputs and outputs and whether they are being treated fairly. The theory also provides an explanation of why (a) individuals who appear content can quickly become demotivated if they learn that others have a more favourable inputs to outputs ratios and (b) someone receiving a pay rise (increased outputs) can have a demotivating effect on others. In general, a manager needs to remember that the perceptions might be incorrect, and so any action taken to address disparities needs to be done sensitively and on an individual basis.

This theory emphasizes that the causes of motivation and demotivation not only depend upon individuals perceptions of their own job, but also on how their job compares with those of others.

**Expectancy theory**

Victor Vroom\(^{39}\) proposed that people will be motivated to perform well if they expect that their efforts will lead to results that they value. This led to the proposition that an individual's motivation depends on three factors: perceptions concerning expectancy, instrumentality and valence:

- **Expectancy**: The belief that increased effort will lead to increased performance (for example, the extent to which increased effort will be recognized in a performance appraisal);
- **Instrumentality**: The belief that achieving the required performance level will lead to appropriate rewards (for example, the extent to which a good performance appraisal leads to rewards);
- **Valence**: The value placed on the rewards and the extent to which they satisfy personal goals (for example, the extent to which the award is appealing).

The motivational force is the product of the three factors, as illustrated in Figure 5.8.

*Figure 5.8. The three factors affecting motivation according to expectancy theory*

If any of the factors are absent, individuals will not be motivated. For example, if rewards are not valued, there will be unwillingness to expend effort on a task. Even if rewards are valued,

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individuals are likely to lack motivation if it is felt that a good performance will not lead to those rewards. However, motivation can come from managers ensuring that:

- Increased effort leads to better job performance.
- Better job performance leads to organizational awards.
- Organizational awards are valued by the individual.

**Motivating your team and yourself**

**Motivating your team**

A team is likely to successfully complete a task if action is taken to ensure that the whole group is motivated. The following are some ways in which this might be achieved:

- **Information sharing**: Help team members feel engaged and valued by sharing information about what is going on within the team, department and organization.
- **Outcomes**: Ensure that all members of the team know what is expected of them and how completing the task will contribute to meeting organizational goals.
- **Tasks**: Set challenging but realistic tasks so that when the team delivers the required outcome, there will be a sense of achievement.
- **Performance issues**: Address performance in a prompt, firm and fair way so that an individual’s poor performance does not demotivate other team members.
- **Deadlines**: Set realistic deadlines and ensure that all members of the team know what is required and by when.
- **Cooperation**: Create an environment which supports collaborative working and satisfactory and productive teamwork.
- **Responsibility and authority**: Give the team members agreed levels of responsibility and authority so that they can take ownership of the task.
- **Expertise**: Fully utilize the expertise of the individual members of the team and provide opportunities for enhancing their expertise through training and development.
- **Relationships**: Have good relationships with the team members, show interest in what they are doing and provide opportunities for them to express their feelings and opinions.
- **Feedback**: Provide consistent feedback, recognize success and offer support to the team as a whole and, when appropriate, to individual members of the team.
- **Ownership**: Create a feeling of ownership by, whenever appropriate, involving team members in making decisions that affect them.

In addition to motivating the team as a whole, considerations should be given to motivating the team members individually; individuals might be motivated by factors associated with financial rewards, promotion or job security.

**Self-motivation**

No matter what actions are taken to provide incentives, changes will only occur if individuals are self-motivated to do their job as well as they can while realizing their personal goals at the same time. People who are self-motivated tend to seek opportunities to develop their
Motivating your team

expertise, take ownership of problems and do more than just meet the requirements of the job. The following are a few ways of enhancing self-motivation:

- **Extend expertise**: Seek opportunities to develop expertise so that new tasks can be undertaken with confidence.
- **Overcome obstacles**: Remain optimistic when faced with obstacles and frustrations, and be confident that solutions can be found.
- **Help others**: Share ideas with colleagues who already are well motivated and help others with their motivation.
- **Comfort zone**: Be willing to move outside your comfort zone to face new tasks and challenges, and be prepared to learn from mistakes.

It is also important to be aware of issues that could interfere with self-motivation. These include the following.

- **Distractions**: Dealing with constant interruptions so that time is not managed effectively;
- **Lack of support**: Lacking sympathetic support when faced with difficult obstacles that need to be overcome;
- **Rigid rules and procedures**: Having to abide by rigid rules and procedures that appear to hinder progress with respect to what you are trying to achieve;
- **Uncertainty**: Being unclear about the purpose, value and outcome of the tasks that have been set;
- **Lack of autonomy**: Having little control over how a task is carried out.

**Motivation to learn**

John Keller\(^{40}\) has proposed that there are four steps in ensuring motivation during the learning process: Attention, Relevance, Confidence, Satisfaction (ARCS).

- **Attention**: The attention of learners should be gained by using surprise or uncertainty to gain interest, by stimulating their curiosity through active involvement (for example, by asking challenging questions) or by varying the way the learning takes place.
- **Relevance**: Learners should feel that the learning is relevant to them and will help with the achievement of their goals.
- **Confidence**: Learners should be confident that they can achieve the required learning objectives.
- **Satisfaction**: Learners should get a feeling of personal satisfaction from completing the learning.

ARCS, especially the relevance, confidence and satisfaction aspects, can be used when trying to motivate a team member to participate in training and development activities. It is also worth keeping this in mind when considering your own involvement in training and

development activities. You are likely to be motivated to complete an activity if it appears relevant to your needs, if you are confident that you will complete the activity and if completion of the activity and gaining the associated learning will make you feel satisfied.

**Employee involvement and setting expectations**

**Benefits of employee involvement**

Employee involvement programmes aim to engage employees in decision-making about issues that have a direct impact on their jobs. Having managers share decision-making authority increases the motivation of employees by giving them more control or influence over the way they carry out their tasks.

The aim is to ensure that all employees feel that they can make a positive contribution to the continuous improvement and the ongoing success of the organization. Consequently, it is important that employees have opportunities to share their views with management while at the same time feeling well informed about what is happening within the organization.

As well as increasing motivation and overall job satisfaction, the following are some of the benefits of employee involvement:

- **Increased trust**: Employees feel that they know what is going on within the organization and feel that their views are taken into account.
- **Improved communication**: The decision-making process provides another communication channel between managers and their staff.
- **Increased productivity**: Employees are in the best position to provide ideas about how processes and procedures could be improved, and this can lead to increased productivity and/or decreased costs.
- **Increased commitment**: By taking ownership of their jobs, employees show greater commitment to successfully completing tasks and overcoming obstacles.
- **Enhanced relationships**: The relationship between managers and their staff is enhanced through openly discussing issues and sharing decision-making.
- **Positive advocacy**: Employees will act as advocates for the organization and help overcome any potential reputational damage.

**Implementing employee involvement**

The form of employee involvement that is used will depend upon the culture of the organization and the extent to which managers are willing to fully engage in the process. The involvement can be at three levels:

- The manager invites employees to put forward their views, but the manager makes the decisions.
- The manager shares decision-making authority with the employees.
- The manager gives employees responsibility for making the decision.

There are various ways of enhancing employee involvement, including setting up a consultative committee involving employee representatives to discuss issues before
decisions are made and establishing working groups/task forces to deal with a specific issue. Team briefings, staff meetings, focus groups and suggestion boxes can also be used. Increasingly, there are opportunities to use social media to support staff involvement.

Taking action to enhance employee involvement is likely to be successful in the following circumstances.

- **Leadership**: Managers should be committed to employee involvement and act as role models.
- **Consistency**: The methods employed should be applied consistently across the organization.
- **Trust and openness**: Relationships should be based on trust, and communication should be open and honest, even if difficult issues have to be addressed.
- **Support**: Initiatives should be supported by training and coaching to overcome uncertainties or concerns about introducing new ways of working.

**Setting expectations**

To get the best out of people, managers need to be clear about their expectations. Usually, if a manager expresses high expectations and these are clearly communicated, it is likely that employees will try to live up to those expectations. Employees who are not clear about expectations tend to perform less effectively than those who are. Expectations can cover both the setting of specific tasks and general behaviour.

The following are some actions that can be taken to help set high expectations:

- **Role model**: Ensure that a manager behaves in a way that is consistent with what is expected of other employees both in word and in deed.
- **Informal conversations**: Have frequent informal conversations to discuss concerns and resolve issues rather than waiting to deal with everything at an annual review.
- **Communication style**: Explain things in a way that is appropriate for the people being addressed.
- **Follow-up**: Show interest in how things are progressing when someone has been given a task.
- **Workload**: When giving someone a task, be aware of the impact on the existing workload.
- **Honesty**: Invite honesty when discussing issues and be prepared to admit that the answer to a question is not known, thereby creating mutual respect and trust.
- **Office procedures**: Be clear about what is acceptable behaviour concerning lateness, illness, appointments and leave.
- **Office conduct**: Be clear about what is acceptable conduct concerning expenses, use of office equipment and attire.
Staff attitude surveys

Staff attitude surveys are a useful way of assessing the motivation and engagement of employees and identifying actions that might lead to improvements. Consulting employees via a survey can also be motivating.

Before issuing a survey, it is important that those being asked to respond know why the survey is being undertaken, what kind of questions will be asked and how the results will be used. Also, employees should be reassured that the survey will be confidential and anonymous. If possible, a variety of communication channels should be used to ensure that everyone is made aware that a survey will be carried out.

Once the survey has been issued, it is worth reminding people that completing the survey is important and there is a commitment to take action in response to the information provided. It will help if managers encourage their staff to complete the survey. Finally, once the results of the survey have been analysed, people need to be informed about the conclusions and the actions that will be taken.

These surveys are particularly useful when used over multi-year periods so trends in employee attitudes can be monitored and the effectiveness of interventions understood. Often, organizations will choose to have a set of standard questions which are asked annually, along with a smaller number of bespoke questions tailored to that particular business year.

The following are examples of the kind of questions that might be asked:

- What factors stop you from performing as well as you want to?
- What motivates you the most?
- What could be done to increase your motivation?
- What recent changes have affected your motivation?
- Do you feel empowered? What could be done to make you feel more empowered?
- Do you feel valued by the organization? What could be done to make you feel more valued?
- Do you feel involved in the development of the organization? What could be done to make you feel more involved in the development of the organization?
- Does your manager/supervisor encourage open, honest two-way communication?
- Do you feel you have clear priorities and objectives?
- Do you have a clear understanding of the vision of the future direction of the organization?

For many of these questions, it would be appropriate to provide a list of options from which a selection could be made.

When preparing a survey it is important to:

- Be clear about why the survey is being conducted and the purpose of each question.
Motivating your team

– Ensure that all questions are relevant to the culture and practices of the organization.
– Avoid asking mandatory questions, leading questions which give the impression that a certain kind of behaviour is expected and questions concerning issues about which there can be no discussion or no action.
– Keep the number of questions to a reasonable amount to maintain the interest of the people completing the survey.

A formal staff-wide survey is often conducted by the Human Resources Department. However, it is equally useful to consider the application of more informal, local attitude surveys within departments or business units using, for example, free online survey tools (subject to confidentiality considerations) to undertake “pulse checks” of a team that is experiencing a high level of change or unusual challenges.

Source material and further reading

Overview
– https://www.cipd.co.uk/knowledge/fundamentals/relations/engagement/factsheet#625 (CIPD: Employee engagement and motivation)
– https://www.mindtools.com/pages/article/motivating-your-team.htm (MindTools: Motivation – Energizing your people to achieve good things)

Theories of motivation

Motivational skills
– https://www.mindtools.com/pages/article/newTMM_67.htm (MindTools: How good are your motivation skills?)
– https://www.skillsyouneed.com/lead/motivation.html (SkillsYouNeed: Motivation skills)

Team and self-motivation
Motivating your team

- [MindTools: Celebrating achievement](https://www.mindtools.com/pages/article/celebrating-achievement.htm)

**Key points**

**Motivation and morale**

- There are many definitions of motivation, but in essence, they all refer to motivation being the driving force for the exertion of effort to satisfy individual needs or goals. Here “need” can be thought of as an internal state that makes an outcome appear attractive, whereas the “goal” is the result to which effort is directed.

- Driving forces might be intrinsic based on an individual’s need to do well and succeed and gain internal rewards (for example, taking pride in work being undertaken, overcoming problems, seeking new challenges or developing expertise) or extrinsic based on gaining external rewards (for example, salary, praise or recognition).

- The benefits of a motivated workforce include the effective utilization of expertise, improved efficiency, support for organizational change, assistance in the attainment of the organization's goals and improved staff retention.

- Morale concerns the overall attitude towards a job and is reflected in the determination, confidence, enthusiasm and self-esteem exhibited when carrying out tasks. High levels of motivation usually lead to high levels of morale, but high morale does not necessarily lead to highly motivated staff.

- The signs of low morale include high rates of absenteeism, grievances and staff turnover, widespread use of uninformed gossip, misinformation and speculation, high levels of dissatisfaction and frustration with supervisors and managers, poor performance and low levels of cooperation and commitment.

- The signs of high morale include immediately addressing conflicts and problems, effective communication throughout the organization, high levels of performance and a culture based on teamwork, cooperation and collaboration.

- Morale can be improved by considering factors such as the goals and structure of the organization, leadership, supervision, the nature of the work, creativity, rewards and opportunities, relationships and the working environment.

**Motivators and demotivators**

- The following are some actions that can be taken to provide non-financial motivators: praise and recognize achievements, enlarge, enrich and rotate jobs, show respect, encourage creativity and innovation, help with meeting personal goals, provide advancement opportunities and be flexible.

- The following are some important demotivators: inadequate managers, poor working conditions, inadequate staffing, unnecessary rules and unclear expectations.

**Theories of motivation based on need**

- Abraham Maslow proposed that there is a hierarchy of needs: physiological, safety, social, self-esteem and self-actualization. He contended that people will only be motivated to take action to satisfy a specific need if those below it in the hierarchy are already satisfied and that once a need is satisfied, it is no longer a motivator.
Motivating your team

- McClelland’s human motivation theory assumes that people are motivated by three needs: achievement, affiliation and power. For each person, there is a dominant motivator which is mainly determined by experience.
- Frederick Herzberg et al. proposed that (a) eliminating the hygiene factors that can cause dissatisfaction (for example, policies, supervision, job security, and pay and conditions) does not lead to the enhancement of satisfaction and (b) enhancing the motivators that can cause satisfaction (for example, achievement, recognition and responsibility) does not lead to the elimination of dissatisfaction.

Theories based on how motivation works

- The Equity theory of John Stacey Adams is based on an individual's perception of his or her input and what is received in return. It is assumed that people will feel they are treated fairly if (a) the output and input of an individual are in balance and (b) the ratio of output to input of an individual is similar to that of others.
- Victor Vroom proposed that motivation depends upon expectancy (the belief that increased effort leads to increased performance), instrumentality (the belief that achieving the required performance level leads to appropriate rewards) and valence (the value placed on the rewards). If any of the factors is absent, individuals will not be motivated.

Motivating your team and yourself

- A team can be motivated by ensuring that information is shared, the required outcomes are known, tasks are challenging with realistic deadlines, performance issues are addressed, responsibility and authority are specified, expertise is fully utilized and developed, relationships are developed and maintained, consistent feedback is provided and a feeling of ownership is created.
- Self-motivation can be enhanced by extending expertise, overcoming obstacles, helping others and moving out of one's comfort zone. But self-motivation can be adversely affected by distractions, lack of support, rigid rules and procedures, uncertainty and lack of autonomy.
- John Keller has proposed that there are four steps in ensuring that people are motivated during the learning process: gain the attention of learners, emphasize the relevance of the learning, ensure that learners feel confident that they can achieve the learning objectives and help learners get a feeling of satisfaction from the learning.

Employee involvement and setting expectations

- Employee involvement programmes aim to engage employees in decision-making about issues that have a direct impact on their jobs. This increases the motivation of employees by giving them more control or influence over the way they carry out their tasks.
- The following are some benefits from employee involvement: increased trust, improved communication, increased productivity, increased commitment, enhanced relationships and positive advocacy.
- Actions to enhance employee involvement are likely to be successful if managers are committed to employee involvement, if employee involvement is consistent across the
organization, if relationships are based on trust and openness and if initiatives are supported by training and coaching.

– If a manager expresses high expectations and these are clearly communicated, it is likely that employees will try to live up to those expectations. Employees who are not clear about expectations tend to perform less effectively than those who are.

– The following are some ways of setting high expectations: act as a role model, have frequent informal conversations, explain things in an appropriate way, show an interest, be aware of existing workloads, be honest and clear about what is acceptable in terms of procedures and conduct.

– When preparing a staff attitude survey, it is important to be clear about why the survey is being conducted and the purpose of each question. Ensure that all questions are relevant, take care with the wording of questions and keep the number of questions to a reasonable amount.

Suggested discussion topics

Motivation and morale

– What are the benefits of having a motivated workforce?
– What are the symptoms that a workforce is (a) motivated and (b) demotivated?
– What actions can be taken to improve morale?

Motivators and demotivators

– What non-financial incentives can be used to motivate staff?
– What are common demotivators?

Theories of motivation based on need

– What needs influence motivation?

Theories based on how motivation works

– What factors, other than needs, influence motivation?

Motivating your team and yourself

– How can you motivate your team?
– How can you motivate yourself?

Employee involvement and setting expectations

– What are the benefits of employee engagement?
– In what circumstances is employee engagement likely to be successful?
– What actions can be taken to set high expectations?
– What questions might be included in a staff attitude survey that will provide information about motivation and morale?
6. Managing time

Aim
To provide the skills and tools needed to manage your time effectively and control your workload.

Learning outcomes
You will be able to:
- Value time as a resource;
- Identify the symptoms of poor time management;
- Analyse the use of time;
- Identify major time wasters and how to control them;
- Prioritize and schedule tasks;
- Delegate tasks successfully.

Content

Understanding time management
- Time management and its benefits;
- Symptoms of poor time management;
- Assessing how time is used;
- Ways of improving time management.

Identifying and preventing “time robbers”
- Self-imposed time robbers;
- Time robbers imposed by others;
- Running ineffective meetings.

Planning and prioritizing tasks
- Benefits of planning and prioritizing tasks;
- Being SMART and using the 5Ws;
- Important versus urgent;
- Action priority matrix;
- Bounded versus unbounded;
- Other approaches to prioritization.

Delegating tasks successfully
- Benefits of delegation;
- Levels of delegation;
- Delegation process.
Managing time

Briefing – managing time

Understanding time management

Time management and its benefits

Time management is the ability to plan and control how time is allocated to carry out specific activities or accomplish goals. It involves setting priorities for allocating time when faced with competing demands.

The following are some of the benefits of good time management:

– Tasks can be planned and prioritized, work becomes more organized, and deadlines are met.
– Goals and objectives can be achieved within the shortest possible time.
– Productivity can be increased by concentrating efforts on what is important, avoiding having to repeat tasks because of mistakes and knowing what needs to be done next after completing a task.
– Morale can be improved and stress reduced.
– New tasks can be taken on that might lead to the development of expertise and support career progression by increasing effectiveness in allocating time to existing tasks.

Good time management should make life easier and more productive and enhance reputations through the accomplishment of what has been agreed by the required deadline. On the other hand, poor time management can lead to an individual performing poorly and feeling under constant pressure.

When managing time, it is important to be both efficient (performing tasks in the best possible manner with the least amount of time and effort wasted) and effective (producing the results that are required). It is possible to be efficient in carrying out a task but ineffective because completing the task does not achieve the required result.

Symptoms of poor time management

The following are some signs that might indicate poor time management:

– Poor punctuality and missing deadlines: Being late for meetings and missing agreed deadlines might indicate that insufficient time is being allocated to preparation and planning.
– Working long hours: Working longer than others might be a sign of enthusiasm and commitment, but it could also indicate that time is not being managed effectively.
– Rushing: Going quickly from one appointment to another (thereby leaving little time between appointments for preparation and reflection) and chairing meetings that overrun shows that little thought has been given to the scheduling of activities.
– Procrastination and indecisiveness: Putting off doing a difficult or unpleasant task or being unwilling to make a choice between options just creates more stress as the deadline approaches because the task still has to be completed.
Managing time

- **Strained relationships**: Having strained relationships with colleagues could be due to the impact of a disorganized approach to deadlines and punctuality.

- **Lack of focus**: Not being able prioritize and schedule activities effectively leads to an overall lack of focus on deciding how time should be allocated.

- **Overlooking details**: Overlooking important details associated with a task could indicate that not enough time has been allowed to fully understand what is required.

- **Perfectionism**: Preparing many versions of the same document to achieve perfection is time consuming and often unnecessary – it is usually sufficient to have a document that meets the needs rather than one that could never be improved.

- **Not delegating**: Insisting on doing all the interesting and/or difficult tasks when there are others who are willing and able to take on those tasks is a sign that time is not being used effectively.

It is important that people be aware of their own poor time management skills as well as those of others for whom they are responsible.

**Assessing how time is used**

To manage time effectively, it is important to first have a clear idea of how time is used. This can be achieved through the four-step process illustrated in Figure 6.1.

![Figure 6.1. Four-step process for assessing and improving the use of time](image)

The following outlines what each step entails:

- **Analyse**: Keep a log of daily activities for about a week.

- **Evaluate**: Assess the contribution each task is making to what you are trying to achieve.

- **Change**: Identify the actions that will be taken to remove overload, inefficiency and ineffectiveness (for example, create a “to-do” list or clarify priorities with your manager) and then change how work is carried out.

- **Review**: After about a month, consider whether your time management has improved and whether further action could be taken to improve matters.

Self-knowledge about how time is allocated to tasks and the preferred way of working is a key aspect of effective time management.
Managing time

Ways of improving time management

Once you understand how time is being used, there are actions that can be taken to improve time management. The priority is to stop doing tasks that are not part of the job or add no value to what you are trying to achieve. Then the aim is to put the emphasis on working smarter rather than harder by not attempting to do too much, being decisive and finishing things. The following are some of the ways this can be achieved:

- Change the way tasks are carried out so that they take less time. Consider whether a task can be done more efficiently, and if it can, do something about it.
- Ensure that full advantage is taken of periods during the day that are particularly productive (for example, the appropriate time of day depending on whether you are a morning person or an afternoon person) to deal with demanding tasks.
- Schedule similar tasks together so that the same thought processes and/or information sources can be used.
- When possible, complete a task before moving on to the next one.
- Maintain a “to-do” list that includes the task to be completed, the deadline and the name of the person to whom a task has been delegated.

These actions are definitely worth considering, but their impact will probably be quite modest compared with the following:

- Reduce the impact of “time robbers”: the many and varied distractions occurring during the working day.
- Take a systematic approach to prioritizing and scheduling tasks.
- Be willing to delegate tasks.

With regard to time robbers, each one might have only a small impact, but taken together, their impact can be significant.

Identifying and preventing “time robbers”

Self-imposed time robbers

Figure 6.2 identifies the main self-imposed time robbers. These are the time robbers that are the easiest to address.
Socializing can be enjoyable, but time consuming if it gets out of control. At the same time, networking is important for sharing knowledge, identifying opportunities and raising an individual’s profile. This means that there are benefits in finding time to network, but excessive socializing should be avoided.

Browsing websites and taking personal phone calls can be distracting, and such activities should be avoided unless of course they are critical. Dealing with e-mails can also take a lot of time and be disruptive. One way of minimizing this is to just check e-mails at specific times. When they are checked, have a quick scan to identify those that can be immediately deleted or archived. For the messages that are opened, respond immediately or add an item to your to-do list. Remember that sometimes it might be best to phone someone rather than responding by e-mail.

Being thoughtful about the use of e-mails can help avoid wasting other people’s time.

- When sending e-mails, do not include copy addressees unless there is a good operational or functional reason to do so (for example, other people need to be aware of the issues being raised).
- When replying to e-mails that have been sent to many people, do not use “reply all” unless it is necessary for everyone to be aware of the response.

Taking these approaches and encouraging others to do the same will reduce the wasted time associated with e-mails for everyone involved.

Being a perfectionist can be admirable, but continually improving something that is already adequate takes time and can lead to delays in providing what is required. Delays can also be caused by procrastination (for example, putting off starting hard tasks or continually analysing a situation to avoid making a difficult decision). To address these time robbers requires willpower and planning and a recognition that hard tasks do not get any easier by putting them off, and nearly all decisions are taken with imperfect information.

It is tempting to always give a positive response to a request, but this can lead to overloading and a need to carry out many tasks at the same time. The result might be a lack of efficiency
or effectiveness coupled with increased levels of stress. This situation can be addressed by delegating (described later) or being assertive by saying “no” in a polite way. But just saying “no” and appearing dismissive is not usually the best way to address the problem. It is better to explain why acceding to the request would cause problems and to seek a compromise by suggesting alternative solutions. Being assertive allows individuals to remain focused and manage their time.

Disorganization can be a time robber. Not being able to find documents or not having them readily available wastes time. To avoid this, keep personal space free of clutter, do not save unnecessary documents and ensure that there is systematic approach to keeping documents that are still required. Another aspect of being disorganized is forgetting what tasks need to be carried out. This can cause delays and turn a non-urgent task into an urgent one. Keeping a to-do list can help overcome this problem.

**Time robbers imposed by others**

Time robbers imposed by others might be difficult to eliminate, but action can be taken to reduce their impact. Figure 6.3 identifies some of these time robbers.

![Figure 6.3. Time robbers imposed by others](image)

Interruptions are sometimes very important, as certain issues need to be dealt with straightaway. But it is likely that most interruptions do not fall into this category. To minimize the impact of interruptions, a useful approach is to schedule regular one-on-one meetings with team members and encourage them to be disciplined in how they use their time so that they can progress with their work until the next meeting. Staff could also be encouraged to drop in for non-urgent matters or to arrange non-urgent meetings during specified periods. Interruptions by staff members can also be reduced when time is needed to carry out an important/urgent task by sharing a diary with the team and clearly blocking out times when interruptions should not occur except in an emergency. Interruptions can also be reduced by displaying a “do not disturb” sign or shutting the office door, but this approach is not possible in an open-plan office.
Attending unproductive or unnecessary meetings is both distracting and frustrating. When requested to attend a meeting, it is worth asking the following questions:

- What is the purpose of the meeting and what is the expected outcome?
- Is this meeting necessary to make decisions or is it to just share information?
- Is it essential that I attend the whole meeting, or can I just attend part of it?
- Can the duration of the meeting be limited?
- What information can be shared before the meeting so that the most can be made of the available time?

Just because someone has been invited to a meeting, it does not necessarily mean that attendance is obligatory. Also, remember that in place of attending a meeting, an individual could be asked to go in another’s place, or it might be sufficient to just receive the minutes of the meeting. If individuals do attend a meeting, it is important to help ensure that the agenda is followed and that the required outcomes are reached in the time allotted.

Having to correct mistakes or errors made by others can be disruptive, but it is almost inevitable that such issues will occur. The aim should be to deal with the problem as soon as possible, but also to ensure that it does not happen again. So it is important to understand why that particular problem occurred, and then to identify the underlying cause so that it does not occur in the future. Of course, this might be time consuming, but it will be a worthwhile investment in that it will reduce disruptions associated with correcting repeated mistakes or errors.

Sometimes, time is wasted by having to wait for others to complete a task. This problem can be avoided by ensuring that the person carrying out the task is aware of why it is important and being clear about what is required and by when. Doing this will help avoid wasting time and having to chase after work that has not been completed by the agreed deadline.

**Running ineffective meetings**

Having ineffective meetings wastes the time of the person running the meeting and the other participants. Wasting time can be avoided if the person running the meeting ensures that the meeting fulfils its purpose in an efficient way. When setting up a meeting, it is worth considering the following questions:

- Is a meeting the most effective way of dealing with the issue or making a decision?
- What is the purpose of the meeting and how will it be structured?
- Who should be invited to the meeting?
- What preparations need to be made for the meeting (for example, deciding (a) where and when the meeting should take place, (b) the required facilities and (c) what documents need to be prepared in advance of the meeting)?

It is important that the purpose of a meeting be clearly defined. There are many reasons for holding a meeting including to make decisions, to reach an agreement, to build consensus, to make plans, to exchange information, to solve problems, to coordinate activities and to consult colleagues. Sometimes a meeting might not have a single purpose.
A key document for any meeting is the agenda (a list of items to be considered or done). An agenda can be made more useful in the following ways:

- Indicate the amount of time to be allocated to each item.
- Specify the purpose of each item (for example, “to reach a decision about...”, “to receive a progress report on...”, “to prepare an action plan for...”).

A meeting is likely to be ineffective and a waste of time if some of the following apply:

- There is no clear purpose for the meeting, the agenda gives few indications of the desired outcomes, and deliberations are unfocused.
- Not all the key people required to fulfil the purpose of the meeting (for example, those authorized to make a decision) are attending.
- There is a lack of focus on the key issues.
- Some participants are unprepared for the meeting or do not take their participation seriously.
- Full use is not made of the experience and expertise of the participants.
- Distractions and interruptions occur, and participants wander off the topic to be addressed.
- There are missing documents, which means that discussion is inhibited and there is a lack of authority for decision-making.
- One individual is allowed to dominate the meeting in a way that inhibits others from contributing.
- Small groups argue among themselves.
- The outcome of a discussion is not specified before moving onto the next item.
- Important ideas, opinions, solutions and decisions are not recorded.
- Decisions are not turned into actions.
- Actions from previous meetings are not followed up.
- The meeting does not start on time or overruns because it is poorly chaired.

Avoiding these problems will help ensure that meetings are productive and make good use of the time of everyone involved.

**Planning and prioritizing tasks**

**Benefits of planning and prioritizing tasks**

Planning and prioritization are a key part of effective time management for both yourself and your team. When there are many demands on your time, you need to be able to focus on the priorities, plan your work and maintain control of your time. In that way, best use can be made of all the expertise that is available. Planning and prioritization can also help to reduce stress, avoid struggles with conflicting demands and ensure that there is a focus on what needs to be done to meet long-term goals. A key part of prioritization is identifying those tasks that do not need to be carried out because they make no contribution to achieving either short-term or long-term goals.
Managing time

Planning involves being clear about what needs to be achieved in both the long and short term. The short-term tasks that must be carried out to achieve the long-term goal need to be clearly identified. The short-term tasks can then be sequenced while taking into account the priorities. There are benefits in thinking about sequencing. For example, time and effort can be saved by scheduling tasks of a similar kind close together – this is referred to as batching. Recording the short-term tasks in a diary or planner and then creating the day’s to-do list of the short-term tasks is also a way of ensuring that the long-term goal is achieved.

It is usually important for individuals to involve their manager in the prioritization process. This ensures that there is a shared understanding about those activities which are prioritized and any that are put on hold or closed. This will help to alleviate stress, which can occur when handling competing priorities.

**Being SMART and using the 5Ws**

An essential part of planning is being clear about what needs to be achieved. Being “SMART” is a way of doing that. So when planning a task, ask the following questions.

- **Specific**: Is the task clearly defined?
- **Measurable**: How will progress be tracked?
- **Attainable**: Is there the capability and capacity to successfully carry out the task?
- **Relevant**: Does this task contribute to organizational goals or personal development?
- **Time-bound**: By when should the task be completed?

When considering the extent to which a task is clearly defined, it is useful to think in terms of the 5Ws: why, what, who, where and when.

- Why is it needed?
- What does it entail?
- Who will do it?
- Where will it be carried out?
- When does it need to be completed?

The use of SMART and the 5Ws should be adapted to the circumstances rather than being approaches that are rigorously followed no matter what the task.

**Important versus urgent**

Considering which tasks are important and which are urgent is an effective way of planning work. This approach was used by President Dwight D. Eisenhower, but it was later popularized in a book by Stephen Covey.⁴¹ The following outlines how to interpret important and urgent activities:

- **Important activities**: These activities lead to the achievement of your goals and/or have a wide-ranging and far-reaching impact on day-to-day activities. These activities usually have a long-term impact on your work and that of others.

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– **Urgent activities**: These activities have short deadlines or demand immediate attention because not carrying them out impacts your other work or that of others. They are often associated with other people wanting to achieve their goals.

As shown in Figure 6.4, these attributes can be used to prioritize tasks and plan when work is carried out, but remember that importance and urgency are not alternatives.

![Figure 6.4. Prioritization of tasks based on importance and urgency](image)

The following provides more information about how tasks can be categorized according to the urgent/important criteria:

– **Important and urgent**: These are usually tasks that could not be foreseen, have been left to the last minute or are associated with deadline-driven projects. The problem of last minute activities can be addressed by avoiding procrastination and improving planning. This would not help deal with unforeseen activities, but work could be scheduled to leave time to deal with such tasks if that is expected to be part of the job. Of course, if there is a major crisis, dealing with that crisis takes priority over everything else.

– **Important but not urgent**: These are the key tasks that are essential for achieving organizational or personal goals (for example, strategic planning, professional development or relationship building). They are likely to be time-consuming and require time for reflection. Work should be planned so that there is time available to complete these tasks to the required standard and by the required deadline. Avoid delaying work on these tasks to prevent them from becoming urgent.

– **Not important but urgent**: These tasks are often associated with demands placed on individuals by others (for example, phone calls, e-mails and interruptions) and lead to a short-term focus. The impact of these can be reduced by saying “no” politely, dealing with them at a later time, indicating that the task should be carried out by the person making the request or delegating the tasks.

– **Not important and not urgent**: These activities are a distraction and should be avoided whenever possible (for example, personal phone calls and e-mails and web browsing).

The aim is to plan work based on the important/urgent criteria so that truly urgent tasks can be dealt with when necessary, but with most of the time being used to work towards long-
term goals. This allows for a focus on what is important while identifying the tasks that could be ignored or given a very low priority.

**Action priority matrix**

The action priority matrix method is similar to the impact/urgent approach, but now decision-making is based on an assessment of the effort required to carry out a task and its impact.

- **High impact, low effort**: These are quick wins, and emphasis should be focused on completing these tasks, but avoid spending so much time on these that completion of the work on major projects is adversely affected.

- **High impact, high effort**: These are major projects on which the most time should be spent, but it is useful to plan the work by breaking the task down into a series of smaller tasks.

- **Low impact, low effort**: These are task fillers that should be carried out when there is spare time available, but avoid spending a lot of time on these tasks and consider dropping or delegating them.

- **Low impact, high effort**: These are time wasters that should be avoided, but if they must be carried out, either put them aside until time becomes available, or break the task down into a series of smaller tasks.

An action priority matrix can be used to identify the priority to be given to tasks and to provide a basis for deciding how to optimize the use of time and resources. The matrix can be a tool for organizations, teams or individuals.

**Bounded versus unbounded**

When considering how much time to spend on a task, it is worthwhile assessing whether the task is bounded or unbounded.

- **Bounded tasks**: These tend to be well defined, with limited timescales and known information requirements, and can usually be carried out separately from other tasks.

- **Unbounded tasks**: These are usually poorly defined, with uncertain timescales and unknown information requirements, and are often linked to or have an impact on other tasks.

In addition, bounded tasks usually take less time and involve fewer people than unbounded ones.

In general, tasks do not fall neatly into one of these categories. Instead, there is a spectrum of tasks, with bounded and unbounded tasks at the extremes. Nevertheless, it is worth thinking about the extent to which a task is bounded when trying to allocate time to complete it or deciding how work should be scheduled.

**Other approaches to prioritization**

The important/urgent approach to prioritization is not the only one available. The 4Ds is a simple time management approach – see Figure 6.5.
Prepare a to-do list and then categorize each action as follows:

- **Do**: Tasks that you have the expertise to do and can be done straightaway.
- **Delay**: Tasks that you have the expertise to do, but do not need to be done straightaway. Avoid delaying completing tasks simply because you do not want to do them.
- **Delegate**: Tasks that another individual can do because he or she has the expertise or will benefit from completing the task.
- **Drop**: Tasks that do not need to be carried out.

This approach is particularly effective for dealing with e-mails.

The ABC prioritization has similarities with the important/urgent prioritization. In the ABC approach, tasks are ranked as follows:

- **A**: Tasks that are urgent and important.
- **B**: Tasks that are important but not urgent.
- **C**: Tasks that are unimportant, whether urgent or not.

Then in each group, the tasks are again ranked. This approach is particularly useful when there are constantly changing priorities. It does not give an in-depth assessment but does provide a useful overview as a basis for planning work.

A Pareto analysis is another approach to prioritization. It is based on the assumption that 80% of tasks can be accomplished in 20% of the available time. This also implies that the remaining 20% of tasks will take up 80% of the available time. In other words, only 20% of the tasks make a crucial contribution to achieving the desired outcomes/goals. A Pareto analysis allows that 20% of tasks to be identified. This is accomplished by preparing a to-do list that is ranked according to the contribution made to achieving the desired outcomes/goals. The tasks at the top of the list should be given the highest priority. However, this approach does not take into account the importance and urgency of the tasks.
Delegating successfully

Benefits of delegating

Delegating means that someone is given the authority and required resources (including time) to perform a task on someone else's behalf, but the delegator still has overall responsibility for the satisfactory completion of the task.

For many people, delegating tasks does not come naturally. Of course, delegation might not take place because the possible candidates for delegation do not have the required experience and expertise or the confidence to take on additional responsibilities. The following are some other reasons why a manager does not delegate:

- Feeling that “I can do this better than anyone else” or “It will take so long to delegate the task, I might as well do it myself”;
- Being unwilling to accept the risk associated with any delegation;
- Having a lack of confidence in the people that might carry out the task;
- Having a fear of loss of power or experiencing feelings of insecurity.

But delegating tasks is an important way of managing your time. The following are some situations in which delegating is especially helpful:

- You need to find time to concentrate on long-term issues and managing your team.
- You need to complete a high-priority task that requires immediate attention.
- A member of the team has more experience and/or expertise related to the task than you.
- The task allows you to give a member of the team an opportunity for professional development.

Delegating, if done in an appropriate way, shows that you have confidence in the members of your team and you are committed to supporting their professional development.

For the members of the team, taking on a delegated task can help with their professional development, raise their self-esteem and provide job enhancement. Delegating tasks can also benefit the team as a whole, in that it can improve efficiency, provide flexibility, aid communication and teamwork and balance workloads.

In addition to delegating tasks to others, a manager might also be subject to delegation. In these circumstances, it is important to:

- Be clear about what is required and by when and the levels of authority and delegation;
- Agree on what training and/or support is required and how success will be measured;
- Identify monitoring and feedback arrangements;
- Renegotiate deadlines if the new task conflicts with existing priorities;
- Be prepared to explain why a new task cannot be taken on in its current form (for example, lack of expertise).
Levels of delegation

There are various levels of delegation, and there are many ways in which these can be categorized, but they are all similar in specifying a hierarchy based on what is expected of the person who has been given the delegated task. At the most basic level, an individual could simply be told to perform a task in exactly the way that has been specified, without deviation. This leaves the person allocating the task with complete control over how the task is carried out but leaves the person carrying out the task with little sense of achievement. Indeed, it is not really a form of delegation.

Figure 6.6 shows some other approaches to delegation based on the extent to which the delegation is controlled.

![Figure 6.6 Levels of delegation based on the extent to which the delegation is controlled](image)

The following provides additional information about the four levels of delegation:

- **Gather information**: This provides you with the information required to make a decision. What is provided might also include an analysis of the information and an identification of some options.

- **Make recommendations**: You still make the decisions, possibly in consultation with the person carrying out the task, but now you have recommendations based on an assessment of the options, probably by considering the advantages and disadvantages of each one.

- **Make decisions, take action and keep me informed**: You have handed over decision-making authority, but you want to be kept informed so that you can monitor progress and, if necessary, intervene.

- **Full delegation – solve the problem**: You have handed over complete control of the task and decision-making authority so that someone else is now accountable for the successful completion of the task.

Of course, there can be variations on these levels of delegation. For example, even if someone has delegated responsibility for making decisions, that person could be asked to check with you before making key decisions and/or taking any actions that go beyond a set of agreed parameters.
Three aspects should be taken into account when deciding on the level of delegation: authority, responsibility and accountability.

- **Authority**: The power to take decisions, commit resources and give order.
- **Responsibility**: The duty to complete the task and deliver the required outcomes.
- **Accountability**: The obligation to report formally about the discharge of the responsibility.

When delegating, it is important to be clear about each aspect. Note, however, that usually accountability cannot be delegated; the person doing the delegation is still accountable for the successful completion of the task unless it is agreed from the start that the person carrying out the task is fully answerable for the end result.

**Delegation process**

Delegation is likely to be effective if a systematic approach is taken. The following four steps are likely to ensure a successful outcome for the delegation:

- **Decide what task to delegate**: Often, a decision is made to delegate a task because of work overload or because another person can complete the task either better or quicker. Delegation can also be used to give an individual a valuable learning experience, provide variety in an individual’s work or spread expertise to ensure that more than one person knows how to carry out a critical task. In addition to it being clear why a task is being delegated, the task also needs to be well defined so that there is no misunderstanding about what the outcome should be.

- **Select the right person**: The person chosen should depend upon the task and why it is being delegated. Of course, that person needs to have the time to carry out the task and the required expertise. But some other considerations might be as follows: who will find the task interesting, who will benefit from carrying out the task in terms of professional development and who has been overlooked in delegating previous tasks.

- **Specify the task**: Make sure the chosen person understands the task in terms of the outcome and deadlines, is fully aware of what authority and responsibility have been delegated and understands the monitoring/feedback arrangements. Avoid specifying how the task should be carried out, but do explain why completing the task is important and how it will benefit the organization, department or team. If appropriate, agree on what training and/or support is required, how success will be measured and what difficulties might be faced in completing the task. The aim is to get buy-in, provide clarity about the task and ensure that any concerns are addressed from the start.

- **Monitoring progress**: Getting feedback allows progress to be monitored. This will help motivate the person carrying out the task and provide an opportunity to consider intervening if problems are occurring. The amount of monitoring will depend upon the nature of the task and the expertise and experience of the person doing the work.

When implementing this process, remember to avoid (a) assuming that an individual knows what needs to be accomplished if he/she has not received a full explanation of the task, (b) delegating a task or choosing a person just because it is convenient, (c) underestimating the time and effort required or (d) micromanaging the person carrying out the task.
If delegation is not the success originally intended, ask the questions:

- **Person**: Was the best person chosen? Did that person have the required authority? Was sufficient support provided?
- **Task**: Was there clarity about what was to be achieved? Was the deadline realistic? Were adequate resources provided?

### Source material and further reading

**Overview**

**Time management skills**
- [https://www.skillsyouneed.com/ps/time-management.html](https://www.skillsyouneed.com/ps/time-management.html) (SkillsYouNeed: Time management skills)

**Time robbers**
- [https://www.skillsyouneed.com/ps/minimise-distractions.html](https://www.skillsyouneed.com/ps/minimise-distractions.html) (SkillsYouNeed: Minimizing distractions and time wasters)
- [https://www.skillsyouneed.com/ps/procrastination.html](https://www.skillsyouneed.com/ps/procrastination.html) (SkillsYouNeed: Avoiding procrastination)

**Time management tools and techniques**

**Delegation**
- [https://www.mindtools.com/pages/article/newLDR_98.htm](https://www.mindtools.com/pages/article/newLDR_98.htm) (MindTools: Successful delegation)
Managing time

Key points

Understanding time management

– Time management is the ability to plan and control how time is allocated to carry out specific activities or accomplish goals. It involves setting priorities for allocating time when faced with competing demands.

– The benefits of good time management include: tasks are planned and prioritized, objectives are met in the shortest possible time, productivity is increased, morale is improved and new tasks can be taken on to develop expertise and support career progression.

– Symptoms of poor time management include: poor punctuality, working long hours, procrastination, strained relationships, lack of focus, overlooking details, perfectionism and not delegating tasks.

– The use of time can be assessed by analysing the time spent on task activities, evaluating the contribution of each task to what you are trying to achieve, changing ways of working to remove overload, inefficiency and ineffectiveness, reviewing the impact of changes and deciding whether additional changes are required.

– Time management can be improved by reducing the impact of “time robbers”, taking a systematic approach to prioritizing and scheduling tasks and being willing to delegate tasks.

Identifying and preventing “time robbers”

– Time robbers are the many and varied distractions that occur during the working day that have an adverse impact on what needs to be achieved. Each of the time robbers might have only a small impact, but taken together, their impact can be significant.

– Self-imposed time robbers include excessive socializing, frequent scrutiny of e-mails, unnecessary perfectionism, procrastination, not saying “no” when it is appropriate to do so and being disorganized.

– Time robbers imposed by others include non-urgent interruptions, unproductive or unnecessary meetings and correcting the mistakes of others.

– When running meetings, wasting time can be avoided by careful preparation and ensuring that the focus is on achieving the purpose of the meeting.

Planning and prioritizing tasks

– When there are many demands on time, it is important to focus on the priorities, plan work, maintain control of time and make best use of all the expertise that is available.

– An essential part of planning is being clear about what needs to be achieved by asking if the task is clearly defined, how progress will be tracked, if there exists the capability and capacity to successfully carry out the task, if the task contributes to organizational goals or one’s own personal development and by when the task should be completed.

– The 5Ws can be used to define a task: Why is it needed? What does it entail? Who will do it? Where will it be carried out? When does it need to be completed?
Managing time

Tasks can be prioritized based on their importance and urgency, with different approaches taken according to whether tasks are important and urgent, important but not urgent, not important but urgent, or not important and not urgent.

Tasks can be prioritized based on an assessment of the effort required to carry out a task and its impact, with different approaches taken according to whether tasks have low effort and high impact, high effort and high impact, low effort and low impact, or high effort and low impact.

Tasks can be prioritized by establishing a to-do list and then categorizing tasks according to do, delay, delegate or drop.

Delegating tasks successfully

Delegating means that someone is given the authority and required resources (including time) to perform a task on someone else’s behalf, but the delegator still has overall responsibility for the satisfactory completion of the task.

Managers might be reluctant to delegate if they feel that they can complete a task better than anyone else, if they are unwilling to accept the risk associated with delegation, if they lack confidence in their staff or if they fear of a loss of power or have feelings of insecurity.

Delegating a task is especially useful if time is required to concentrate on long-term or management issues, if high-priority tasks require immediate attention, if a team member has high levels of experience and expertise related to the task or if the task offers an opportunity for professional development.

Delegation can be at a variety of levels (for example, gather information, make recommendations, make decisions and keep me informed, and solve the problem), but in most cases, the same process is followed: decide what to delegate, select the right person, specify the task and monitor progress.

If delegation has not been successful, consider whether the problem was with the person chosen (for example, was the best person chosen and was sufficient support provided?) or the task (for example, was there clarity about what was to be achieved, was the deadline realistic, and were adequate resources provided?).

Suggested discussion topics

Understanding time management

What are the symptoms of poor time management?

What are the benefits of good time management?

Identifying and preventing “time robbers”

What are the time robbers that are self-imposed or imposed by others?

In your experience, which time robbers cause the most disruption and what action can be taken to reduce their impact?

What can be done to prevent meetings from being unproductive and a waste of time?
Planning and prioritizing tasks
- What needs to be taken into account when prioritizing tasks?
- How do you go about prioritizing tasks? Are there any techniques that you have found to be of value?

Delegating tasks successfully
- What are the benefits of delegation, and when is it appropriate to delegate?
- What are the options when you decide to delegate a task?
7. Communicating effectively

Aim
To acquire the skills and techniques necessary to communicate effectively.

Learning outcomes
You will be able to:
– Explain the ideas underpinning effective communication;
– Apply communication principles, including when managing change;
– Develop your own communication style;
– Use questions, listen and explain effectively;
– Deal with difficult situations and provide feedback;
– Prepare a strategic communications plan and an associated work plan.

Content
Overview of communications
– Communication models;
– Verbal, para-verbal and non-verbal communications;
– Types of communications;
– Benefits of effective communication;
– Communication barriers.

Communication principles
– 7 Cs of communication;
– Communicating change.

Communication styles and assertiveness
– Communication styles;
– Assertiveness.

Questioning
– Overview of questioning;
– Types of questions and approaches;
– Ways of using questions and types of responses.

Listening
– Overview of listening;
– Active listening;
– Barriers to listening.

Explaining
– Overview of explaining;
– Explanation process.
Having difficult conversations and giving feedback

- Difficult conversations;
- Feedback.

Planning communications

- Communications strategy;
- Communications plan.
Briefing – communicating effectively

Overview of communications

Communication models

Communication is the exchange of information (a message) between two or more people. Figure 7.1 is a general model of a two-way communication process known as the Shannon-Weaver model of communication.42

This depiction of the communication process involves the following components:

- **Sender**: This is the person initiating the message. He or she has to encode the information (for example, ideas, views, concepts) by translating it into spoken, written or graphical form.

- **Receiver**: This is the person (or group of people) to whom a message is directed. The receiver has to decode the message to give it meaning.

- **Message**: This is the message containing the information that needs to be encoded by the sender and decoded by the receiver. It is important that the sender be clear about the message that needs to be conveyed.

- **Channel**: This is the medium by which a message is sent and received. It is important to choose the most appropriate channel for transmitting the message. Depending on the circumstances, the feedback might use the same or a different channel from that used to transmit the original message.

- **Feedback**: This is the response from the receiver which is used by the sender to assess whether the message has been correctly interpreted. The feedback has to be encoded by the original receiver and decoded by the original sender.

The whole process can be affected by:

- **Noise**: This is anything that interferes with the encoding and decoding processes (for example, physical or psychological factors).

- **Context**: This is the setting in which the communication takes place (for example, physical, social or cultural environment).

The ways in which the encoding and decoding processes take place are affected by the characteristics of the sender and receiver (for example, personality, beliefs, education, experience) and the relationship between them. To enhance the likelihood of the receiver correctly decoding the message, the sender should know as much as possible about the characteristics of the receiver.

Feedback is an important part of the communication process. Indeed, without feedback, the sender has no way of knowing whether or not the receiver has interpreted the message correctly. When feedback is possible, there is two-way communication. However, sometimes there is no mechanism for feedback; in these cases, one-way communication takes place.

The communication process is effective if the sender’s message is fully and correctly understood by the receiver.

**Verbal, para-verbal and non-verbal communications**

Communication takes place in a variety of ways: verbal (both oral and written), para-verbal (oral), para-verbal (written) and non-verbal.

- **Verbal communication (oral and written)**: The words that are used in both oral and written communication are very important. What is being said or written must be suitable for the audience, and the effectiveness of the communication is enhanced if it is clear and logical, with a minimum of jargon. This is particularly important for written communication because usually there is no mechanism for getting feedback which would allow the correction of any misunderstanding.

- **Para-verbal communication (oral)**: The vocal signals accompanying what is said (for example, volume, pitch and speed of delivery) can have an impact on the effectiveness of oral communication. For example, speaking softly or quickly might indicate anxiety about what is being said, and speaking slowly in a monotone might give the impression that the message is unimportant. On the other hand, speaking at a moderate speed with variations in pitch will help maintain the interest of the audience.

- **Para-verbal communication (written)**: The way written material is presented can affect its effectiveness. Poor punctuation, spelling mistakes, long sentences and repetitive sentence structures detract from the quality of the communication. Laying out the document in a way that provides a logical structure with key points being emphasized will be beneficial.

- **Non-verbal communication**: The degree of eye contact, facial expression and posture can give an indication of the speaker’s attitude regarding what is being said. For example, a static posture with little eye contact and a fixed facial expression might be interpreted as the speaker having little interest in what is being
Communicating effectively

Communicating effectively requires more than just conveying information. However, the speaker being animated (for example, using gestures, moving and varying facial expressions) and maintaining eye contact can enhance the effectiveness of the communication.

In general, the success of the communication will be boosted by using para-verbal and non-verbal signals to back up the verbal messages.

**Types of communications**

There are many different types of communications:

- Internal communications within an organization and external communications between an organization and outside individuals and organizations;
- Vertical communications between staff at different levels within an organization and horizontal communications between staff at the same level;
- Formal communications which are official messages and informal communications which are not formally approved (for example, everyday conversations);
- One-way communications, which the focus on getting the message out and two-way communications, where there are opportunities for dialogue and feedback;
- Communications based on push channels that involve sending out information and those based on pull channels so that information can be accessed when required;
- Communications that are “rich” in terms of interactivity, multiple cues and a variety of formats (for example, face-to-face meetings) and those that are “lean”, involving few senses and with little or no interactivity (for example, brochures).

The approach taken to communication depends upon the audience and the purpose and content of the message.

**Benefits of effective communication**

Effective communication occurs when the message is clear, precise and easily understood by the receivers. The many benefits of effective communication include the following:

- **Strengthened relationships**: Good relationships are built through communications that are based on honesty and trust, ensuring that people know what is expected of them and that they feel valued.
- **Fewer misunderstandings**: Problems arising from misunderstood messages are avoided, and if such problems do occur, they can be addressed by prompt and appropriate additional communications.
- **Improved job satisfaction and motivation**: Attitudes towards a job are improved by ensuring that everyone knows the goals of the organization and the contribution that they are making towards achieving those goals.
- **Enhanced sense of community**: A feeling of “we are all in this together” is created because everyone knows where the organization is heading and the challenges it is facing.
– **Smooth changes**: Information is provided about the reason for and impact of changes within an organization, thereby reducing misunderstandings about the changes and minimizing any resistance.

– **Improved decision-making**: People are more likely to make good decisions because they are aware of what is happening within the organization and where it is heading.

**Communication barriers**

Communication barriers can distort messages and lead to misunderstandings and more serious problems (for example, anger or non-compliance). By being aware of the barriers, a good communicator can overcome them and increase the likelihood of messages being interpreted as intended. The following are some common communication barriers:

– **Organizational barriers**: The greater the complexity of an organization, the more difficult it becomes for both upwards and downwards communications (for example, messages can get diluted or distorted). Additionally, in any organization, a lack of openness and trust can lead to ineffective communications.

– **Physical barriers**: Equipment that is not fit for purpose, background noise, a poor office environment and frequent interruptions can cause distractions and impact the effectiveness of communications.

– **Linguistic barriers**: Poorly expressed messages, excessive use of jargon and unfamiliar words, and generational differences in the use of language can lead to messages not being fully understood.

– **Cultural barriers**: Not being aware of the norms of social interaction that vary in different cultures (for example, concerning social space, formality or showing emotions) can adversely affect communications. Communications might also be affected by assumptions being made about cultural backgrounds based on stereotypes.

– **Interpersonal barriers**: A lack of interpersonal skills and emotional intelligence and differences in the expectations, viewpoints and experiences of the sender and receiver can hinder communications.

– **Personal barriers**: A lack of attention or interest, boredom, a poor emotional state, time pressures and information overload for the sender and/or receiver could all impact the effectiveness of communications.

**Communication principles**

**7 Cs of communication**

There are seven communication principles that are important for both written and oral communication. These are known as the “7 Cs” – see Figure 7.2.
Communicating effectively

Figure 7.2. The 7 Cs of communication

They were first articulated by Scott Cutlip and Allen Center\(^{43}\) in the 1950s, but since then, they have appeared in a variety of forms.

- **Clarity**: Be clear about the purpose of the message and ensure that it can be understood by the receiver (for example, avoid covering too many topics and the receiver having to make assumptions to understand the message).

- **Conciseness**: Keep to the point by focusing on what the message is trying to achieve (for example, include only relevant information, eliminate unnecessary words and avoid repetition).

- **Concreteness**: Ensure that the message is specific and definite rather than vague and general (for example, use facts and figures to support the message and, when appropriate, emphasize the actions required and the associated benefits).

- **Correctness**: Make certain that the information contained in the message is accurate and that the language used is correct and appropriate (for example, check that facts and figures are correct and that there are no grammatical errors).

- **Coherence**: Present the information in a logical and consistent way (for example, ensure that all points are relevant and linked to the topic).

- **Completeness**: Ensure that the message includes everything the receiver needs for it to be understood. If necessary, take the appropriate action (for example, include all important details and leave no questions in the mind of the receiver).

- **Courtesy**: Keep the message polite, friendly, professional, open and honest (for example, take into account the viewpoint and feelings of the receiver and omit expressions that might irritate, hurt or belittle).

In some versions of the 7 Cs, “coherence” is replaced by “consideration”. In this case, the principle is that consideration should be given to the requirements, viewpoints and characteristics of the receiver.

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Communicating change

Often, communication is required because a change is planned or taking place within an organization. The AIDA (Attention, Interest, Desire, Action) model describes a way of communicating with people with a view to them taking action or accepting the change – see Figure 7.3.

![Figure 7.3. The AIDA model for communication](image)

In general, when carrying out communications associated with a change, take the following points into account in order to get the message across and minimize any resistance:

- **Emotional aspects**: Recognize that a change might result in an emotional response. With this in mind, it is important to be open about the reasons for the change and its...
impact on people. A lack of openness might lead to a lack of trust and scepticism about the real reason for the change.

- **Two-way communication**: Whenever possible, use two-way communication to discuss the change. This will provide you with the opportunity to address questions and concerns, especially about the impact of the change on people, and will allow individuals to share their views about how the change process could be improved.

- **Fill the gap**: Be prepared to provide information about the change even if there are uncertainties or gaps in knowledge. A lack of information is likely to be filled by gossip and rumour that might be difficult to overcome.

- **Tailor messages**: Ensure that the information provided includes the appropriate level of detail for specific groups and covers the impact of the change on those groups.

### Communication styles and assertiveness

#### Communication styles

There are three main communication styles: passive, aggressive and assertive. However, in reality, communication styles fall on a spectrum from passivity to aggression, with assertion in the middle – see Figure 7.4.

<table>
<thead>
<tr>
<th>Communication styles</th>
<th>Passive</th>
<th>Assertive</th>
<th>Aggressive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 7.4. The spectrum of communication styles</td>
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</tr>
</tbody>
</table>

The characteristics of passive, assertive and aggressive communicators are as follows:

- **Passive communicators**: These communicators tend to be non-committal and hesitant when communicating and compliant and submissive when giving a response. A lack of confidence and failure to communicate their feelings and opinions can lead to them doing things they do not want to do and others making decisions for them. They are often viewed as being weak.

- **Aggressive communicators**: These communicators state their opinions in a way that seeks to dominate others while showing little consideration for their feelings and opinions. In addition to having a tendency to speak in a loud and overbearing way, they seek to control, criticize or blame others. This approach is likely to make others feel angry and resentful. They are often viewed as being intransigent and arrogant.

- **Assertive communicators**: These communicators express their feelings and opinions in a clear, open, honest, appropriate and respectful way while taking account of the feelings and opinions of others. They also encourage others to express their feelings and opinions, and they listen to what is being said. They are often viewed as strong characters who are respected by and have the confidence of others.
There are two other communication styles that are not as frequent as the three main types:

- **Passive-aggressive communicators**: These communicators appear passive on the surface but display aggression in an indirect way (for example, by being stubborn, uncooperative or deliberately not completing a task).
- **Manipulative communicators**: These communicators are scheming and shrewd and are skilled at influencing or controlling others to their own advantage.

When dealing with people who are passive, a productive approach is to indicate that their contributions are valued by encouraging them to express their opinions, listening to their views and showing interest in what they have to say. Dealing with aggressive people can be more difficult, but maintaining self-control and trying to find areas of agreement can help defuse an uncomfortable situation.

Being assertive is the most effective communication style, though it is likely that at times everyone has behaved in a way that demonstrates a degree of passivity or aggression.

**Assertiveness**

Assertiveness is the quality of being able to communicate thoughts, beliefs, opinions and emotions in a positive and confident way. Being assertive:

- Enhances self-esteem;
- Improves communications and decision-making;
- Creates honest relationships and earns respect;
- Helps handle difficult situations.

An assertive individual:

- States opinions clearly and confronts issues;
- Expresses negative emotions (for example, through criticism and disagreements) and positive emotions (for example, pride and satisfaction);
- Questions authority and tradition;
- Is willing to say "no", especially when an attempt is made to delegate work unreasonably;
- Insists that rights be respected;
- Asks for what is required to fulfil responsibilities.

It is worth reflecting on your own communication style and whether you would benefit from being more assertive. For individuals who would, in fact, benefit from being more assertive, the following actions could be helpful.

- **Use “I” statements**: Make statements that use “I” to express your views or feelings (for example, say “I think that it would be better to”, rather than “What you suggest is wrong”).
- **Value yourself**: Realize that your feelings, needs and opinions are as important as those of other people.
Communicating effectively

- Say “no”: Instead of saying “yes” to a request when you really want to say “no”, try saying something like “I can’t do that because...”.
- Keep your emotions in check: Control your emotions and remain respectful, but be prepared to stand up for yourself when challenged.
- Accept feedback: Take a positive approach to receiving feedback, but be prepared to disagree without being defensive or angry.
- Ask for what you need: Identify what you need to perform to the required standard and ask for those needs to be satisfied.

Becoming more assertive can be a slow process, but it will improve the ability to communicate effectively, and this is likely to improve performance and increase job satisfaction.

Questioning

Overview of questioning

Asking questions is a key aspect of human interaction. There are many reasons to ask questions. Some questions are used to create rapport (for example, when initiating interactions and expressing an interest in someone) or to maintain control (for example, when interviewing), but other questions have more specific aims, including:

- Obtaining information;
- Assessing knowledge;
- Encouraging critical thought;
- Creating interest in a topic;
- Diagnosing specific difficulties;
- Exploring attitudes, feelings and opinions.

When dealing with groups, questions might also be used to encourage involvement or share views.

Types of questions and approaches

There are two main types of questions: closed and open.

- Closed questions: These questions ask for specific information (for example, “What is your name?”), offer a choice (for example, “Do you want tea or coffee?”) or require a yes/no answer (for example, “Can we meet later today?”). Though short answers can be given to closed questions, that does not necessarily need to be the case (for example, the answer to “Do you want tea or coffee?” could be “I prefer tea because...”). In general, closed questions are easy to answer but tend to produce only limited information.

- Open questions: These questions offer the opportunity for individuals to give expansive answers that are much more revealing about opinions, attitudes and feelings than responses to closed questions. Asking such questions often requires little prior knowledge of the subject, and the person answering has a lot of freedom in choosing what to say. Open questions tend to start with words such as “how”, “what”, “when”, “where”, “which”, “who” and “why”.
In general, open questions are more effective than closed questions at promoting self-disclosure, providing information and generating rapport.

In addition to there being two main types of questions, there are also three main approaches to asking a sequence of questions:

- **Funnel**: The questioner begins with an open question and then asks increasingly detailed questions based on the answers that have been given.
- **Inverted funnel**: The questioner begins with a closed question and then broadens the questioning to explore wider issues.
- **Tunnel**: The questioner uses a specific set of questions throughout with little attempt to explore the answers that have been given.

The approach taken will depend upon the situation and what the questioning is trying to achieve. In general, however, using an erratic sequence of open and closed questions causes confusion.

**Ways of using questions and types of responses**

Closed and open questions can be used in a variety of ways depending upon what the questioner wants to find out. Figure 7.5 summaries the ways in which questions can be used.

![Figure 7.5. Using questions](image)

Below are examples of the various types of questions:

- **Recall**: Questions assessing knowledge and the recall of information (for example, “What are the factors affecting...?”);
- **Process**: Questions requiring thought or reasoning associated with giving opinions, analysing information or interpreting situations (for example, “Why do you think that...?”);
- **Probing**: Questions exploring in more detail information that has already been provided (for example, “What is the justification for...?” or “What are examples of...?”);
Communicating effectively

- **Clarifying**: Questions aimed at clarifying what has already been said, possibly to ensure that there is no misunderstanding (for example, “Am I right in thinking...?”);
- **Affective**: Questions related to behaviour, emotions, attitudes and preferences (for example, “How did you feel about...?”);
- **Leading**: Questions based upon assumptions that indicate the kind of response that is expected (for example, “Do you agree that...?”);
- **Hypothetical**: Questions assessing the ability to be creative or think through a new situation (for example, “What would you do if...?”);
- **Rapport building**: Questions aimed at finding out about someone to help develop rapport or show an interest (for example, “What is your current job?”).

In addition to there being many ways of using questions, there are also various types of responses that might be given, some of which do not correspond with what the questioner expected. Ideally what is wanted is a direct and honest response. On the other hand, the response might be a refusal to answer or a lie. Between these extremes, there are other kinds of responses that occur:

- **Avoiding**: Offering an answer that is related to the topic of the question but does not address the substance of the question;
- **Stalling**: Answering the question with another question to provide time to think about how to answer the original question;
- **Distorting**: Giving answers that are considered socially acceptable;
- **Withholding**: Avoiding giving information that might be damaging or embarrassing;
- **Changing topic**: Providing information that is irrelevant to the question with a view to trying to change the topic;
- **Partially answering**: Being selective about which part of the question to answer.

When assessing answers to questions, it is important to be aware of ways in which attempts might be made to avoid giving a direct and honest response.

**Listening**

**Overview of listening**

These are four main types of listening used in the workplace:

- **Comprehension listening**: Listening to understand the message being presented;
- **Evaluative listening**: Listening to make judgements about what is said, especially when someone is trying to be persuasive;
- **Dialogic listening**: Listening to identify a shared view;
- **Empathetic listening**: Listening to understand someone’s thoughts, beliefs or feelings and to encourage open expression.

In addition, there is (a) discriminative listening, which does not involve understanding of the meaning of words but merely the different sounds that are produced and (b) appreciative listening, which provides pleasure through, for example, listening to music and song.
The following have an impact on the effectiveness of listening:

- **Listener**: Listening is enhanced if the listener has a wide vocabulary, is highly motivated and has the ability to organize incoming information.
- **Speaker**: Listening is enhanced if the speaker is clear, fluent and audible and is considered to be an authority through expertise or status.
- **Message**: Listening is impaired if the message is complex, has no coherent structure and is of no particular interest to the listener.
- **Environment**: Listening is impaired if there is an unpleasantly warm or cold environment, significant background noise or uncomfortable seating.

When the conditions are such that they support effective listening, there could be increased employee satisfaction, higher productivity, fewer mistakes, more information sharing and greater innovation.

**Active listening**

Active listening involves paying attention to what is being said, the way it is being said and the body language of the speaker. As a result of active listening, the listener should be able to understand, respond to and remember what is being said. Active listening also helps to build rapport between the speaker and the listener. See Figure 7.6.

![Figure 7.6. Demonstration of active listening](image)

The following summarize ways of demonstrating active listening:

- **Show interest**: Use body language (for example, nod, smile, make eye contact and adopt an attentive posture) to show attentiveness and interest.
- **Ask questions**: Pose questions based on what has been said.
- **Avoid interrupting**: Let the speaker finish what is being said rather than interrupting.
- **Respond appropriately**: Be open and honest when responding, and treat the speaker with respect.
Communicating effectively

- **Provide feedback**: Use paraphrasing (restate what has been said in different words), summarizing (repeat key aspects of what has been said) and reflecting (indicate that the emotional content or purpose of what has been said is understood).

**Barriers to listening**
There are many ways that effective listening can be inhibited, including the following:
- **Inattention**: Not paying attention to what is being said, possibly because the listener is thinking about something else, being bored or having to listen to something that is of no interest;
- **Poor messages**: Hearing messages that are too long, complex, contain too much information or are poorly structured;
- **Poor speakers**: Listening to someone with a poor delivery (for example, a monotone or a lack of enthusiasm);
- **Closed mind**: Not wanting to hear about what is being said because it does not conform to the views of the listener;
- **Premature judgement**: Making a judgement about what someone is saying before fully understanding what is being said (for example, jumping to a conclusion);
- **Distractions**: Experiencing distractions associated with the environment or interruptions;
- **Cultural issues**: Concentrating on the way someone is speaking (for example, an individual’s accent) or his or her mannerisms rather than the content of what is being said;
- **Prejudice**: Making a decision about what is being said based on prejudice or antipathy towards the speaker.

In addition, when questioning others, listening can be affected by not focussing on the response to a question because the answer is known and thinking about what question to ask next rather than paying attention to what is being said.

**Explaining**
**Overview of explaining**
Communication often includes having to explain something. Explaining can be thought of as the process of making something clear that is not known or understood by providing detailed information, revealing relevant facts or justifying something that has happened or will happen. It is important to be able to deliver explanations that can be understood by the target audience.

There are many reasons for giving explanations, including the following:
- To provide information not otherwise available;
- To simplify complexity, clarify uncertainty or highlight essential features;
- To express opinions or to try to reach a common understanding;
- To demonstrate how to carry out a specific activity or procedure;
- To ensure learning or to facilitate self-learning.
There are essentially three types of explanations:

- **Interpretive**: Explanations that define or clarify the meaning of terms, statements, situations, concepts, and so forth – they answer the question “what” (for example, What is climate change?);
- **Descriptive**: Explanations that describe objects, phenomena, structures, and so forth – they answer the question “how” (for example, How will climate change affect the UK?);
- **Reason-giving**: Explanations that specify principles, generalizations, causes, and so forth – they answer the question “why” (for example, Why is the climate changing?).

**Explanation process**

The 5P model describes the five key aspects of providing an explanation – see Figure 7.7.

The following describes the 5P model in more detail:

- **Pre-assessment**: Find out about the audience, including what they need or want to know, what they know already and their ability to understand what is to be explained.
- **Planning and preparation**: Establish what the explanation is intended to achieve, identify its content and decide how it is to be organized (for example, the key elements and how they will be linked).
- **Presentation**: Present the explanation in a way that is clear, concise and fluent while emphasizing the key points, using appropriate language and (if possible) including examples.
- **Post-mortem**: Evaluate the outcome by reflecting on what happened and seeking feedback (for example, by noting non-verbal behaviour or the relevance of questions asked).

Explanations can often be enhanced by using visual aids of some kind. These are effective for highlighting key points and providing a structure for the explanation. Demonstrations are also an effective way of explaining an activity or process.

If explanations are well-planned, structured and are built around the needs and capacities of the audience, it is likely that they will be understood and accepted.
Having difficult conversations and giving feedback

Difficult conversations

Nobody enjoys having difficult conversations about, for example, performance issues or the negative impacts of an organizational change. However, putting off those conversations is only likely to make the situation worse and will not make those conversations any easier.

When those difficult conversations are required, it is important to prepare by being sure of the facts and considering the types of questions, concerns or objections that might be raised. Try to do the following during the conversation:

- Be assertive by being self-assured and confident (do not back down unless there is a good reason to do so), and empathetic by considering the feelings of the person being addressed.
- Use appropriate verbal, para-verbal and non-verbal communication, actively listen to any responses that are given and stay calm and focused.

Sometimes new information or perspectives might arise during the conversation. In these cases, it might be necessary to revise the approach that was going to be taken or do some negotiating with a view to reaching an acceptable compromise.

Feedback

Providing positive feedback is an essential aspect of communication. Normally, feedback should be given face-to-face and satisfy the conditions described by BOOST: balanced, observed, objective, specific and timely – see Figure 7.8.

![Figure 7.8. The BOOST approach to giving feedback](image)

The following describes the BOOST approach in more detail:

- **Balanced**: Cover both the positive aspects and what could be improved, but avoid providing more information than can be absorbed.
Communicating effectively

- **Observed**: Include only points that have been directly observed and only deal with issues over which the individual has control (avoid discussion of subjects such as intelligence or personality).
- **Objective**: Ensure that there is no personal bias in the feedback.
- **Specific**: Be as specific as possible by giving examples of what has been observed rather than making general statements.
- **Timely**: Provide feedback at an appropriate time, usually as soon as possible.

In addition to the BOOST requirements, the feedback should be delivered in a sensitive way, focused on the issues rather than the person, and should be descriptive rather than evaluative. Also, it is important to check whether the feedback has been fully understood and accepted.

The person receiving the feedback should be encouraged to think about what is being said, to ask questions and seek clarification and to identify what action, if any, will now be taken in response to the feedback.

**Planning communications**

**Communications strategy**
A communications strategy is designed to help an organization communicate effectively, both internally and externally, and to meet its long-term objectives.

A communications strategy specifies the objectives, audience, key messages and communication channels. Preparing a strategy might include the following steps:

- **Organizational context**: Assess why it is necessary to have a communications strategy based on the organization’s culture and priorities, and identify the strengths and weaknesses of past and existing communication activities. Answer the question “Why are we doing it?”.
- **Objectives**: Specify the objectives that describe what the communication activities are trying to achieve and indicate how these contribute to the organization meeting its goals. Answer the question “What do we want to happen?”.
- **Audience**: Analyse the internal and external groups that form the audience to which communications will be directed. Answer the question: “With whom are we going to communicate?”.
- **Key messages**: Develop clearly-defined key messages and formulate how they will be adapted for various groups forming the audience (for example, for each group, identify what they need to know and the key communication messages). Answer the question “What are we going to say?”.
- **Communication channels**: Identify the channels that will be used to communicate the messages (for example, for each group, identify the key communication messages and key communication channels). Answer the question “How will the messages be delivered?”.
- **Evaluation**: Identify the tools and measures that will be used to get feedback so that the success of implementing the communications strategy can be assessed. Answer
The question: “How will we know whether the communication objectives have been met?”.

The strategy might also include some milestones and an assessment of any issues, barriers or risks.

As part of the strategy, there might be an implementation plan. Alternatively, there might be a separate communications plan.

**Communications plan**

After preparing a communications strategy, a more detailed communications plan is usually required – this is a work plan. The plan is intended to specify who is going to deliver what to whom along with how the success of each communication activity will be assessed. A communications plan might include the following for each activity:

- Target audience;
- Objective to be achieved for that audience;
- Key messages for that audience;
- Communication channel for delivering the message;
- Person who is responsible for delivering the message;
- Timing of the delivery of the message;
- Resources (financial and human) required for delivery of the message;
- How the success of the activity will be evaluated.

The implementation of a communications plan should be monitored and, if necessary, amended to take account of changing circumstances or the success or otherwise of activities that have already been carried out.

Feedback provided via surveys, team briefings, focus groups and individual interviews can be used to evaluate the success of internal communication activities. If the internet is used as a communication channel, the number of hits on a webpage or contributions to discussion threads might also be part of the evaluation process.

If people are expected to provide feedback about communication activities, they should be informed about how the feedback has been used and what decisions have been made based on that feedback.

**Source material and further reading**

**Books and guides**

*Skilled Interpersonal Communication: Research, Theory and Practice*, Owen Hargie, Routledge, 2011.


Overview

- https://www.mindtools.com/pages/article/common-communication-mistakes.htm (MindTools: 10 common communication mistakes)
- https://www.skillsyouneed.com/ips/communication-skills.html (SkillsYouNeed: Communication skills)
- https://www.mindtools.com/CommSkll/CommunicationIntro.htm?route=article/CommunicationIntro.htm (MindTools: Understanding communication skills)
- https://www.cipd.co.uk/knowledge/fundamentals/relations/communication/factsheet (CIPD: Employee communication)

Communication barriers

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Benefits

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- https://www.managementstudyguide.com/seven-cs-of-effective-communication.htm (Management Study Guide: Seven C’s of effective communication)

Questioning, active listening and writing

- https://www.mindtools.com/CommSkll/ActiveListening.htm?route=article/ActiveListening.htm (MindTools: Active listening)
Communicating effectively

Feedback
- https://www.managementstudyguide.com/feedback_communication.htm (Management Study Guide: Feedback communication)
- https://www.mindtools.com/pages/article/newTMM_98.htm (MindTools: Giving feedback)

Communications strategy and plan
- https://rapidbi.com/write-internal-communications-plan-strategy/ (RAPIDBI: How to write an internal communications plan and strategy)

Key points

Overview of communications
- In general, communication involves a sender who encodes a message, a receiver who decodes the message, a communication channel and a feedback process and is affected by noise (anything that interferes with the encoding and decoding) and context (physical, social or cultural circumstance).
- Communication takes place in a variety of ways: verbal (both oral and written), para-verbal (oral), para-verbal (written) and non-verbal.
- Some of the benefits of effective communication are: strengthened relationships, fewer misunderstandings, improved job satisfaction and motivation, enhanced sense of community, smooth changes and improved decision-making.
- Communication can be adversely affected by organizational, physical, linguistic, cultural, interpersonal and personal barriers.

Communication principles
- There are seven communication principles (7Cs) that apply to both written and oral communication: clarity, conciseness, concreteness, correctness, coherence, completeness and courtesy.
- The AIDA (Attention, Interest, Desire, Action) model can be used when communication is associated with a change that is planned or taking place within an organization: grab attention, build interest, create desire and take action.

Communication styles and assertiveness
- There are three main communication styles: passive (non-committal and hesitant), assertive (feelings and opinions expressed in a clear, open, honest, appropriate and respectful way) and aggressive (feelings and opinions stated in a way that seeks to dominate others).
- Assertiveness is the quality of being able to communicate thoughts, beliefs, opinions and emotions in a positive and confident way that can enhance self-esteem, improve communications and decision-making, create honest relationships and help handle difficult situations.
- To increase assertiveness use “I” statements, value yourself, say “no” when appropriate, keep your emotions in check, accept feedback and ask for what you require to carry out a task.
Questioning

– Questions can be asked for a variety of reasons including to obtain information, to assess knowledge, to encourage critical thought, to create interest in a topic, to diagnose specific difficulties and to explore attitudes, feelings and opinions.

– When assessing the answers to questions, it is important to be aware of ways in which attempts might be made to not give a direct and honest response: avoiding, stalling, distorting, withholding, changing the topic and partially answering.

Listening

– Active listening can be demonstrated by showing an interest, asking questions, avoiding interrupting, responding appropriately and providing feedback (for example, using paraphrasing, summarizing or reflecting).

– Listening can be impaired by inattention, poor messages, poor speakers, a closed mind, premature judgement, distractions, cultural issues and prejudice.

Explaining

– Explaining is the process of making something clear that is not known or understood by providing detailed information, revealing relevant facts or justifying something that has happened or will happen.

– There are three main types of explanation: interpretive (definition or clarification of the meaning of terms, statements, situations or concepts), descriptive (description of objects, phenomena, structures or processes) and reason-giving (specification of principles, generalizations or causes).

– The 5P model describes the five key aspects of providing an explanation: pre-assessment, planning and preparation, presentation, and post mortem.

Having difficult conversations and giving feedback

– When having difficult conversations, it is important to (a) prepare by being sure of the facts and considering the types of questions, concerns or objections that might be raised and (b) be self-assured, confident and empathetic during the conversation.

– Normally feedback should be given face-to-face and satisfy the conditions described by the BOOST method: be balanced, observed, objective, specific and timely.

Planning communications

– A communications strategy usually includes the organizational context (Why are we doing it?) and specifies the objectives (What do we want to happen?), audiences (With whom are we going to communicate?), key messages (What are we going to say?), communication channels (How will the messages be delivered?) and evaluation (How will we know whether the communication objective has been met?).

– A communications plan usually specifies who is going to deliver what to whom during a 12-month period along with how the success of each communication activity will be assessed.
Suggested discussion topics

Overview of communications
- What are the benefits of effective communication?
- What are the barriers to effective communication?

Communication principles
- What general principles can be applied to make communication effective?

Communication styles and assertiveness
- How can you be assertive when communicating?

Questioning
- What are the ways in which someone can try to avoid answering a question?

Listening
- What are the characteristics of active listening?
- What are the barriers to effective listening?

Explaining
- What can be done to try to ensure that explaining has been effective?

Having difficult conversations and giving feedback
- What principles should be applied when giving feedback?

Planning communications
- What information would you expect to be included in a communications strategy?
- What information would you expect to be included in a communications plan?
8. Managing human resources

Aim
To understand and critically review an organization’s approach to human resource management.

Learning outcomes
You will be able to:
- Describe what goes into preparing and implementing a human resource plan;
- Describe the benefits of talent management and succession planning;
- Assess the effectiveness of processes for recruiting, selecting and inducting new employees;
- Explain how training and development activities can be used to ensure that employees have the required expertise and support continuing professional development;
- Assess the effectiveness of a performance management process;
- Explain the benefits of using competency frameworks;
- Describe the various ways in which employees might be rewarded;
- Explain the importance of implementing a health and safety policy and supporting the well-being, work-life balance, equality, diversity and inclusion of employees.

Content

Human resource management and planning
- Role of human resource management;
- Purpose of a human resource plan;
- Preparing and implementing a human resource plan;
- Talent management and succession planning.

Recruitment and selection
- Overview;
- Setting requirements for recruitment;
- Attracting applicants;
- Creating a shortlist;
- Some additional selection techniques;
- Interviewing;
- Using references and making an offer.

Induction
- Purpose of induction;
- Induction process.
Training and development
- Training and development strategy;
- Identifying training and development needs;
- Choosing training and development activities;
- Evaluating training and development activities;
- Management development;
- Continuing professional development.

Performance management
- Performance management principles;
- Performance management process.

Other topics
- Employee relations;
- Competency frameworks;
- Rewards;
- Health, safety and well-being;
- Equality, diversity and inclusion.
Briefing – managing human resources

Human resource management and planning

Role of human resource management

Human resources are the people who make up the workforce of an organization. These people are usually an organization’s most important asset. Human resource management encompasses the systems and processes used for the management of people.

The following are some of the key principles underpinning human resource management:

– An organization should effectively manage its human resources if it wants to be successful.
– Policies and procedures associated with human resource management should be linked to the organization’s plans and strategic goals.
– A strategic approach should be taken to the acquisition, motivation, development and management of an organization’s human resources.

The following are some of the benefits of effective human resource management:

– Employees are supported so that they can become fully effective through activities such as performance management and training and development.
– An emphasis is put on professional and career development by matching employees to jobs that will enhance their experience and expertise.
– There is a focus on having systems and processes that maximize employees’ contributions to achieving the organization’s objectives and strategic aims.

Human resource management involves, but is not limited to, the processes, policies and strategies associated with the following:

– Recruiting, selecting and inducting new employees;
– Managing talent and preparing succession plans;
– Providing training and development;
– Assessing performance;
– Providing rewards;
– Maintaining the health, safety and well-being of employees;
– Supporting equality, diversity and inclusion.

These are often underpinned by the preparation and implementation of a human resource plan.

Purpose of a human resource plan

Human resource planning is the continuous process of shaping and structuring the workforce to ensure that there is sufficient and sustainable capacity and capability to meet organizational objectives now and in the future. In addition to considering the workforce in terms of numbers and professions, human resource planning also takes into account the
expertise and capabilities required of the workforce. The objectives of human resource planning are to:

– Develop an understanding of the internal and external environment and how these will affect the current and future workforce;
– Ensure optimum use of the current workforce and the enhancement of its capacities and capabilities;
– Take a long-term view concerning workforce requirements and what actions need to be taken to ensure that the necessary workforce is available when needed;
– Provide a framework for making informed decisions about the workforce that are in line with the organization’s mission, strategic plan and financial resources.

Human resource planning needs to be closely integrated into and aligned with the strategic planning process. In essence, the aim is to have sufficient human resources to ensure that the right number of people with the right skills are employed in the right place at the right time in order to deliver the organization’s short-term and long-term objectives.

The key drivers affecting a human resource plan are: the strategic direction of the organization, the internal and external labour markets, the impact of technology on the organization’s activities and the changes to employment law or collective agreements. The following are some examples of what the impacts of those drivers might be:

– A shortage of employees or a lack of expertise;
– Changes in the ways of working or the culture;
– A need for organizational change;
– Improvements in productivity;
– A requirement to reduce the number of employees;
– A loss of employees to more rewarding job markets;
– Skills shortages in the labour market.

In addition, the human resource plan needs to take account of the impact of retirements, leavers, transfers and promotions and changes in the demography of the workforce.

Having a human resource plan could help an organization to do the following:

– Assess future recruitment needs;
– Formulate training programmes;
– Prepare policies for development, promotion and career progression;
– Develop a flexible workforce to meet changing internal and external requirements;
– Make more effective use of the existing workforce;
– Anticipate and, where possible, avoid redundancies;
– Identify the risks associated with the workforce;
– Strengthen the case for additional employees;
– Assess future accommodation requirements;
– Control employee costs and assess future requirements for capital investment.
Effective human resource planning is vital for the continued success of any organization.

**Preparing and implementing a human resource plan**

The process and structure of human resource planning is similar to that of strategic planning. In essence, the plan addresses three key questions:

- What is the current situation, or where are we now?
- What are the future requirements, or where are we heading?
- What needs to happen to bridge the gap, or how do we get there?

The degree of complexity in the human resource plan and the effort required for its preparation will be influenced by factors such as the size of the organization and the extent to which it is operating in changing internal and external environments. However, in addition to providing the context for acquiring, developing and deploying employees, the planning process should be:

- Based on good quality data about the current workforce;
- Built around the skills needed to deliver products and services of the required quality;
- Organization-wide and based on a collaborative approach that involves wide-ranging consultation with stakeholders;
- A dynamic process that can respond to changing circumstances;
- Linked to operational and strategic planning;
- Supportive of continual learning and development within the organization.

The key components of a human resource plan are shown in Figure 8.1.

![Figure 8.1. The key components of a human resource plan](image)

As indicated in the above figure, the key components of a human resource plan are:

- **Demand analysis**: What is expected of the organization over the next few years? What is needed for the workforce in terms of numbers, categories, expertise and
Managing human resources

capabilities and locations? What different scenarios could impact the workforce requirements?

- **Internal supply analysis**: What is the profile of existing employees in terms of numbers, categories, expertise and capabilities, age groups and locations? What is the future situation for the existing workforce (for example, losses due to retirement)?

- **External supply analysis**: What is the current availability of potential new employees with the required expertise and capabilities? What might change in the future that will affect the supply of potential new employees?

- **Gap analysis**: What is the gap between the workforce that is needed and the existing workforce, now and in the future? What are the current and future risks associated with the workforce situation?

- **Workforce strategies**: What are the options available to address the situation described by the gap analysis? What are the costs and benefits of the various options? What cost-effective actions will be taken to deal with the gap?

The following are some examples of the actions that might be included in the human resource plan:

- Promote, train and develop existing employees;
- Use apprenticeships and graduate schemes;
- Accept that there might be over-employment for a specified period;
- Retrain and/or redeploy existing employees whose jobs are no longer required;
- Have a smaller number of employees with higher levels of expertise;
- Outsource some activities;
- Introduce or extend flexible working arrangements;
- Take on new employees and, if necessary, provide them with training;
- Make redundant any employees who are surplus to requirements.

The plan might also have actions associated with the implementation of talent management and succession planning within the organization.

Before implementing the plan, it is important that there be a clear allocation of responsibilities and that consideration be given to the way in which line managers who will be instrumental in carrying out the planned actions will be supported.

As with any plan, the implementation of a human resource plan needs to be monitored and controlled, and if necessary modified. Additionally, if implementing the plan has an adverse effect on some employees, the plan will need to be “sold” within the organization. Once the plan has been implemented, its success should be evaluated. This could be done by reviewing feedback about the impact of changes to the workforce received via surveys, focus groups and meetings.

The aim of the human resource plan is to ensure that the organization has a flexible workforce that can respond to changing requirements. Successful human resource planning is a key requirement of any organization.
**Talent management and succession planning**

Talent management is concerned with attracting, identifying, developing, deploying and retaining individuals who are of particular value to the organization – see Figure 8.2.

As indicated in the above figure, a talent management strategy might include the following:

- **Attracting talent**: What can be done to enhance the reputation of the organization so that talented people want to join it?
- **Identifying talent**: How will talented people within the organization be identified?
- **Developing talent**: What formal and informal learning activities (for example, training courses, coaching, providing challenging tasks) can be offered to develop talented people?
- **Deploying talent**: How can talented people be deployed within the organization or seconded to other organizations that will support their professional development?
- **Retaining talent**: How can succession planning be used to identify, prepare and retain talented people so that they become future potential leaders who can fill key positions?

Some organizations apply the concept of talent management to all their employees, while others focus on a small group of employees with high potential. Sometimes organizations use a blended approach that covers both strategies. Whatever approach is taken, talent management needs to address attracting external talent as well fostering internal talent.

The strategy should also cover the means by which the success of a talent management strategy will be measured and evaluated. An effective talent management process is of benefit to both the organization and the individuals affected by it.
Succession planning aims to retain talented employees by making them aware of the opportunities that might arise for them to progress in their careers. It is therefore an important part of talent management.

Often, succession planning is treated as a confidential process. However, there are benefits in it being open and fair. The process might be informal, with decisions being made by managers based on personal knowledge, or more objective, with decisions made by a group of people based on formal assessments of performance and competence. The outcomes of annual staff performance appraisals are often used to drive the formal approach to talent management by identifying individuals with outstanding performance or high potential.

With both talent management and succession planning, the emphasis needs to be on anticipating future challenges and opportunities and taking action to ensure that talented people are nurtured within the organization and key posts can be filled with people who have the required experience, expertise and personal qualities.

**Recruitment and selection**

**Overview**

An organization's employees are its greatest asset, so filling vacancies with people who have the right expertise and attitude is essential for the organization's continued success. Having processes that might lead to the employment of people that do not meet the needs of the organization can have detrimental consequences, such as the following:

- The organization suffers from increased employee turnover, increased costs and lowered morale (and possibly productivity) among existing employees. Additionally, line managers and others must spend time dealing with the poor performance of new employees.
- Some new employees soon become discontented, which has an impact on their motivation, commitment and performance. These employees might soon depart the organization voluntarily or be forced to leave.

To minimize the likelihood of making inadequate appointments, it is important for the processes leading to the employment of new members to be:

- **Efficient**: Using methods and resources that are cost-effective.
- **Effective**: Producing enough suitable applicants and enabling the appointment of the best person for the job and the organization using clearly defined criteria.
- **Fair**: Ensuring that all applicants are treated in the same way and decisions are based only on merit and are in accordance with the organization's diversity and inclusion policy.

There are two aspects to the process for filling vacancies:

- **Recruitment**: Attracting suitable applicants to fill a vacancy;
- **Selection**: Using a variety of techniques to select the best of the applicants who satisfy the person specification/job profile.
The selection process ends when an offer of employment has been accepted. The induction process could be considered as part of the selection process, but here it will be treated separately.

**Setting requirements for recruitment**

To start the recruitment process, there first needs to be a vacancy. This might be caused by an employee leaving the organization or moving to another post within the organization, the creation of a new post to provide additional capabilities within the organization or the restructuring of the organization. If the vacancy is created by someone leaving or moving, the first consideration is whether the post needs to be filled. It might be that changes to workload, processes or IT systems mean that the reallocation of work among the existing team is sufficient to avoid a vacancy having to be filled. If it is decided that there is a vacancy, it is usual for approval to be sought to start the recruitment process (for example, from a senior manager). It could be, for example, that filling a vacancy can be justified on operational grounds, but the budget is such that there are no funds available to pay the salary of a new person.

If approval to recruit is given, the next steps are as follows:

- **Job analysis**: Gather information about the job, including, for example, its purpose, key tasks and responsibilities, outputs and required personal qualities and how the job fits into the organization. It might be that this has already been completed as part of the process for getting approval to recruit.

- **Job description**: Use the information gained from the job analysis to prepare a job description. It is usual for a job description to include the job title, location, purpose, main responsibilities/duties, line management relationships and limits of authority. The salary and other main terms and conditions might also be included. A job description might already exist, but if this is the case, it should be critically reviewed because it might be out of date. Increasingly, job descriptions put emphasis on outputs (what needs to be achieved or the expected results).

- **Person specification/job profile**: Use the information gained from the job analysis to prepare a person specification/job profile. This document describes the knowledge, skills and personal qualities that are required, with emphasis on the characteristics of the kind of person that is required for the role. It might cover qualifications, knowledge, skills, experience and personal qualities, with a separation between essential and desirable requirements. In some organizations, the person specification/job profile might be taken from an organization’s competency framework.

In some organizations, it is necessary for an independent assessment to be undertaken of the job description and person specification/job profile to formalize the grade and associated salary of the role before final approval can be given to start the recruitment process.

**Attracting applicants**

Having specified the job description and person specification/job profile, the next step is to attract applicants.
– **Internal methods.** Advertise the job internally (for example, using the intranet, briefings or notice boards) to seek applicants from the organization’s pool of talent. This approach provides opportunities for the development and career progression of existing employees. This might be complemented by approaching individuals about applying for the job, though the internal advertising should still take place to ensure equal opportunities.

– **External methods.** Advertise the job externally to gain interest from outside the organization using a variety of methods. This might be accomplished by advertising in newspapers or magazines/journals, on the organization’s website, via professional networking sites, on job vacancy sites or on social media. Additionally, for a senior post, it might be appropriate to use a recruitment agency or headhunter, potentially helping to open up the search to international candidates.

In some organizations, there are requirements about the order of these processes for certain types of positions (vacancies are open to internal applicants before they are offered using external methods). It is important to understand any such rules before commencing recruitment. If external methods are used straightaway, it is good practice to also advertise a post internally to ensure equal opportunities.

The pool of potential applicants for posts within an organization could be enhanced by holding open days or creating links with educational or training institutions that specialize in areas of knowledge that are of particular interest to the organization.

An advert should contain information about or provide links to the job description, person specification/job profile, job location, reward package and how to apply.

There are essentially two ways of gaining information to support an application:

– **Curriculum vitae (CV):** Requesting a CV allows applicants to present themselves in the way they want, but it makes it much more difficult to assess the suitability of the applicants in an objective manner. Not only might the CV not include some key information for making a suitability assessment, but it also might contain a lot of irrelevant information. There is also the risk that many people will submit their standard CV without giving sufficient thought to whether or not they are suitable for the job or really want it.

– **Application form:** An application form enables information about the applicants to be presented in a standardized way. This allows the organization to specify what information is required (for example, evidence could be requested about the extent to which the person specification/job profile is satisfied), and it makes is easier to be objective in assessing the suitability of applicants for the job.

Of course, both an application form and a CV could be requested, but that is likely to lead to much duplicated information. Whatever approach is taken, it is essential that the people who will do the selecting be confident that the information required to support an application is sufficient to allow an informed decision to be made about an applicant’s suitability for the job.
Increasingly, posts are advertised on an organization’s own website and on large recruitment websites. This is a cost-effective approach and offers opportunities to provide information about the organization and its activities. However, it can lead to a large number of applications being submitted, especially if only a CV is required.

Whenever possible, it is good practice to acknowledge receipt of a submitted application.

**Creating a shortlist**

If the recruitment process has been effective, there should be a good pool of applicants who can enter the selection process. The aim is to select the best person for the job who satisfies all the requirements in the person specification/job profile.

It is good practice for an organization to have a selection policy that describes how the selection process will be implemented for various kinds of jobs. Such policies usually also describe how equal opportunities will be ensured throughout the selection process.

Figure 8.3 shows the steps that might be taken to create a shortlist of applicants to be interviewed.

![Figure 8.3. The steps that might be employed to decide who to interview](image)

The following gives more information about the steps that might be taken to create a shortlist of applicants to be interviewed:

- **Screening**: The applications are screened to remove those that are incomplete, do not satisfy basic requirements (for example, concerning the right to work, qualifications or experience) or appear to be frivolous. This is an administrative task that does not require a detailed assessment of the applications.

- **Longlisting**: The applications that have passed the initial screening are assessed against the requirements in the person specification/job profile. It is usual to divide the applicants into probables (those that satisfy nearly all the requirements), possibles (those that might satisfy the requirements if given training) and rejections (those that are a long way from satisfying the requirements). This task might be carried out by HR professionals.

- **Shortlisting**: The possibles are assessed again to decide whether any of them should be moved into the probables. Then all the probables are reassessed to create a shortlist of applicants who will go through to the next stage. To help create the shortlist, there could be a screening interview of the probables by phone or some form of technology allowing face-to-face interaction. Often, there is a limit on the number of people that can be on the shortlist so some difficult decisions might need
to be made. It is good practice for the line manager of the post to be involved in the shortlisting.

**Some additional selection techniques**

The next step in the selection process is often the interviews. However, there are other techniques that can be used to gain information before the interviews take place.

- **Psychometric testing**: These tests, which can be broadly classified as either aptitude tests or personality questionnaires, are used to provide an objective assessment of mental capacity and behavioural style. Aptitude tests can be used to assess an individual’s ability to reason and solve problems and to apply knowledge and experience to work-related situations. Personality questionnaires are used to assess personal characteristics (for example, the “Big Five” questionnaire is based on assessing openness, conscientiousness, extraversion, agreeableness and neuroticism). Unlike an aptitude test, there are no right or wrong answers in a personality questionnaire. Psychometric tests are increasingly used because they are more reliable than interviews alone and tend to be unbiased (though care needs to be taken to avoid gender or cultural bias).

- **Assessment centres**: Assessment centres use a combination of tasks and activities to assess the suitability of applicants for a job. At these centres, people participate in a variety of exercises (for example, written tests, role play, case studies, presentations and group discussions), both individually and as part of a team. During the exercises, the assessors look for evidence of the extent to which the characteristics specified in the person specification/job profile are demonstrated. Preparing and carrying out assessment centres is time consuming (and therefore costly), but they are considered to be a fair and reliable technique because they assess what people do rather than what they say they do.

In addition to psychometric testing and assessment centres, another approach is work sampling/job simulation, whereby people perform some tasks similar to those that are part of the job. Such tasks could range from something simple like designing and delivering a presentation to using a computerized simulator.

Information from psychometric testing, assessment centres or work sampling/job simulation could be used to reduce the number of applicants going through to a final interview.

**Interviewing**

The selection process nearly always includes an interview which is of benefit to both the applicants and the employer.

- **Applicants**: The interview provides an opportunity for applicants to expand upon what is in the original application, find out more about the job and its responsibilities and ask questions about the organization.

- **Employer**: The interview provides an opportunity for the employer to seek more information about what is in the original application, fill in any gaps that will help with making the final decision, explain what the organization can offer (for example,
training, career progression, employee benefits) and discuss employment conditions (for example, rewards, probation, start date).

The interview can take a variety of forms:

- **Fully structured**: Everyone is asked the same questions, with no deviations.
- **Semi-structured**: The same topics are covered by a set of standard questions, but there is flexibility in asking subsidiary questions based on the answers to the standard questions.
- **Unstructured**: There is a free-flowing discussion, possibly based on what is in the application. This might provide a lot of information, but there is a danger of having a lack of consistency between interviews, thereby leading to difficulties in making objective assessments.

Normally the line manager who has responsibility for the vacant post is a member of the interview panel. An HR professional is also often a member of the panel to ensure “fair play”.

The person specification/job profile might include requirements associated with, for example, teamwork, decision-making, problem-solving and leadership. These are difficult to assess unless psychometric testing or assessment centres are part of the selection process. In these cases, competency-based questions could be used. Such questions explore key competencies based on examples of what someone has done in the past (for example, “Tell me about when...?”), rather than asking about hypothetical situations (for example, “What would you do if...?”).

Whatever interview approach is taken, the aim is to determine whether an applicant is able to do the job (perhaps with some training) and whether that person has all the essential requirements specified in the person specification/job profile.

Assessing the outcome of an interview is made easier and more objective if a structured scoring system is used. A scoring systems also allows some elements to be given greater weight than others.

**Using references and making an offer**

References play an important part in the selection process. They can be sought in two main forms.

- **Open request**: Ask referees to give their views about an applicant’s suitability for a post based on the job description and person specification/job profile.
- **Structured request**: Ask referees to answer a set of questions and/or give an assessment of an applicant’s suitability in specific areas related to the job description and the person specification/job profile.

In general, the structured approach is preferable because it only provides information relevant to the post under consideration and reduces variations in the ability of referees to provide useful references. To conform to equal opportunities, internal and external applicants
should be treated in the same way when references are requested. Of course, all references should be treated as confidential.

Increasingly, employers and academic tutors who are asked for references are only willing to provide factual information about an individual’s employment (for example, length of past employment, job title, brief details of responsibilities, overall performance and reason for leaving).

Typically, employers require references before someone is offered a job. There are two ways of doing this.

– Seek references from the shortlisted applicants in advance of the final interview so that information in the references can be used as part of the decision-making process about who should be offered the job.
– Seek references for the applicant who has emerged as the preferred applicant to be offered a job and only offer the job if the references are satisfactory.

In principle, someone could be offered a job subject to satisfactory references being received. However, this leads to a difficult situation if the references are not satisfactory, so this approach is best avoided.

When there are internal applicants, it is likely that some of the members of the interview panel might know these individuals personally. But that knowledge should not be used as part of the decision-making process. Using that information would be unprofessional and could be considered discriminatory either for or against internal applicants relative to external applicants.

**Induction**

*Purpose of induction*

Induction, sometimes referred to as onboarding, is the process by which a new employee is supported through his or her introduction to the organization’s key administrative processes (for example, IT set up and security clearance), gets up to speed on the role itself and integrates into the organization’s culture and values. Induction is the last stage of the process for employing a new staff member.

Most new employees start a job full of enthusiasm, have a positive attitude and want to perform well and have good relationships with their new colleagues. However, if there is not an effective induction process, new employees might experience low morale, loss of productivity and poor integration into their teams. This can quickly lead to disenchantment and concerns about whether joining the organization was the right decision. If this leads to resignations or dismissals, the organization then incurs a loss of capability and additional costs for finding replacements, and there might be a lowering of morale for the remaining employees. If this is a recurrent issue for new appointees, the organization’s reputation might be impaired. Having an effective induction process benefits both the organization and new employees.
The overall purpose of induction is to ensure that new employees are integrated into the organization and quickly become effective in their jobs. The induction process might aim to do the following:

- Welcome new employees into the organization and reduce any anxiety they might have about taking on a new post;
- Establish in new employees a favourable attitude towards the organization;
- Provide the basic technology (for example, access to a computer and the internet) and physical orientation (for example, workspace and facilities) required for new employees to feel “at home”;
- Provide new employees with an understanding of the organization’s purpose, activities, plans, leadership, structure, standards, policies, culture and values;
- Help new employees socialize so that they become familiar with their working environment and begin to create good working relationships with colleagues;
- Reduce the likelihood of new employees leaving after a short period;
- Allow new employees to work effectively as soon as possible.

Indications of an effective induction process include the following:

- New employees quickly adapt to their new working environment and become effective in their jobs.
- New employees establish good working relationships with their colleagues.
- Few new employees leave after a short period.

**Induction process**

The induction process has two components:

- Induction into the organization so that new employees understand the organization’s purpose, activities, plans, leadership, structure, standards, policies, culture and values;
- Induction into the department so that new employees become familiar with their new work environment, including colleagues and facilities, and understand their new job and what is expected of them.

How these two aspects of induction are covered will depend upon the size of the organization, the number of new employees being inducted at any specific time and the range of jobs being filled by the new employees.

The following could contribute to facilitating the induction process:

- **Induction pack**: Before a new employee starts a job, provide an induction pack that includes important information about conditions of service (for example, salary, holidays and disciplinary and grievance procedures) and the organization (for example, site map and the organization’s structure, key activities and plans). Much of this information might be in a company handbook or might be able to be accessed by providing links to the organization’s website.
- **Briefing and tour**: Provide new employees with an overview of the organization and its activities, give them a tour of the site and explain the function of each department,
introduce them to their line managers and new work colleagues and deal with any vital documents and health and safety requirements. It is important to avoid overwhelming new employees by providing too much information at the start of their employment.

– **Training events**: Arrange short training sessions for groups of new employees that take place in the first few days or weeks of employment. These ensure that new employees are given consistent information and have opportunities to create cross-functional relationships. However, these events might disrupt the process of new employees getting to know their new jobs and colleagues. Also, the topics covered might not be relevant to everyone taking part.

– **Buddying or mentoring**: Each new employee might be allocated a buddy (a work colleague who is a peer and can be trusted to provide guidance and deal with any problems in an informal way) or mentor (a more senior person within the organization who can provide advice to a younger or less experienced person).

If the induction process has been carried out successfully, new employees should be performing their new jobs to the required standard, motivated and committed to the organization, and integrated into their teams and the organization.

**Training and development**

**Training and development strategy**

It is useful for organizations to have a training and development strategy that specifies the capabilities and expertise of the workforce and the approach taken to ensure that the organization has the workforce necessary for it to meet its strategic aims. The strategy should take account of the internal and external factors affecting the organization, such as the following:

– Technological developments affecting how products and services are prepared and disseminated;

– Changing requirements for the products and services;

– Altering economic circumstances affecting the organization as a whole;

– Efforts to maintain leadership in the range and quality of the products and services.

Expenditure on training and development should be considered an investment in the workforce that will support the continued success of the organization and its long-term ability to meet the needs of users of its products and services. In addition to training and development benefiting the organization by addressing performance needs, they also improve the productivity and motivation of the workforce, help grow and retain talented individuals and support career advancement. Overall, training and development help build “human capital” – the collective skills, knowledge and other intangible assets of the workforce that provide economic benefits for individuals and employers.

In addition to addressing the opportunities and challenges faced by the organization and its workforce, a training and development strategy might do the following:

– Align with and provide links to other organizational strategies;
Managing human resources

– Specify the purpose of the training and development activities and how they will be supported;
– Outline what training and development activities, both informal and formal, are encouraged and whether acquiring professional qualifications for some jobs is important;
– Indicate the role of performance management in identifying and satisfying training and development needs;
– Help create a culture in which learning from training and development activities is applied in the workplace;
– Specify how the implementation of the strategy will be evaluated.

Often, a training and development strategy includes the responsibilities of line managers and individuals. For example, it might indicate that line managers are responsible for ensuring that their staff have:
– A clear understanding of the purpose of their jobs and the associated objectives;
– The capabilities required to fulfil the purpose of their jobs and achieve the objectives.

Line managers and their staff also have a joint responsibility to:
– Identify the gaps in capabilities (in expertise or behaviour) that need to be addressed;
– Ensure that training and development activities are undertaken to address those gaps;
– Make sure that what has been learned is put into practice to enhance job performance or support career development.

A training and development strategy provides the basis for allocating the resources required to provide training and development activities and making day-to-day decisions about who will participate in those activities.

**Identifying training and development needs**

A learning needs analysis (often referred to as a training needs analysis) is used to identify gaps in capabilities and as a basis for deciding what training and development activities should be undertaken. This analysis can identify the training and development needs of individuals, groups and the organization.

– The training and development needs of individuals might come from the performance management process (for example, addressing performance issues or providing opportunities to extend expertise in preparation for career development).
– The training and development needs of groups might be associated with the introduction of new ways of working (for example, using new technology or providing new products and services).
– The training and development needs of the organization might come from an organization-wide initiative (for example, strengthening management skills or restructuring the organization).
The learning needs analysis could be based on the organization’s plans, questionnaires, interviews and information from the performance management process.

The output from the learning needs analysis should be a set of prioritized requirements which specify the learning needs in terms of learning outcomes so that there is no doubt about what should be achieved by any training and development activities.

**Choosing training and development activities**

The next step is for the team responsible for arranging training and development activities to decide how the learning needs can best be met. The options available fall into three broad categories:

- **Informal learning**: This is learning embedded in activities not explicitly designated as learning opportunities, so there are no specified learning outcomes. The learning is unstructured and is acquired by interacting with colleagues, self-study and performing tasks.

- **Semi-formal learning**: This is learning associated with ongoing activities, with learning outcomes and interactions which encourage and support learning that might go beyond the specified outcomes. Coaches and mentors might be involved.

- **Formal learning**: This is learning based on a structured programme of study which is explicitly designated as learning and has well-defined learning outcomes. The learning involves, for example, participation in courses, workshops or e-learning.

Another way of categorizing training and development activities is to differentiate between on-the-job activities (mainly informal and semi-formal learning) and those that are off the job (mainly formal learning). Who makes a decision about which type of learning is appropriate will depend upon the nature of the learning needs and whether it is at the individual, group or organizational level.

It is usually training professionals within an organization (or perhaps within the HR function) who are responsible for:

- Designing and developing learning activities and resources (for example, deciding on the instructional strategy and planning learning sessions);
- Delivering the learning activity and managing the learning experience (for example, ensuring that the required learning outcomes are satisfied).

**Evaluating training and development activities**

Evaluation is an important part of the learning cycle. Its purpose is:

- **Proving**: Demonstrating to stakeholders that positive outcomes have resulted;
- **Improving**: Identifying how training processes can be improved;
- **Learning**: Providing feedback to support individual learning;
- **Controlling**: Ensuring that training is being delivered according to agreed procedures and requirements.

The Kirkpatrick model proposes the use of four levels of evaluation – see Figure 8.4.
The four levels of evaluation might address:

- **Level 1: Reaction**: Are learners satisfied with the learning activities? This can be assessed by having participants complete a questionnaire at the end of an event.

- **Level 2: Learning**: Have the required changes in knowledge, skills and behaviour been achieved? This can be assessed by having participants complete tests, assignments or projects.

- **Level 3: Transfer**: Have the knowledge, skills and behaviour acquired through the learning activities improved job performance? This can be assessed by asking participants and their line managers whether job performance or behaviour has changed.

- **Level 4: Results**: Has the learning had an impact on the performance of the organization? This is often hard to assess because it is difficult to isolate the impact of the learning activities from other changes affecting organizational performance.

Though the Level 4 evaluation is difficult, it is worth trying to identify, for example, the impact of training and development activities on key performance indicators or the return on investment (the financial or economic benefits attributable to the learning activities compared to their costs).

**Management development**

Management is a set of processes that can keep a complicated system of people and technology running smoothly. The most important aspects of management include planning, budgeting, organizing, staffing, controlling and problem-solving. Having managers with the expertise required to carry out these activities is essential for the success of an organization.

In addition to having a key role in the day-to-day management of people, line managers also have an important role in implementing HR and training and development policies and plans and in motivating and engaging their staff. To do this effectively, line managers (especially those who are newly appointed) need to have access to learning opportunities and to be provided with information about the policies and plans that they need to implement.

Management development programmes help managers acquire the expertise to carry out their current jobs effectively. In addition, they allow individuals to enhance their expertise so that they can progress in their careers and take on more senior management roles. This means that a management development programme should address the day-to-day needs of managers and provide them with the skills to support the strategic development of the organization.
organization. Indeed, all managers should have the confidence and ability to take on a leadership role, though the extent to which this is necessary will depend upon their levels of responsibility.

The content and structure of a management development programme will depend upon the needs of the organization and the individual managers. The human resource plan and/or training and development plan identifies the organizational requirements for management development. This is complemented by the performance reviews of managers identifying training and development needs. The outcome of 360° feedback and assessment centres might also provide information about the development needs of individual managers. Having a set of management competencies can help with that process and provide a basis for components of a management development programme.

A management development programme might involve formal learning (for example, courses, workshops or e-learning) and semi-formal learning (for example, coaching, mentoring, shadowing or secondment). But informal learning can also have a role in developing management expertise.

**Continuing professional development**

Through continuing professional development (CPD), individuals keep their professional expertise up to date and enhance their capabilities – something that is expected of all professionals. In particular, CPD allows employees to:

- Improve or update their job-related knowledge and skills (for example, scientific/technical or training expertise);
- Acquire new knowledge and skills for a change of job, for career progression purposes or in order to take on additional responsibilities (for example, management or leadership expertise).

CPD focuses on the needs of the individual and supports the achievement of career goals. It should help answer the question: "Where do I want to get to with my career, and what do I need to do to get there?". Individuals benefit by becoming more confident, increasing their professional credibility and being able to cope with changes in circumstances (for example, organizational and technological changes). Through CPD, jobs may become more interesting, with a corresponding increase in job satisfaction. At the same time, the organization benefits by maximizing the potential of its employees, increasing morale and motivation and having an adaptable workforce.

CPD is not primarily concerned with attending formal training; “things done” or “time spent” is of secondary importance. Instead, the emphasis should be on setting objectives for learning and then engaging in opportunities aimed at achieving that learning.

Often, organizations expect employees to keep a record of their CPD activities, and on a regular basis, possibly as part of the annual performance management process, there is an opportunity to use the record to reflect on past learning and plan for future professional development.
Whatever professional development activities are undertaken, line managers should be involved in determining learning needs, identifying ways of addressing those needs and supporting individuals in applying what has been learned.

Performance management

Performance management principles

Performance management aims to maintain and improve employee performance in line with an organization’s goals. It usually involves:

- Establishing objectives for individuals so that they know what is expected of them;
- Improving performance by identifying what support (for example, training and development opportunities) can be provided to help meet the objectives;
- Holding people to account for their performance, possibly with links to rewards and career progression.

A performance management scheme should encourage individuals to align their activities with the goals and values of the organization, assist in the personal development of individuals and be integrated into the way in which people are managed.

The complexity of a performance management scheme will depend upon the nature and culture of the organization. However, underpinning any scheme, it is important that:

- Individuals have a clear understanding of the duties and responsibilities of their job and what they are expected to achieve in terms of well-defined objectives or outcomes;
- There be alignment with the organization’s culture, goals and values, and also that the scheme assist in the personal development of individuals;
- There be clear procedures, operated with flexibility and clarity, regarding any links between the performance management process and arrangements for remuneration and promotion;
- Any links with a quality management system be clearly defined.

Performance management process

Effective performance management depends upon both formal and informal processes. The formal part usually requires an annual performance appraisal to be carried out involving individuals and their line managers. This tends to be based on:

- A job description that includes a statement of responsibilities;
- A set of objectives (that might be described as targets) agreed at the beginning of the reporting year.

The objectives should specify the results that are expected to be achieved, and as far as possible, they should be SMART: specific, measurable, agreed, relevant and time-bound. There are essentially two types of objectives:

- Process objectives: These describe actions that will be undertaken (they begin with phrases such as “to implement”, “to develop” or “to maintain”);
Outcome objectives: These describe what will be achieved (they begin with phrases such as “to increase”, “to improve” or “to reduce”).

Process objectives are useful when someone is carrying out routine tasks.

Increasingly, however, the end of year appraisal is complemented by more frequent and informal contact between the line manager and his or her direct reports so that there is mutual understanding and two-way feedback throughout the appraisal period. Doing this provides opportunities for the line manager to help with overcoming problems, give praise and discuss plans and learning needs.

At the final appraisal, there should be no surprises. The outcome from the annual appraisal is usually a record of some kind (for example, a statement of what has been achieved against the objectives and contributions not covered by the objectives) and might include a personal development plan for the coming year.

The following are some of the key requirements for effective staff performance appraisals:

- Everyone involved should understand (a) the purpose of the appraisals and (b) the process to be followed, and they should be properly prepared for any appraisals;
- The process should be consultative, with employees being given the opportunity for self-appraisal;
- The appraisal should be based on objectives or other criteria that were agreed at the start of the appraisal period;
- Line managers should have good questioning, listening and feedback skills and should be able to confidentially deal with difficult situations;
- The appraisal should be used primarily as a means of finding ways of enhancing future performance, identifying training and development needs and providing motivation.

Performance management is most effective if a culture exists whereby individuals and teams take responsibility for improving their own skills and performance and seek ways of improving processes affecting their activities. The line manager then takes on the role of facilitator rather than manager – the emphasis is on the line manager supporting self-assessment rather than sitting in judgement.

In some organizations, there is performance-related pay. In these cases, it is preferable to separate the performance appraisal from salary considerations. This allows the appraisal to concentrate on achievements, plans and learning needs rather than being dominated by salary issues.

If someone is not performing to the required standard, feedback should be given straightaway. The aim should be to present the evidence for the gap in performance, to identify the root cause of the problem (for example, a lack of capability, motivation or clarity about what is expected) and to agree on how the problem can be addressed. It is important to recognize that the appropriate response to shortcomings in performance or competence need not necessarily be to arrange for further training or development. The possibility should
be recognized, for instance, that a person is inherently unsuited to a particular position and
should be reassigned, or formal performance management processes should be commenced
to potentially support the individual to exit the organization. Other possible reasons might be
family circumstances, obstructive colleagues, defective equipment – even inadequate
management. Managers should tailor their approach to the individual and the nature of the
problem, identify the root cause of the problem and be willing to consider various options for
addressing the problem. However, it is important that there be (a) a clear understanding that
performance must improve and (b) an agreed upon improvement plan, possibly with some
short-term objectives.

In some organizations, 360° feedback is used as part of staff performance appraisals. This
involves individuals seeking feedback about their performance from a range of contributors,
including people they are managing, peers and more senior colleagues. Sometimes
feedback might be sought from people external to the organization. Usually, input is gained
by using questionnaires. 360° feedback can be helpful in identifying differences between an
individual’s own view and how he or she is perceived by others. It provides individuals with
an understanding of how their behaviour impacts on others and, if necessary, provides them
with the motivation to change. However, introducing 360° feedback is only likely to be
effective if there is a culture of openness and trust within the organization and a willingness
to accept that the process is rather time-consuming.

If performance management is carried out effectively, it has an important role in motivating
employees and improving performance and thereby providing benefits to the organization as
a whole.

Other topics

Employee relations

Employee relations involves the relationship between the employees and the employer.
There are two aspects to this relationship.

- Employment contract: This is a legally enforceable agreement which defines the
terms and conditions of employment. Usually, the contract specifies the expectations
and obligations of both the employee (for example, start date, salary, probation
period, benefits and duties) and the employer (for example, procedures concerning
promotion, discipline and dismissal).

- Psychological contract: This consists of the unspecified expectations associated
with, for example, job satisfaction, job security and commitment. It is the basis of
goodwill between the employer and the employee. It might take a long time to
establish goodwill, but it can easily and quickly be destroyed.

An important part of the psychological contract is giving employees a voice so that they have
an opportunity to offer their views about issues affecting their employment and to influence
the decision-making within the organization. However, this is only effective if the employer
responds in such a way that employees feel that their views are valued and taken into
account. Good employers recognize that their employees know a lot about how the
organization functions and can provide insights into (a) how work processes could be

improved and (b) opportunities to provide new or better products and services. Giving employees a voice can increase job satisfaction and motivation, enhance innovation and problem-solving and reduce conflict between employees and the employer.

There are several ways in which the views and opinions of employees can be sought. These include digital media (including social media), team meetings, suggestion schemes, staff attitude surveys and working groups. In addition, structures can be established that allow representative participation through:

- Trade unions that represent the rights and interests of their members to their employers, for example in order to improve working conditions or wages;
- Staff associations that might perform some of the functions of a trade union in terms of representing their members in discussions with management but might also have other professional or social purposes.

Both trade unions and staff associations may be involved in collective bargaining. This might cover substantive issues such as the terms and conditions of employment and big changes to the organization (for example, large-scale redundancies). The bargaining may also cover procedural issues such as those dealing with health and safety, grievances and discipline. In addition to these activities, trade unions and staff associations can raise members’ concerns with management and support their members who are undergoing disciplinary and grievance procedures.

Trade unions and staff associations are usually most effective when they can work in partnership with the employer and tackle issues in a cooperative and non-adversarial way. However, this requires trust on both sides and a willingness to share information and respect each other’s points of view.

The role of trade unions and staff associations and the way they function will depend upon the traditions and culture of the country in which the organization operates and the legislative framework concerned with workers’ rights.

**Competency frameworks**

Competencies specify the knowledge, skills and behaviour required to perform a specific job. They build upon the core knowledge required of an individual in a particular profession. Competencies fall into two broad categories:

- **Transferable skills**: These include skills such as analytical ability, problem-solving, communication, people management, teamwork and customer-focus. They are applicable to many jobs, although some call for higher levels of skill in some areas or for unique applications of those skills. Transferable skills are sometimes referred to as core competencies, organization-wide competencies or organizational capabilities.

- **Technical/scientific competencies**: These competencies tend to be for specific jobs, occupations or industries. Increasingly, accreditation schemes have been developed so that people can demonstrate that they have the required technical/scientific competencies. Technical/scientific competencies are sometimes referred to as functional competencies.
Managing human resources

WMO has introduced some competency frameworks into the WMO Technical Regulations. These frameworks define standards and recommended practices for services and for making observations and creating, sharing and accessing meteorological, climatological and hydrological data. Information about the competency frameworks can be found at https://public.wmo.int/en/resources/training/competency-frameworks.

Competency frameworks are useful when selecting people to join an organization, managing performance, identifying training and development requirements, spotting talent and selecting people for promotion. In particular, there are benefits associated with:

- Having a fair and open process for reviewing performance and possibly deciding on rewards;
- Enhancing employee and organizational effectiveness by providing clarity about the competencies required for specific jobs;
- Analysing learning needs and designing and delivering training and development opportunities to address those needs;
- Supporting career management by informing employees of what competencies are required to gain promotion and by providing managers with a basis for deciding who should be promoted.

When designing a competency framework it is important that it:

- Reflect the needs of the jobs and the organization in terms of knowledge, skills and behaviour;
- Include only measurable components and, where possible, cluster components to provide structure to the framework;
- Contain an appropriate level of detail to remain credible and useful to both employees and managers (if it is too broad, it will provide little guidance, but if it is too detailed, it is time-consuming to assess).

An organization can use a competency framework that already exists for a particular occupation or industry or develop its own framework (possibly with the help of consultants who have the required expertise).

Sometimes, there might be resistance to the implementation of a competency framework, so it is beneficial to do the following:

- If the framework is developed in-house, involve practitioners in its development;
- Communicate the purpose of the framework and how it is of value to individuals and the organization;
- Have internal procedures and policies that support the use of the competency framework (for example, embed the framework in the performance management and promotion processes);
- Ensure that the framework is worded and structured in a way that makes it user-friendly;
– Provide training in the use of the framework.

Though there are many benefits in using competency frameworks, they also have the possible drawback that they can easily get out of date in a rapidly changing environment if they are not kept under constant review.

**Rewards**

A reward is something that is given or received in return for a service or merit. It can be financial or a benefit of some kind that has no direct financial value.

It is usual for an organization to have a reward strategy. This involves making decisions about how much of an organization’s financial resources can be allocated to rewards. Such decisions are constrained by internal factors (for example, the ability to sustain pay levels and productivity levels or the impact of technology) and external factors (for example, a comparison with pay levels of other organizations, the ability to recruit skilled staff or increases in the cost of living).

A reward strategy might specify the rationale for the proposed rewards, provide the guiding principles (for example, concerning the pay structure and the role of contingency pay and non-financial benefits), and outline an implementation plan. Figure 8.5 shows the possible components of a reward strategy.

![Figure 8.5. Possible components of a reward strategy](image)

The following gives more information about the components of the reward strategy depicted in Figure 8.5:

– Basic pay in the form of wages (paid weekly) and salary (paid monthly);
– Contingency pay that is related in some way to performance (for example, performance-related pay, bonuses or commission);
– Allowances for special working conditions (for example, shift working or taking on additional responsibilities);

• Non-financial benefits (for example, access to professional and career development, recognition or flexible working arrangements).
Taken together, these four components are sometimes referred to as the “total reward”.

The following are some characteristics of an effective total reward strategy:
- Focused on attracting, retaining and engaging employees and what they value in the working environment;
- Tailored to the organization’s culture, structure and work processes;
- Driven by the need to support strategic goals and objectives;
- Provides a mix of rewards that take account of lifestyle and stage of life.

A total reward strategy that is well constructed and effectively implemented has the potential to support the recruitment and retention of staff members, to improve performance by motivating employees and to enhance the reputation of the organization as an employer.

**Health, safety and well-being**

Occupational health and safety is an important management function which might involve statutory responsibilities. It is important not only for the welfare of employees but also for the overall efficiency and effectiveness of an organization. Accidents and illness in the workplace have impacts beyond those for the individuals concerned. Employee absences affect productivity, put remaining workers under greater stress and may even affect the ability of the organization to carry out critical activities.

It is usual for an organization to have a health and safety policy that:
- Sets out the organization’s commitment to managing health and safety effectively and specifies the aims of the policy;
- Identifies who is responsible for specific activities;
- Details what actions are going to be taken.

A key aspect of implementing a health and safety policy is carrying out risk assessments. These identify current and potential risks and make recommendations about how to remove or reduce risks. The process involves:
- Identifying a risk;
- Deciding who might be harmed and in what way;
- Evaluating the risk and deciding what action is required if existing precautions are inadequate;
- Recording and implementing the findings;
- Reviewing and, if necessary, updating the assessment.

Realistically, it might be necessary to prioritize the actions associated with the findings from many risk assessments. In some organizations, there might be a health and safety manager/officer who oversees risk assessments and the implementation of the health and safety policy.

Accidents can be traumatic for people who are affected either directly or indirectly. It is therefore important that actions be taken to prevent them from happening. However, if they do occur, their root cause needs to be identified so that measures can be put in place to
minimize the possibility of the same type of accident occurring again. It should also be recognized that actions should be taken to address health problems that are not related to accidents (for example, repetitive strain injury or back problems caused by poor posture at a computer terminal).

In addition to carrying out risk assessments and investigating the causes of accidents, it is good practice to have formal procedures for auditing and reporting health and safety performance and the implementation of the health and safety policy. The audits should be critically reviewed by the organization’s senior management team.

Besides dealing with health and safety, good employers should also be concerned about the well-being of their employees. This could involve the following:

- Ensuring that line managers are aware of the symptoms and causes of stress (for example, absenteeism, missing deadlines, difficult relationships, job insecurity) and that they know how they should deal with such situations;
- Providing a safe and clean working environment and information about how to stay healthy when working;
- Encouraging participation in physical activities.

Another aspect of well-being is encouraging a good work-life balance. This can result in higher productivity, increased morale, reduced absenteeism and improved employee retention. Having flexible working arrangements is a key way of improving the work-life balance. Some ways in which there could be more flexibility in employment include allowing employees to:

- Spend some agreed time working from home;
- Share a job with someone else;
- Work part-time;
- Work the normal number of hours but over fewer days;
- Have flexitime with a requirement to be at work during “core hours”.

Good employers ensure that there is effective management of health and safety and that full consideration is given to the well-being and work-life balance of their employees. This approach is beneficial for both the organization and the employees.

**Equality, diversity and inclusion**

In any organization, it is beneficial if all employees:

- Feel valued and are treated fairly;
- Have the opportunity to develop talents and expertise to their full potential;
- Work in a safe, supportive and inclusive environment;
- Are rewarded and recognized for their work.

This can be achieved if an organization creates an inclusive workforce by recognizing diversity and by being committed to equality.
- **Equality**: This ensures that everyone is treated fairly and has equality of opportunity through a fair and consistent approach to the application of policies and procedures;
- **Diversity**: This recognizes, respects and values the differences between individuals and groups no matter their background, identity or circumstances;
- **Inclusion**: This involves practices and procedures that take account of individual needs, eliminate discrimination and promote equality, and enable a diverse range of people to work together effectively.

An inclusive workforce is one in which individuals feel that their contribution matters, they are able to perform to their potential and their working environment is free from any form of harassment, intimidation, bullying, victimization or unjustifiable discrimination. However, inclusion also needs to take into account the culture of the country in which the organization is located and any associate legal requirements.

Equality, diversity and inclusion can be promoted by:
- Treating all employees fairly and with respect;
- Creating an inclusive culture that values the individual contributions of employees and encourages and supports diversity within teams;
- Encouraging recruitment and selection from groups that are underrepresented in the organization;
- Ensuring equal access to training and development opportunities so that all employees can reach their full potential;
- Supporting employees and encouraging them to develop their careers and increase their contributions to the organization;
- Equipping employees with the skills to tackle inequality, unacceptable behaviour and discrimination in their workplace;
- Challenging unacceptable behaviours and creating a climate where complaints can be raised without the fear of reprisal;
- Demonstrating through words and actions that diversity is an integral part of meeting the organization’s priorities;
- Ensuring that policies, procedures and processes eliminate discrimination and promote equality.

The following are some policies that an organization might have that make reference to and support equality, diversity and inclusion:
- Recruitment and selection;
- Rewards;
- Training and development;
- Selection for promotion;
- Discipline and grievances;
- Countering bullying and harassment.
Managing human resources

Source material and further reading

Books and guides


Human resource management and planning

- https://www.cipd.co.uk/knowledge/strategy/hr/strategic-hrm-factsheet (CIPD: Strategic human resource management)

- https://www.cipd.co.uk/knowledge/strategy/organisational-development/workforce-planning-factsheet (CIPD: Workforce planning)

- https://www.cipd.co.uk/knowledge/strategy/resourcing/talent-factsheet (CIPD: Talent management)

- https://www.cipd.co.uk/knowledge/strategy/resourcing/succession-planning-factsheet (CIPD: Succession planning)

Recruitment and selection

- https://www.cipd.co.uk/knowledge/fundamentals/people/recruitment/factsheet (CIPD: Recruitment: an introduction)

- https://www.cipd.co.uk/knowledge/fundamentals/people/recruitment/selection-factsheet (CIPD: Selection methods)

- https://www.skillsyouneed.com/lead/selection-and-recruiting-skills.html (SkillsYouNeed: Selecting and recruiting skills)

- https://www.thebalance.com/what-is-a-structured-job-interview-2062109 (the balance careers: Structured job interviews)

Induction

- https://www.cipd.co.uk/knowledge/fundamentals/people/recruitment/induction-factsheet (CIPD: Induction)

- https://www.skillsyouneed.com/lead/induction-onboarding.html (SkillsYouNeed: Induction, orientation and ‘onboarding’ skills)

Training and development

- https://www.cipd.co.uk/knowledge/strategy/analytics/human-capital-factsheet (CIPD: Human capital measurement and reporting)

- https://www.cipd.co.uk/knowledge/strategy/development/factsheet (CIPD: Learning and development strategy: an introduction)
Managing human resources

- https://www.cipd.co.uk/knowledge/fundamentals/people/development/learning-methods-factsheet (CIPD: Learning methods)
- https://www.cipd.co.uk/knowledge/fundamentals/people/development/evaluating-learning-factsheet (CIPD: Evaluating learning and development)
- https://www.cipd.co.uk/knowledge/strategy/development/management-factsheet (CIPD: Management development)

Performance management

- https://www.cipd.co.uk/knowledge/fundamentals/people/performance/factsheet (CIPD: Performance management: an introduction)
- https://www.cipd.co.uk/knowledge/fundamentals/people/performance/appraisals-factsheet (CIPD: Performance appraisal)
- https://www.cipd.co.uk/knowledge/fundamentals/people/performance/feedback-factsheet (CIPD: 360 degree feedback)
- https://www.skillsyouneed.com/lead/managing-appraisals.html (SkillsYouNeed: Managing appraisals and performance reviews)

Other topics

- https://www.cipd.co.uk/knowledge/fundamentals/relations/communication/voice-factsheet (CIPD: Employee voice)
- https://www.cipd.co.uk/knowledge/fundamentals/people/performance/competency-factsheet (CIPD: Competence and competency frameworks)
- http://managementstudyguide.com/reward-systems-and-policies.htm (MSG: Reward systems and policies)
- https://www.cipd.co.uk/knowledge/fundamentals/people/pay/reward-factsheet (CIPD: Reward and pay)
- https://www.cipd.co.uk/knowledge/culture/well-being/stress-factsheet (CIPD: Stress in the workplace)
- https://www.cipd.co.uk/knowledge/culture/well-being/factsheet (CIPD: Well-being at work)
- https://www.cipd.co.uk/knowledge/fundamentals/relations/diversity/factsheet#6424 (CIPD: Diversity and inclusion in the workplace)
Key points

Human resource management and planning

– Human resources are the people who make up the workforce of an organization, and they are usually an organization’s most important asset. Human resource management encompasses the systems and processes used for the management of people.

– Human resource management involves recruiting, selecting and inducting new employees, managing talent and preparing succession plans, providing training and development, assessing performance, providing rewards, maintaining the health, safety and well-being of employees and supporting equality, diversity and inclusion.

– Human resource planning ensures that there is sufficient and sustainable capacity and capability to meet organizational objectives now and in the future. The plan addresses three key questions: What is the current situation? What are the future requirements? and What needs to happen to bridge the gap?

– The key components of a human resource plan are an analysis of the demand, internal supply, external supply, the gap between supply and demand and strategies to address any gap.

– The key drivers affecting human resource plans are the strategic direction of the organization, internal and external labour markets, the impact of technology on the organization’s activities and changes to employment law or collective agreements.

– Talent management is concerned with attracting, identifying, developing, deploying and retaining individuals who are of particular value to the organization.

– Succession planning aims to retain talented employees because they are aware of the opportunities that might arise for them to progress in their careers. Consequently, succession planning is an important part of talent management.

– With both talent management and succession planning, the emphasis is on anticipating future challenges and opportunities and taking action to ensure that talented people are nurtured within the organization and key posts can be filled with people who have the required experience, expertise and personal qualities.

Recruitment and selection

– Filling vacancies with people who have the right expertise and attitude is essential for the continued success of the organization. Recruitment and selection processes should be efficient, effective and fair.

– A job description and person specification/job role are key documents that support the recruitment and selection processes.

– Applicants can be attracted for a job by advertising internally to seek applicants from the organization’s pool of talent and externally to gain interest from outside the organization.

– Screening and longlisting might be part of the process to create a shortlist of applicants. The associated assessments are primarily based on the extent to which applicants satisfy the person specification/job profile.

– Psychometric testing and assessment centres can be used to complement a selection interview.
– Interviews are nearly always a part of the selection process, and they are of benefit to applicants (for example, applicants can expand upon what is in the original application and find out more about the job and its responsibilities) and to the employer (for example, the employer can seek more information, explain what the organization can offer and discuss employment conditions).

– References can be sought in two main forms: open request (ask referees to give their views about an applicant’s suitability for a post based on the job description and person specification/job profile) or structured request (ask referees to answer a set of questions related to the job description and person specification/job profile).

**Induction**

– Induction is the process by which a new employee is supported through his or her introduction to the organization’s key administrative processes, gets up to speed on the role itself and integrates into an organization’s culture and values. Induction is the last stage of the process for employing a new staff member.

– The induction process usually has two components: induction into the organization (for example, understanding the organization’s purpose, activities, plans, structure, policies, culture and values) and induction into the department (for example, becoming familiar with the employee’s new work environment and understanding his or her new job and what is expected).

– The induction process might involve the provision of an induction pack, an induction briefing and a tour, induction training events and buddying or mentoring.

**Training and development**

– Expenditure on training and development should be considered an investment in the workforce that will support the continued success of the organization. Overall, training and development help build “human capital” – the collective skills, knowledge and other intangible assets of the workforce.

– A training and development strategy provides the basis for allocating the resources required to provide training and development activities and making day-to-day decisions about who will participate in those activities.

– Provision of training and development activities should be based on a learning needs analysis (often referred to as a training needs analysis) that identifies the training and development needs of individuals, groups and the organization.

– Learning needs can be addressed by learning activities that are informal (for example, interacting with colleagues, self-study or performing tasks), semi-formal (for example, coaching or mentoring) and formal (for example, courses, workshops or e-learning).

– The evaluation of learning activities can be carried out at four levels: reaction (Are learners satisfied with the learning activities?), learning (Has the required learning been achieved?), transfer (Has the learning improved job performance?) and results (Has the learning had an impact on the organization’s performance?).

– Management development programmes address the day-to-day needs of managers and equip them to support the strategic development of the organization.
– Continuing professional development (CPD) allows individuals to keep their professional expertise up to date and enhances their capabilities by (a) improving or updating their existing job-related knowledge and skills and (b) providing them with new knowledge and skills for a change of job, for career progression purposes or in order to take on more responsibility.

**Performance management**
– Performance management aims to maintain and improve employee performance. It should also encourage individuals to align their activities with the goals and values of the organization, assist in the personal development of individuals and be integrated into the way in which people are managed.
– Effective performance management by a line manager depends upon both formal processes (for example, an annual performance appraisal based on a set of targets agreed at the beginning of the reporting year) and informal processes (for example, frequent and informal contact so that there is mutual understanding and two-way feedback throughout the appraisal period).
– Performance appraisals should be consultative and based on objectives or other criteria. The appraisals should be primarily used to (a) find ways of enhancing future performance, (b) identify training and development needs and (c) provide motivation.

**Other topics**
– Employee relations involve an employment contract, which is a legally enforceable agreement defining the terms and conditions of employment and a psychological contract, which consists of unspecified expectations and is the basis of goodwill between the employer and the employee.
– An important part of the psychological contract is giving employees a voice so that they have an opportunity to offer their views about issues affecting their employment and to influence decision-making within the organization. Trade unions and staff associations have a role, along with a variety of other communication channels.
– Competency frameworks, which might cover transferable and/or technical/scientific skills, are useful when selecting people to join an organization, managing performance, identifying training and development requirements, spotting talent and selecting people for promotion.
– Competency frameworks provide a basis for a fair and open process for reviewing performance, offer clarity about the competencies required for specific jobs, help with the design and delivery of training and development activities and support career management.
– Rewards can include basic pay, contingency pay (for example, performance related pay, bonuses and commission), allowances (for example, shift working and taking on additional responsibilities) and non-financial benefits (for example, access to professional and career development, recognition and flexible working arrangements).
– Organizations benefit from having a reward strategy to support the recruitment and retention of employees, to improve performance by motivating employees and to enhance the reputation of the organization as an employer.
Managing health and safety is a key management function, and having a health and safety policy indicates an organization’s commitment to health and safety.

A key aspect of implementing a health and safety policy is carrying out risk assessments that identify current and potential risks and make recommendations about how to remove or reduce the risks.

Good employers support the well-being and good work-life balance of their employees by, for example, ensuring that line managers are aware of the symptoms of stress, providing a safe and clean working environment and having flexibility in working arrangements.

It is good practice to monitor equality, diversity and inclusion within an organization and to ensure that everyone within an organization feels that he or she has to take responsibility for supporting equality, diversity and inclusion in the workplace.

Suggested discussion topics

**Human resource management and planning**

- What factors might affect the content of a human resource plan?
- What are the benefits of having a human resource plan?
- What options might be included in a human resource plan?
- What actions might be taken to manage talent within an organization?

**Recruitment and selection**

- How are recruitment and selection carried out in your organization?
- What might be included in a job description and person specification/job profile?
- What might be the benefits of using psychometric testing or assessment centres?
- What might be the consequences of having ineffective recruitment and selection?

**Induction**

- What are the benefits of having an effective induction process?
- How is induction carried out in your organization?

**Training and development**

- What might be included in a training and development strategy?
- How are training and development needs identified in your organization?
- What training and development activities are used in your organization?
- How is the impact of training and development on job performance assessed in your organization?
- How is the need for management development identified and addressed in your organization?
- How much emphasis is put on CPD in your organization?
Performance management
- What is the performance management process in your organization?
- What are the characteristics of a good performance management process?

Other topics
- How are employees given a voice in your organization?
- What is the role, if any, of non-financial benefits in your organization?
- Who is responsible for aspects of health and safety in your organization?
- What actions could be taken to enhance the well-being of employees?
- What are the benefits of equality, diversity and inclusion?
9. Managing finance

Aim
To acquire the knowledge, skills and techniques required to use financial information to aid decision-making and understand an organization’s financial state.

Learning outcomes
You will be able to:
– Explain why financial management systems are required;
– Describe the main elements and terms used in financial management;
– Prepare and monitor a budget;
– Explain the difference between accrual and cash basis accounting;
– Interpret the main financial statements;
– Develop a capital expenditure budget;
– Carry out an investment appraisal for capital expenditure.

Content
Financial management of NMHSs
– Financial challenges faced by NMHSs;
– Financial management frameworks.

Some basic concepts
– Bookkeeping and accounting;
– Financial and management accounting;
– Introduction to financial statements;
– Auditing.

Preparing a budget
– Overview of budgeting;
– Purpose of budgets;
– Ways of building a budget;
– NMHS budget items;
– Good practice for budgeting.

Budget monitoring
– Budget monitoring systems;
– Budget monitoring reports;
– Good practice in budget monitoring.

Financial reporting
– Accrual and cash basis accounting;
– Income statement;
– Cash flow statement;
Managing finance

- Balance sheet.

_Capital investment_
- Capital and revenue expenditure;
- Developing a capital expenditure budget;
- Accounting for capital expenditure;
- Investing in capital expenditure;
- Appraisal methodologies.
Briefing – managing finance

Financial management of NMHSs

Financial challenges faced by NMHSs

Sound financial management is a key performance area for any organization. In particular, NMHSs face increasing pressure to sustain their operations because of almost universal pressure on government budgets. NMHSs also face a variety of other financial challenges:

- The increased focus on issues such as disaster risk reduction, climate change and variability, food and water security and environmental sustainability;
- The rapid developments in science and technology related to meteorology, climatology, operational hydrology, computing and communications;
- The nature of the round-the-clock operations of an NMHS, dispersed staff and facilities and requirements for rapid and frequent national and international communication;
- The need to manage donor-funded projects that stretch the resource capacity of the receiving NMHS, especially for developing countries.

To cope with the financial challenges, NMHSs require an effective financial management framework. The form this takes is influenced by national government frameworks and national legislation and standards. Many NMHSs are funded primarily from the central government. In these cases, the financial management framework depends on the size and complexity of the NMHS and its position within government structures. Some NMHSs, however, are required to operate more like a commercial company. In these cases, aligning their financial management framework to those used in the corporate business world may be preferable.

Financial management frameworks

A financial management framework sets out how an NMHS’s mission is supported by the planning and management of its financial resources, the allocation and spending of funds and the requirements for accountability and reporting. It also describes the components of the financial system and the procedures and accountabilities for managing financial resources. National legislation and regulations usually need to be followed, and these are usually set down by the Ministry (or Department) of Finance in the national government. For an NMHS, these rules and guidelines determine how budget proposals are structured and provide information about timetables, responsibilities, accountabilities and reporting.

For an NMHS, a typical financial management framework includes the following:

- Legislation, regulations and policies;
- Principles and ethics to guide managers in sound financial management practices;
- Authority and accountability arrangements detailing the authority delegated to the NMHS and then within the NMHS, and the relevant accountabilities;
- Defined roles and responsibilities of managers and financial officers;
Managing finance

- Processes that need to be followed in relation to budget proposals, budget approvals, resource allocation, expenditure, income (if relevant), asset management, monitoring and reporting;
- Enabling systems and tools to provide timely and relevant information for managers and government.

The financial management framework adopted by an NMHS will depend upon whether accrual or cash based accounting is used. With accrual accounting, transactions are recorded according to when the underlying economic events occur, regardless of the timing of the related cash receipts and payments. Income is recognized when it is earned, and expenditure is recognized when a liability is incurred or a resource consumed. This contrasts with cash basis accounting, under which income and expenditure are recognized when cash is received and paid. Some countries use accrual accounting and reporting for all accounting purposes, some still use cash accounting and others use a mixture. Accrual and cash basis accounting are considered in more detail later in this document.

Having a financial management framework will help NMHSs:
- Make effective and efficient use of resources;
- Achieve organizational objectives;
- Provide information to support decision-making;
- Become more accountable to funding agencies and gain their respect and confidence;
- Prepare for long-term financial sustainability.

Some basic concepts

**Bookkeeping and accounting**

There is a difference between bookkeeping and accounting:
- **Bookkeeping**: A process involving the systematic and comprehensive recording of financial interactions in a timely and logical manner.
- **Accounting**: A process that turns the financial transactions recorded via bookkeeping into useful information that aids decision-making. It involves the summarizing, analysing, interpreting and reporting of financial interactions.

Sometimes, accounting is considered to include bookkeeping, but really, they are different tasks, even though they might be carried out by the same person.

The main purpose of accounting is to provide managers and the owner of an organization with financial information. This is done for three reasons:
- **Accountability**: It provides financial information about the use of resources that are controlled but not owned;
- **Planning**: It is used as a basis for making plans about future activities;
- **Control**: It supports the monitoring of activities to assess whether they are being carried out as planned.
**Financial and management accounting**

There is a difference between financial accounting and management accounting:

- **Financial accounting:** This is used to describe the financial health of an organization. The year-end accounts provide a summary of financial information over a specific accounting period (usually one year) that can be used by external stakeholders to assess the past performance of the organization.

- **Management accounting:** This provides up-to-date information, usually on a monthly basis, that can be used within the organization to monitor and control activities. Management accounting is necessary to support managers who make decisions that have a financial impact.

Table 9.1 summarizes some of the key differences between these two types of accounting.

<table>
<thead>
<tr>
<th><strong>Financial accounting</strong></th>
<th><strong>Management accounting</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Concentrates on the financial position of the whole organization</td>
<td>Focuses on different areas of business (for example, functional areas or products/services)</td>
</tr>
<tr>
<td>Deals mainly with money</td>
<td>Includes a wide variety of non-financial information (for example, number of staff members, volume of sales)</td>
</tr>
<tr>
<td>Might be subject to mandatory requirements to produce the year-end set of accounts and to present them in a specific format</td>
<td>Has no legal requirements, so decisions about what information is included and the format are determined by the requirements of the organization</td>
</tr>
<tr>
<td>Provides a year-end set of accounts (also referred to as the financial statements)</td>
<td>Provides monthly statements (particularly the income statement) that are a combination of past financial information and forecasts of what is expected to happen by the end of the accounting period (and perhaps beyond)</td>
</tr>
</tbody>
</table>

Both financial and management accounting involve the preparation of income and cash flow statements, though the balance sheet is usually only prepared as part of financial accounting.

**Introduction to financial statements**

There are three main financial statements used by organizations: income statements, cash flow statements and balance sheets.

To understand income statements, it is necessary to be clear about what is meant by income and expenditure.
Managing finance

- **Income**: The money an organization receives in exchange for providing products or services, or via other sources (for example, interest). Income is sometimes referred to as revenue.

- **Expenditure**: The costs an organization incurs through its activities to obtain income. Sometimes, costs that are not directly involved in generating income are referred to as overheads. Expenditure is sometimes referred to as costs or expenses.

The difference between income and expenditure is referred to as profit if income exceeds expenditure, but loss if expenditure exceeds income. If the organization does not have a profit motive, the terms profit and loss are replaced by surplus and deficit. An income statement shows income and expenditure and calculates the profit or loss.

Cash and cash flow are key concepts used to prepare a cash flow statement.

- **Cash**: The money in bank accounts or any other form of currency that is easily accessible and can be used in exchange for goods, services or debts.

- **Cash flow**: The difference in the amount of cash available at the beginning of a period (opening balance) and the amount available at the end of that period (closing balance).

A cash flow statement is a summary of the incomings and outgoings of cash for an organization over an accounting period.

The balance sheet (also known as the statement of financial position) uses the concepts of assets and liabilities.

- **Assets**: These are the resources belonging to an organization (for example, money in a bank account, property, fixtures and furniture, equipment, vehicles or stock). If products and services are sold on credit, the money owed is also an asset (these are debtors).

- **Liabilities**: These are the debts owed by the organization (for example, bank overdrafts or bank loans). There are liabilities if money is owed by the organization to suppliers of goods and services (these are creditors).

A balance sheet is a record of the total assets and liabilities of an organization on a particular date (usually the end of the accounting period), along with information about how the difference between the assets and liabilities is funded.

**Auditing**

The purpose of an external audit is for an independent person (the auditor) to give an opinion about the extent to which the financial statements prepared by an organization are free from material misstatements (true) and are a faithful representation of the financial performance of the organization (fair). The auditor is expected to comply with professional standards such as the International Standards on Auditing and ethical guidelines such as those issued by the International Federation of Accountants (IFAC).

An external audit can only offer reasonable assurance that the financial statements are true and fair. The following are some of the reasons why there are limitations on what an audit can achieve:
The auditor has to sample the financial information, but the sample might not be representative of the population;

- There are time constraints on the auditor, so priority is given to what appear to be the most important aspects;
- The auditor has to use professional judgement in interpreting the evidence, even when following appropriate auditing procedures;
- Often, the auditor requires input from managers when interpreting the evidence, so it is difficult for an audit to be completely independent.

For public sector organizations, audits might be carried out under the supervision of an institution that is responsible for ensuring that the organization has operated in a way that is in the best interests of the public and that standard procedures (for example, concerning procurement) have been followed. This means that these auditors go beyond assessing whether the financial statements are true and fair.

In addition to external audits, there might be internal audits performed by employees of an organization. These audits are voluntary and might cover topics such as financial procedures, internal controls, risk management and operational effectiveness. Their main aim is to find ways of helping the organization become more effective and efficient.

**Preparing a budget**

*Overview of budgeting*

A budget is a financial document that is used to project future income and expenditure over a specified period. Usually, a budget is produced once a year and covers 12 months. Once the budget has been set, the actual financial performance is compared with the budget. Differences between the budget and actual performance are referred to as variances.

Setting a budget is a key task of an organization’s senior management team. It can be time-consuming, but the outcome can have a profound impact on the organization’s activities and its ability to meet its strategic goals.

Budget holders are responsible for controlling and monitoring income and expenditure and understanding the reasons for any large variances (both overspends and underspends). They are also expected to take action if any variances have a significant impact on the planned activities and the overall financial situation. However, it is likely that some variances will always occur because the setting of the budget cannot take account of all eventualities.

**Purpose of budgets**

In addition to being used to control and monitor income and expenditure, budgets also have a variety of other purposes, including the following:

- **Meeting organizational objectives**: The budget describes the financial requirements for an organization to meet its objectives while taking account of the organization’s strategy, priorities, plans, key performance measures and policies. Setting budgets
encourages managers to be aware of the organization’s objectives and its key performance measures.

- **Coordinating activities**: When an organization consists of several departments, the budgeting process helps coordinate their activities with a view to all departments contributing to meeting the organization’s objectives and making effective use of the resources that are available.

- **Motivating managers**: The budget can motivate managers if their performance is assessed against the budget. However, there can be an adverse impact if managers make decisions based on staying within budget rather than what is best for the long-term future of the organization.

- **Evaluating or improving performance**: A budget can be used as a way to evaluate the performance of part of an organization or act as a target to beat, thereby demonstrating improved performance. However, it is desirable to also have some non-financial performance measures focused on the organizational objectives.

- **Communicating**: Communicating information about the budget helps managers and other employees understand the organization’s objectives and priorities. Also, the budgeting process can provide a mechanism for senior managers to get feedback about the challenges affecting operational activities.

- **Allocating resources**: Preparing a budget should ensure that the allocation of resources is aligned with the strategic objectives across the organization and its annual plan. Also, preparation of a budget might identify scarce resources or those that need to be carefully managed or even increased.

**Ways of building a budget**

There are three basic approaches to building a budget:

- **Incremental budgeting**: The starting point is what happened in the previous year, with those figures then being adjusted to take account of any expected changes. With this approach, the emphasis is on explaining any changes between the new budget and what happened in the previous year.

- **Zero-based budgeting**: Each component of the budget has to be justified in terms of what is needed and the associated costs without reference to what has happened in the previous year. It is assumed that there are no existing commitments and no funds carried forward.

- **Activity-based budgeting**: The budgeting is based around the activities carried out within the organization, with the associated income and expenditure then being identified for each activity. Some of the activities might be carried out by several functional units within the organization.

Table 9.2 indicates some of the strengths and weaknesses of the three approaches.
Table 9.2. Strengths and weaknesses of the three approaches to budgeting

<table>
<thead>
<tr>
<th></th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incremental budgeting</td>
<td>– Easy to prepare and understand, especially if there is not a rapidly changing environment</td>
<td>– No incentive to reduce costs and encourages spending to protect the budget&lt;br&gt;– No justification required for current activities and the associated costs</td>
</tr>
<tr>
<td>Zero-based budgeting</td>
<td>– Responds to changing circumstances or a dynamic environment&lt;br&gt;– Ensures that there is an efficient use of resources and identifies obsolete or ineffective activities</td>
<td>– Time consuming to prepare&lt;br&gt;– Can encourage short-term thinking at the expense of long-term investment (for example, in research and development and training)</td>
</tr>
<tr>
<td>Activity-based budgeting</td>
<td>– Identifies the key activities that drive costs&lt;br&gt;– Draws attention to the costs of overhead activities</td>
<td>– Time consuming to prepare&lt;br&gt;– Identifying activities can be difficult</td>
</tr>
</tbody>
</table>

In addition to the three basic approaches to budgeting, the budget can be built from the top down or the bottom up.

– **Top-down budgeting**: Initially, a top-level budget is set by senior managers based on the need to meet organizational objectives. Each functional unit or programme is allocated part of that budget, which is then turned into a more detailed budget for that unit or programme. This approach can be quite strict, but if the allocated budgets are not detailed, it can be viewed in a positive way. The main purpose of this approach is to provide guidance and set constraints when preparing the component budgets.

– **Bottom-up budgeting**: Each functional unit prepares a budget, and these are combined to provide a top-level budget. This approach provides commitment to the budgets of the functional units or programmes. However, if the resulting top-level budget is unaffordable, some top-down input will be required to modify the component budgets.

**NMHS budget items**

The presentation of budgets and financial reports for an NMHS will depend on accounting practices that vary between countries. Government agencies are generally required to follow practices set down by the Ministry of Finance (or equivalent).

Table 9.3 provides some notes on typical budget items for the recurrent expenditure and income of an NMHS. The terms are intended to be generic and indicative.
Table 9.3 Notes about typical budget items for the recurrent expenditure and income of an NMHS

<table>
<thead>
<tr>
<th>Budget item</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs</td>
<td>All salaries and related staff costs</td>
</tr>
<tr>
<td>Travel</td>
<td>Operational and administrative travel</td>
</tr>
<tr>
<td>Consumables</td>
<td>Operational consumables (for example, radiosondes)</td>
</tr>
<tr>
<td>Communications</td>
<td>Running costs of communications</td>
</tr>
<tr>
<td>Computing</td>
<td>Running costs of computing</td>
</tr>
<tr>
<td>Rents and building expenses</td>
<td>Rents and utility services for buildings</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>Fit-out of offices</td>
</tr>
<tr>
<td>Office supplies</td>
<td>Stationary and other office supplies</td>
</tr>
<tr>
<td>Other expenses</td>
<td>Miscellaneous expenses (for example, WMO contributions)</td>
</tr>
<tr>
<td>Appropriation or income</td>
<td>Government appropriation or expected revenue</td>
</tr>
<tr>
<td>Other income</td>
<td>Income from cost recovery or commercial activities</td>
</tr>
</tbody>
</table>

The presentation and description of items does not reflect any particular accounting practices, except in relation to the practice of allowing for depreciation of assets if using accrual accounting, which is described later.

Note that the budget outlines above do not cover the budget for capital expenditure – that is usually treated as a separate budget.

**Good practice for budgeting**

The following are some characteristics of an effective budgeting process:

- **Time**: Ensure that sufficient time is allowed to prepare a budget and have a timetable for its preparation;
- **Objectives**: Ensure that departmental budgets support both departmental and organizational objectives;
- **Organizational planning**: Embed the budgeting process into organizational planning;
- **Activities**: Identify the planned activities and their priorities, along with information about required resources and timing;
- **Profiling**: Profile monthly income and expenditure if they are expected to vary through the accounting period, rather than budgeting for a fixed amount each month;
- **Stakeholders**: Engage with stakeholders to help ensure that budgets support organizational objectives;
Consult and coordinate: Consult with team members about the budget and coordinate preparation of the budget with other units;

Assumptions: Describe the assumptions on which the budget is based and explain any significant variations from previous years;

Costs: Put effort into finding reasons to reduce costs as well as reasons for increasing them;

Detail: Provide a level of detail in the budget that is useful.

In addition to following the good practice given above, it is usual to prepare budgets for both income and cash. Accounts for income and cash are discussed later.

Budget monitoring

Budget monitoring systems

Once the annual budgets are decided and allocated, an organization needs to have systems in place to monitor financial performance. The aim is to ensure that resources are used for their planned purposes and there is financial accountability. The complexity of arrangements for monitoring the budget depends on the size of the organization and the availability of administrative staff and appropriate systems.

The main purpose of a budget-monitoring system is to evaluate the actual results against the budget. In addition to ensuring that resources are used efficiently and effectively, budget monitoring also helps identify potential opportunities and/or problems so that prompt action can be taken.

The following are the key processes for the effective management of budgets:

- Monitoring and reporting against budgets on a consistent and regular basis and explaining any significant variances;
- Forecasting the outturn at the end of the accounting period (the estimated expenditure and income expected to have been spent and received) and comparing this with the budget to quickly identify and respond to changes in the external environment or internal activities;
- Reviewing and improving internal budget processes by monitoring the accuracy and timeliness of budget processes to identify areas for improvement.

Effective monitoring of budget performance requires:

- Managers to be provided with relevant, timely and accurate information appropriate to their level of responsibility;
- Managers to provide feedback in a timely manner about the underlying causes and effects of budget variations, as well as planned actions to manage variations.

The effectiveness of internal financial reporting is likely to be enhanced when reports are prepared for each level of budget accountability and summarized appropriately for each level of management.
Budget monitoring reports
In many organizations, budget monitoring reports are prepared after the end of each month. Typically a report consists of the following:

- The income/expenditure, budget and variance in the last month;
- The year-to-date income/expenditure, budget and variance;
- The forecast of income/expenditure at the end of the financial period (called the forecast of outturn), annual budget and variance.

Monitoring the budget at a specific time usually has two components:

- Reviewing the actual income/expenditure against the budget in the last month and the year-to-date. The aim is to look back to understand any significant differences between the actual income/expenditure and the budget both for the month and the year to date.
- Reviewing the forecast of outturn against the annual budget. The aim is to look forward to decide what action needs to be taken if the forecast of outturn is very different from the annual budget set at the start of the accounting period.

Even if changing circumstances means that there are valid reasons for there to be differences between the forecast of outturn and the annual budget, it is good practice to not modify the original annual budget. In this way, the budget remains a constant benchmark against which to monitor the organization's financial performance. Also, it avoids confusion about which version of the annual budget is being used.

Instead of just producing a forecast for the end of the financial period, an alternative approach is to prepare a 12-month rolling forecast. This has the advantage of encouraging long-term thinking about potential problems rather than concentrating on what will happen at the end of the current accounting period.

Good practice in budget monitoring
The following are some ways to ensure that there is effective monitoring of the budget:

- **Concentrate on the main income/expenditure items**: Variances in the largest budget lines are likely to have the biggest impact, so these are the budget lines where monitoring needs to be concentrated. Often, it is staff costs that are the major expenditure items, so these need to be carefully monitored.

- **Take the forecasting of income/expenditure seriously**: Giving a lot of thought to the forecast of income/expenditure helps identify potential problems at an early stage. It is important to not assume that the forecast of income/expenditure during the remainder of the financial period will be the same as in the budget.

- **Check variances**: Identifying and understanding the underlying causes of significant variances might involve considering whether the variances are due to a problem with the original budget assumptions, a trend that is revealed by looking at results from previous years or an incorrect allocation of income/expenditure. It is also worth trying to find the root cause of any problems by continuing to ask "Why?" when an answer is given.
– **Be aware of timing differences**: When preparing a budget, it is appropriate to profile income/expenditure rather than to just assume that every month will be the same. Variances might occur because of inaccurate profiling, not because there is a problem that needs to be addressed straightaway.

– **Allow time to manage the budget**: Often, managing a budget is treated as an unwelcome task. However, it is an important management task that requires an appropriate allocation of time. Managing a budget should be treated as part of the overall management of resources and activities rather than something that is separate.

No matter what approaches are taken to preparing and monitoring the budget, the people responsible for these activities should have the required financial expertise. This might require some training and development, especially for people taking on financial responsibilities for the first time.

**Financial reporting**

*Accrual and cash basis accounting*

There are two ways of keeping accounts:

– **Accrual accounting**: Income is recorded when products and services are provided, and expenditure is recorded when the benefits it provides are received.

– **Cash basis accounting**: Income and expenditure are recorded when they occur.

With cash basis accounting, income and expenditure are not necessarily matched on a month-by-month basis. However, this is not a problem for accrual accounting. Accrual accounting gives a clear picture about an organization’s financial position and whether its activities are profitable.

The differences between accrual and cash basis accounting can be highlighted with a few examples:

– Suppose a product is sold to a customer who pays on credit. With accrual accounting, the income is recorded when the product is sold, whereas with cash basis accounting, the income would not be recorded until the customer pays for the product. Similarly, if an organization makes a purchase from a supplier on credit, the cost is recorded immediately with accrual accounting. For cash basis accounting the cost is not recorded until the payment is made to the supplier.

– Suppose rent is paid annually at the beginning of a financial period. With accrual accounting, 1/12 of the cost would be recorded each month to cover the rent. However, for cash basis accounting, the full cost of the rent is recorded in the month it is paid.

There is a difference in the way capital expenditure is recorded in the two types of accounts. For cash basis accounting, the investment in capital expenditure (for example, acquiring a new asset providing long-term benefits) is recorded when the investment occurs. But in accrual accounting, the cost of the asset is spread over the expected period of its useful life – this is known as depreciation.
Accrual accounting gives an accurate description of the financial state of an organization, whereas cash basis accounting describes the cash flow.

**Income statement**
The financial report based on accrual accounting is called the income statement. Sometimes it is also referred to as the profit and loss statement (P&L). The income statement shows the profitability of an organization in a specified period and includes income and expenditure. It records income when earned and expenditure when incurred, so income and expenditure are matched. This approach attempts to give an accurate assessment of an organization’s profitability.

Table 9.4 is a summary of the income statement for the 2016/17 financial year (1 April 2016 to 31 March 2017) for the Met Office in the UK. All amounts are in £ 1 000.

**Table 9.4. Income statement for the 2016/17 financial year for the Met Office in the UK**

All amounts are in £ 1,000.

<table>
<thead>
<tr>
<th><strong>Income</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Government services</td>
<td>194 790</td>
</tr>
<tr>
<td>Business group</td>
<td>24 160</td>
</tr>
<tr>
<td>Other</td>
<td>7 877</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td><strong>226 827</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Operating costs</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs</td>
<td>-117 366</td>
</tr>
<tr>
<td>Other costs</td>
<td>-104 522</td>
</tr>
<tr>
<td><strong>Total operating costs</strong></td>
<td><strong>-221 888</strong></td>
</tr>
</tbody>
</table>

**Operating profit** 4 939

Finance income and expenses -514

**Profit for the financial year** 4 425

Dividend payable to owners -4 000

**Retained profit for the year** 425

In reality, the income statement for an organization would contain far more details than the above example.
**Cash flow statement**

The cash flow statement gives an overview of how money is currently moving in and out of an organization. A cash flow statement is divided into three parts:

- Operating cash flow, which is associated with day-to-day activities;
- Investing cash flow, which is associated with investments to acquire long-term assets;
- Financing cash flow, which relates to an organization’s investors and creditors.

Table 9.5 is a summary of the cash flow statement for the 2016/17 financial year (1 April 2016 to 31 March 2017) for the Met Office in the UK. All amounts are in £ 1 000.

### Table 9.5. Cash flow statement for the 2016/17 financial year for the Met Office in the UK

**All amounts are in £ 1 000.**

<table>
<thead>
<tr>
<th>Cash flow from operating activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>4 939</td>
</tr>
<tr>
<td>Other items</td>
<td>33 674</td>
</tr>
<tr>
<td><strong>Net cash inflow from operational activities</strong></td>
<td><strong>38 613</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flow from investing activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for data and equipment</td>
<td>-91 958</td>
</tr>
<tr>
<td>Government grants</td>
<td>47 000</td>
</tr>
<tr>
<td>Other items</td>
<td>215</td>
</tr>
<tr>
<td><strong>Net cash inflow from investing activities</strong></td>
<td><strong>-44 743</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flow from financing activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends paid</td>
<td>-500</td>
</tr>
<tr>
<td>Loans received/repaid</td>
<td>13 506</td>
</tr>
<tr>
<td><strong>Net cash inflow from financing activities</strong></td>
<td><strong>13 006</strong></td>
</tr>
</tbody>
</table>

**Net increase in cash and cash equivalents** | 6 876  
**Cash and cash equivalents on 1.4.16** | 58 260  
**Cash and cash equivalents on 31.3.17** | 65 136

Both the income and cash flow statements are important. For example, the income statement could show that an organization is making a profit, but the cash flow statement could show that it will run out of cash and will not be able to pay the bills without being overdrawn. Alternatively, the income statement could show a loss, but the cash flow could still be positive (for example, by selling assets).

Note that the differences between the two accounting systems are because of temporary timing variations that will eventually converge.

**Balance sheet**

A balance sheet is used to determine an organization’s financial standing in terms of what it owns and what it owes at a specific time. It is usually prepared at the end of an accounting period. A balance sheet is split into two parts:

- **Net assets**: A statement of assets (things an organization owns or is owed) less liabilities (things an organization owes);
- **Funding**: A statement about how the net assets have been funded.

The value of the net assets has to be balanced by funding using capital or reserves. However, for a commercial organization, there might also be a cash injection from shares.

Assets and liabilities are categorized as current or non-current. They can be defined as follows:

- **Non-current assets (fixed assets)**: Assets with an expected life of more than two years (for example, vehicles and equipment). These can include intangible assets (for example, software licences or intellectual property). Non-current assets take depreciation into account.
- **Current assets**: Assets that can be readily turned into cash within 12 months (for example, stock, debtors, bank accounts and cash in hand).
- **Current liabilities**: Expected cash outflows during the next 12 months (for example, creditors and services not yet invoiced).
- **Non-current liabilities**: Expected cash outflows after more than 12 months (for example, loans and hire purchase agreements).

Net current assets (the difference between current assets and current liabilities) is known as working capital. It gives an indication of the ease with which an organization can pay its debts.

Table 9.6 is a summary of the balance sheet for the 2016/17 financial year (1 April 2016 to 31 March 2017) for the Met Office in the UK. All amounts are in £ 1 000.
Table 9.6. Summary of the balance sheet for the 2016/17 financial year for the Met Office in the UK. All amounts are in £ 1 000.

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>315 513</td>
</tr>
<tr>
<td>Current assets</td>
<td>123 175</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>436 688</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>-86 178</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>-104 475</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>-190 653</strong></td>
</tr>
</tbody>
</table>

| Assets less liabilities | 246 035 |

<table>
<thead>
<tr>
<th>Capital and reserves</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public dividend capital</td>
<td>58 867</td>
</tr>
<tr>
<td>Reserves</td>
<td>187 168</td>
</tr>
<tr>
<td><strong>Total government funds</strong></td>
<td><strong>246 035</strong></td>
</tr>
</tbody>
</table>

According to the balance sheet, there are many measures that can be used to assess the financial state of an organization. An example is the current ratio (also referred to as the liquidity ratio), which is current assets divided by current liabilities. This gives a measure of the extent to which there are enough current assets to cover the current liabilities. The higher the current ratio, the greater the capability of the organization to pay its obligations. The current ratio in the Met Office balance sheet is 1.43 (that is, 123 513/86 178).

**Capital investment**

**Capital and revenue expenditure**

It is important to distinguish between revenue expenditure and capital expenditure:

- **Revenue expenditure**: This is associated with day-to-day business activities. The benefits of this expenditure are obtained during the accounting year in which the expenditure occurs. Revenue expenditure maintains the earning capacity of existing assets within the organization. Examples of revenue expenditure include salaries, rent, repairs and maintenance, postage, travel expenses, utilities and consumables.

- **Capital expenditure**: This is associated with the acquisition of an asset or enhancing the value of an existing asset that provides a long-term benefit beyond the current financial period. The value of the asset is written off over the period of its assumed useful life. Capital expenditure provides assets that improve the earning capacity of the organization or reduce production costs. Examples of capital expenditure include property, furniture and fittings, equipment and vehicles.

Capital expenditure might provide tangible assets (for example, IT equipment) or intangible assets (for example, software licences or intellectual property). These are both referred to as
fixed assets. The following are also treated as capital expenditure: purchasing second-hand assets and bringing them into production, installing new assets and adding or enhancing existing assets.

Deferred revenue expenditure occurs when the benefit is not confined to one accounting year, but there is no new fixed asset. In this case, a portion of the expenditure is treated as revenue expenditure occurring in the current accounting year and the remaining portion is temporarily treated as capital expenditure. The common example is marketing, where any increases in revenue might come long after the expenditure has occurred. Usually, capital expenditure is larger than revenue expenditure.

There are no general rules for distinguishing between revenue and capital expenditure. However, it is usual for expenditure to exceed a threshold in order to be considered capital expenditure. For example, there might be:

- A monetary threshold for the item that varies according to the type of expenditure (for example, for equipment, the cost needs to exceed £5,000, but for land and building projects, the cost needs to exceed £150,000);
- A threshold for the useful life of the item (for example, a useful life of more than two years).

Having thresholds avoids treating relatively small expenses that are typically funded from the operating budget as capital expenditure. For public bodies, the thresholds are often set on a national basis.

**Developing a capital expenditure budget**

Usually, an organization requires a special case for capital expenditure, and if funding is approved, it will appear as a separate part of the budget. Preparing the case for major capital purchases may take several years.

It is important to consider all costs associated with the item when developing a capital expenditure budget.

- Allow for (a) price variations during the period required for proposals to be developed and approved and (b) variations in exchange rates.
- Factor in items such as maintenance and spare parts for a period after supply of the equipment.
- Possibly include some staff costs associated with the purchase and the installation/implementation phases.
- Consider the need for adjustments in other parts of the infrastructure (for example, power supplies).
- Consider the impact on items in the recurrent budget (for example, travel).

**Accounting for capital expenditure**

Depreciation is the systematic allocation of the cost of a fixed asset over its useful life. The way depreciation is recorded is based on two accounting principles:
Depreciation is based on the original cost of the fixed asset and its estimated residual value at the end of its expected useful life. No account is taken of the cost to replace the asset or its market value.

The cost of a fixed asset is matched with the income (or other economic benefits) it generates over its useful life. In other words, in each accounting period, it is assumed that part of the cost is being used up.

The usual way of calculating depreciation is the “straight line method”. In this case, the depreciation is obtained by dividing the difference between the original cost of the fixed asset and its estimated residual value by the period of its useful life and assuming that the depreciation is the same in each year of the asset’s useful life. For example, if a fixed asset cost 600 (in arbitrary units), with an estimated residual value of 0 after its assumed useful life of three years, the depreciation would be 200/year. This is used in the example shown in Table 9.7.

| Table 9.7. Example of an asset being (a) depreciated and (b) not depreciated |
|---------------------------------|---|---|---|
|                               | 2017 | 2018 | 2019 |
| Sales income                  | 1 200 | 1 200 | 1 200 |
| Cost of sales                 | -800  | -800  | -800  |
| Depreciation of asset         | -200  | -200  | -200  |
| Profit/Loss                   | 200   | 200   | 200   |

|                               | 2017 | 2018 | 2019 |
| Sales income                  | 1 200 | 1 200 | 1 200 |
| Cost of sales                 | -800  | -800  | -800  |
| Cost of asset                 | -600  | 0     | 0     |
| Profit/Loss                   | -200  | 400   | 400   |

In the example shown in Table 9.7(a), the net book value is the value of the fixed asset at the start of an accounting period. It is calculated by deducting the accumulated depreciation from the original cost of the asset. For the above example, the net book value is 400 at the start of 2018, 200 at the start of 2019 and 0 at the start of 2020. This illustrates that by depreciating the capital expenditure in the accounts, the profit/loss remains the same over the three years because the income and expenditure also remain unchanged.
Table 9.7(b) shows what happens if the cost of the fixed asset is only allocated to the accounting period in which it occurs: there will be an unrealistic view of the organization’s profitability.

Alternatives to the “straight line method” are methods referred to as “accelerated depreciation” methods. These methods are used when the depreciation of a fixed asset is higher in the earlier years of its life. One of these methods is the “reducing balance depreciation” method. With this method, the difference between the net book value and the estimated residual value is reduced by a fixed rate. In the above example, a rate of 50% would give a depreciation of 300 in the first year (600 x 50%) producing a net book value of 300 at the start of 2018. The depreciation in 2018 would be 150 (300 x 50%), producing a net book value of 150 at the start of 2019. At that time, the accumulated depreciation would be 450 (300 + 150). With this method, the depreciation for the last year of the asset’s useful life is the difference between the net book value at the start of the period and the estimated residual value. This is to ensure that depreciation is charged in full. Consequently, in this example, the depreciation in 2019 would be 150, producing a net book value of 0 at the start of 2020.

Depreciation is used for tangible assets. For intangible assets, the same approach is taken, but it is referred to as amortization.

Usually, a fixed asset register records the original cost, date purchased and supplier’s name of fixed assets. Then each year, the depreciation is recorded for every fixed asset, giving the net book values.

**Investing in capital expenditure**

Capital investment provides long-term benefits, so it should be based on long-term planning. Also, planning is required because once a capital investment starts, substantial funds might be committed without the possibility of undoing the investment decision. Consequently, investment decisions should be based on whether:

- The funds invested are for the right project at the right time; or
- The benefits (in financial terms) outweigh the costs.

Often, it is much easier to estimate the costs than the financial benefits, but the financial benefits need to be estimated so that a full investment appraisal can be carried out. The benefits from capital investment tend to fall into three broad categories:

- Savings in staff or operating costs (for example, savings in staff time and having more efficient systems);
- Increased income (for example, more sales of products and services);
- Intangible benefits (for example, increased customer satisfaction or better decision-making).

It is usual to have more requests for capital investment than funds available, so investment appraisals are required to prioritize investment proposals and ensure that any investments
Managing finance

are financially viable. In addition to assessing the financial analysis, it is a good idea to ask the following questions:

– Are there well-defined objectives for the investment that are in line with the organization's strategic goals?
– What would the consequences of not making the investment be?
– What other approaches have been explored to deliver the stated objectives?
– Have the assumptions underlying the investment been identified, and are they valid?
– Has a sensitivity analysis been performed based on the key assumptions?
– Have the risks and mitigating actions been identified?
– Has the most appropriate methodology been used to evaluate the financial aspects of the investment?
– Is there the capacity and capability to carry out the work associated with the investment?
– Are there benchmarking and key performance indicators that can be used to assess whether the expected benefits from the investment have been realized?

A convincing case for capital investment will answer these questions before they have been asked.

**Appraisal methodologies**

Methodologies for the financial appraisal of capital investments fall into two categories – those that do not take account of the changing value of money (non-discounted cash flow techniques) and those that do (discounted cash flow techniques). Appraisal methodologies all require the following information:

– Cost of investing in the asset;
– Useful life of the asset;
– Cash flow associated with the benefits of investing in the asset;
– Residual value of the asset.

There are two non-discounted cash flow techniques: payback and accounting rate of return (ARR).

The payback technique calculates the time it takes to recoup the cash spent on the initial investment. It is quick and simple to use and is useful for the initial appraisal of projects or when the size of the investment does not justify a rigorous appraisal. The main disadvantage of this technique is that it ignores the time value of money and thereby puts too much emphasis on quick returns on the investment. In addition, the payback technique cannot be used to differentiate between the financial benefits of proposed capital investments with the same payback period.

The ARR is calculated by dividing the average profit by the initial investment to get the ratio or return that can be expected. This measure is easy to calculate and understand and is
widely accepted as being reliable. However, it does not consider the time value of money, and no account is taken of the cash flows.

A widely used discounted cash flow technique is the net present value (NPV) method. This technique recognizes that cash flows received earlier are worth more than those received later. This is because of the impact of inflation and the increased risk of not realizing the expected cash benefits as time progresses. With this technique, future cash inflows are converted to the present and compared with the cash outflow for the investment. To do the conversion, a rate of return on the investment has to be set (for example, 10%). The rate is often based upon such factors as the nature of the business enterprise, the purpose of the capital investment, the cost of securing funds for the investment and the minimum desired rate of return. If the investment takes place in year zero, the discount factor in year $n$ is $1/(1+r)^n$, where $r$ is the discount rate.

To illustrate the NPV method, consider a case where there is an investment of 600 in year zero, leading to cash inflows of 200, 400 and 200 in years 1, 2 and 3. The discount rate is taken to be 10%. The results are shown in Table 9.8. In this case, the net present value is positive – the net cash inflow expected from a proposed investment at the selected rate exceeds the amount of the initial investment. Consequently, the proposal is financially desirable.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Flow</th>
<th>Discount factor</th>
<th>Present value</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>-600</td>
<td>1 000</td>
<td>-600</td>
</tr>
<tr>
<td>1</td>
<td>200</td>
<td>0.9091</td>
<td>181.82</td>
</tr>
<tr>
<td>2</td>
<td>400</td>
<td>0.8264</td>
<td>330.56</td>
</tr>
<tr>
<td>3</td>
<td>200</td>
<td>0.7513</td>
<td>150.26</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Net present value</td>
</tr>
</tbody>
</table>

Another discounted cash flow technique that is widely accepted is the internal rate of return. This is calculated by finding the discount rate that gives a net present value of zero, in other words, the rate which sets the present value of the cash inflows to be the same as the original cash investment. The internal rate of return needs to be calculated by trial and error or using software designed to do the calculation. This method recognizes the value of money and provides a percentage return on investment that is easily understood. The major disadvantage of this technique is that it is not as easy to calculate as the net present value.
Source material and further reading

Books and guides

Financial management of NMHSs

Some basic concepts

Preparing and monitoring a budget
- https://www.thebalance.com/what-makes-for-a-successful-budget-1289233 (the balance: What makes for a successful budget?)

Financial reporting
- https://www.thebalance.com/cash-vs-accrual-basis-13974 (the balance: Difference between cash basis and accrual basis accounting)
Managing finance


**Capital investment**

**Summary of key points**

**Financial management of NMHSs**
- A financial management framework sets out how an NMHS’s mission is supported by the planning and management of its financial resources, the allocation and spending of funds and requirements for accountability and reporting. It also describes the components of the financial system and the procedures and accountabilities for managing financial resources.
- Having a financial management framework helps NMHSs make effective and efficient use of resources, achieve organizational objectives, provide information to support decision-making, become more accountable to funding agencies and gain their respect and confidence, and prepare for long-term financial sustainability.
Some basic concepts

- Bookkeeping is a process involving the systematic and comprehensive recording of financial interactions in a timely and logical manner.
- Accounting is a process that turns the financial transactions recorded via bookkeeping into useful information that aids decision-making. It involves the summarizing, analysing, interpreting and reporting of financial interactions.
- The main purpose of accounting is to provide managers and the owner of an organization with financial information that (a) provides accountability and (b) can be used for planning and controlling activities.
- Financial accounts, usually prepared at year-end, are used to describe the financial health of an organization. Management accounts provide up-to-date information, usually on a monthly basis, that can be used within the organization to monitor and control activities.
- Income is the money an organization receives in exchange for providing products or services or via other sources (for example, interest). Expenditure is the costs an organization incurs through its activities to obtain income. Sometimes, costs that are not directly involved in generating income are referred to as overheads.
- The difference between income and expenditure is referred to as profit if income exceeds expenditure, but loss if expenditure exceeds income. If the organization does not have a profit motive, the terms profit and loss are replaced by surplus and deficit.
- Cash is the money in bank accounts or any other form of currency that is easily accessible and can be used in exchange for goods, services or debts. Cash flow is the difference between the amount of cash available at the beginning of a period (opening balance) and the amount available at the end of that period (closing balance).
- Assets are the resources belonging to an organization (for example, money in a bank account, property, fixtures and furniture, equipment, vehicles, stock and money owed by debtors). Liabilities are the debts owed by the organization (for example, bank overdrafts, bank loans and money owed to creditors).

Preparing a budget

- In addition to budgets being used to control and monitor income and expenditure, they are also used to help meet organizational objectives, coordinate activities, motivate managers, evaluate/improve performance, communicate priorities and allocate resources.
- There are three approaches to building a budget: incremental budgeting, zero-based budgeting and activity-based budgeting. In addition, budgeting can be top-down or bottom-up.
- For effective budgeting, ensure that departmental budgets support both departmental and organizational objectives, embed the budgeting process into organizational planning, engage with stakeholders, describe the assumptions on which the budget is based and explain any significant variations from previous years, and provide a level of detail that is useful.
**Budget monitoring**

- Monitoring the budget at a specific time usually has two parts: (a) reviewing the actual income/expenditure against the budget in the last month and the year-to-date to understand variances and (b) reviewing the forecast of outturn against the annual budget to decide what action, if any, needs to be taken to improve the situation.

- Good practice in budget monitoring includes concentrating on the main income/expenditure items, taking seriously the preparation of the forecast of outturn, checking variances, being aware timing differences and allowing time for managing the budget.

**Financial reporting**

- There are two ways of keeping accounts. For accrual accounting, income is recorded when products and services are provided, and expenditure is recorded when the benefits it provides are received. For cash basis accounting, income and expenditure are recorded when they occur.

- Accrual accounting gives an accurate description of the financial state of an organization, whereas cash basis accounting describes the cash flow.

- The financial report, based on accrual accounting, is the income statement (also called the profit and loss statement) that provides an assessment of an organization's profitability. The cash flow statement gives an overview of how money is currently moving in and out of an organization.

- A balance sheet is used to determine an organization’s financial standing in terms of what it owns and what it owes at a specific time. It includes assets and liabilities that are both current and non-current.

**Capital investment**

- Capital expenditure concerns the acquisition of an asset or enhancing the value of an existing asset that provides a long-term benefit beyond the current financial period. The value of the asset is written off over its assumed useful life, but no account is taken of the replacement cost or its market value – this is known as depreciation.

- The benefits from capital investment tend to fall into three broad categories: savings in staff or operating costs (for example, savings in staff time and having more efficient systems), increased income (for example, more sales of products and services) and intangible benefits (for example, increased customer satisfaction or better decision-making).

- Methodologies for the financial appraisal of capital investments fall into two categories – those that do not take account of the changing value of money (non-discounted cash flow techniques) and those that do (discounted cash flow techniques).

**Suggested discussion topics**

*Financial management of NMHSs*

- What are the financial pressures faced by your organization?
- What are the benefits of having a sound financial management framework?
Some basic concepts
- What kind of information is included in your management account? If you do not see such an account, what information would be useful to you?

Preparing a budget
- How are budgets prepared in your organization?
- Why are budgets important?
- What are the strengths and weaknesses of incremental budgeting and zero-based budgeting?

Budget monitoring
- What kind of budget monitoring takes place in your organization, and in what ways could it be improved?

Financial reporting
- What kind of financial reports have to be prepared for your organization at the end of an accounting period?

Capital investment
- How is capital expenditure handled in your organization?
- On what bases are investment decisions made in your organization?
10. Managing projects

Aim
To provide the skills and tools necessary to establish projects and oversee their implementation.

Learning outcomes
You will be able to:

- Explain the differences between operations, projects and programmes;
- Explain why some projects succeed and others run into difficulties;
- Describe the roles and responsibilities of key personnel;
- Describe the main project management methodologies and tools;
- Explain the importance of managing benefits and managing change;
- Ensure that projects are initiated, planned, executed and closed successfully.

Content

Operations, projects and programmes

- Projects and project management;
- Differences between projects and operations;
- Programmes and programme management;
- Differences between projects and programmes.

Overview of projects

- Why have projects?
- Successful projects;
- Some challenges projects can face.

Project methodologies

- Types of methodology;
- PMBOK®;
- PRINCE2;
- Software development;
- Agile methodology.

Project tools

- Critical path analysis;
- Gantt chart.

Initiating a project

- Origin of projects;
- Scope;
Managing projects

- Business case;
- Feasibility study;
- Objectives, scope, deliverables, requirements, benefits and risks;
- Developing a project brief/charter.

**Project manager, project team and project board**

- Project manager;
- Project team;
- Project board.

**Managing benefits and change**

- Managing benefits;
- Managing change.

**Planning a project**

- Project plan;
- Other plans.

**Executing and closing a project**

- Executing a project;
- Closing a project.
Briefing – managing projects
Operations, projects and programmes

Projects and project management
Organizations carry out a variety of activities which can be broadly classified as ongoing operations and projects. Ongoing operations are the activities required to deal with business as usual. A project is a temporary endeavour undertaken to achieve planned objectives. Though projects can range from large and complex to small and straightforward, they are all characterized by being focused on providing a set of deliverables within a specified cost, time frame and quality that enable expected benefits to be realized.

Projects usually have a goal, objectives, deliverables, requirements and benefits:

- **Goal**: A broad statement of what a project will accomplish;
- **Objectives**: The expectations to be satisfied on the successful completion of a project that will allow the goal to be met;
- **Deliverables**: The tangible outputs from the project that enable the objectives to be achieved through a series of activities;
- **Requirements**: The detailed specification of the requirements for the deliverables;
- **Benefits**: The organizational benefits that are expected to be realized by provision of the deliverables.

Overall, a project aims to achieve its objectives by providing deliverables that realize the expected benefits. The specification of objectives, deliverables and benefits, along with other details about how the project will be run (for example, costs, governance and key risks), are usually set out in a business case which provides sufficient information to initiate the project.

Project management is the application of knowledge, skills, tools and processes to successfully undertake a project. The associated project management process consists of four key phases: initiating, planning, executing and closing the project – see Figure 10.1.

![Figure 10.1. The four phases of the project management process](image)

A project manager has the overall responsibility for the successful planning, execution and closure of a project and often contributes to initiating a project.
**Differences between projects and operations**

The following are some of the key differences between projects and day-to-day operations:

- **Duration**: Projects have a limited duration, whereas operational activities are never-ending.
- **Resources**: Projects use transient resources from across an organization, whereas operational activities have fixed resourcing within a specific part of the organization.
- **Uniqueness**: Projects are unique, whereas operational activities involve repetitive activities.
- **Change**: Projects can bring about significant changes, whereas operational activities undergo small evolutionary changes.
- **Risks**: Projects can be subject to higher levels of risk than operational activities.
- **Management structure**: Projects have a temporary management structure, whereas for operations, the management structure is fixed.

Though projects and operations are different, it may be that in some organizations, some operational managers are also expected to manage projects. In addition, it is likely that some operational staff will be expected to help produce the deliverables from a project.

**Programmes and programme management**

Programmes are created to oversee the implementation of a set of related projects that are aimed at delivering outcomes that support an organization’s strategic objectives. The day-to-day management, coordination and delivery of a programme is the responsibility of a programme manager. A programme manager’s tasks include managing project interdependencies, setting priorities, overseeing any risks and issues, communicating, and realizing new capabilities and the associated expected benefits.

The programme management process has five phases: identifying and defining, establishing, managing, delivering and closing a programme – see Figure 10.2.

![Figure 10.2. The five phases of the programme management process](image)

The following are some of the circumstances in which it might be useful to establish a programme:

- Several projects are dependent on the same resources, so it is necessary to ensure that there is efficient utilization of a shared resource by setting priorities;
Several projects support a strategic change or address a common operational or business issue;

Several projects have complex interdependencies or high risks which require strong management.

Overall, managing projects as part of a programme can lead to a better utilization of resources, enhanced management of interdependencies, improved management of risks and full realization of the expected benefits. In addition, having a programme that is clearly linked to strategic objectives makes it easier to ensure that the members of the senior management team are aware of the progress being made and the benefits of implementing a successful programme.

Within an organization there might be various kinds of programmes including:

- Strategic programmes to achieve a specific strategic objective;
- Research and development programmes containing independent projects that work towards some long-term goal;
- Programmes funded from a single budget allocation that have little else in common, though this is best avoided;
- Programmes involving external partners, where working together provides mutual benefits.

A portfolio is the complete set of an organization’s current and future projects and programmes. Unlike projects and programmes, a portfolio is often ongoing without a specific start and end. However, projects and programmes leave and join the portfolio on a continuous basis.

**Differences between projects and programmes**

The following are some of the differences between programmes and projects:

- **Scope:** The scope of a project is unlikely to change, whereas for a programme which is implemented over a long period, the scope might change in response to initial uncertainties and variations in circumstances.

- **Risks:** The risks for a project are usually relatively easy to define and manage, whereas those for a programme tend to be quite complex, and their potential impact on the organization can be significant.

- **Deliverables:** A project has specific tangible deliverables, whereas a programme tends to be based on a vision of what you are trying to achieve through organizational change (for example, changes in culture or behaviour).

- **Benefits realization:** The benefits of a project are usually realized after the project is completed, whereas for a programme, the benefits are realized during and beyond the duration of the programme.

- **Range of benefits:** A programme provides a wider range of benefits than those received from individual projects and might include some projects that provide no direct benefits but help deliver the overall programme benefits. Also, the overall
benefits from a programme should be greater than those which would be provided if each of the constituent projects were managed in isolation.

- **Resources**: The resources for a project can usually be accurately estimated and committed in advance, whereas for a programme, the resources required are more difficult to estimate, and during the duration of a programme, there might be unexpected competition between component projects for the same resources.

- **Duration**: Typically, the duration of a project tends to last three to six months, whereas a programme can last several years.

**Overview of projects**

**Why have projects?**

Projects are different from day-to-day operations because they:

- Create products/services that provide new benefits for the organization;
- Introduce significant change to the organization;
- Have a temporary management and governance structure;
- Are susceptible to risks that do not occur in normal operations;
- Involve people from different parts of the organization.

Managing projects takes time and effort, but the following are some of the advantages of having effective project management:

- **Scope**: The scope is specified from the start, so action can be taken to avoid scope creep (the scope expanding while the project is in progress) and the associated increase in time and effort and loss of focus.

- **Deliverables**: The initial planning ensures that everyone involved knows what has to be delivered by when.

- **Roles and responsibilities**: There is accountability by clarifying from the start who is responsible for what and how decisions will be made.

- **Financial management**: Costs are kept under control by monitoring expenditure against the agreed budget.

- **Issues and risks**: Issues are resolved quickly, and risks are identified and managed.

- **Quality**: Action is taken to specify the quality standards for deliverables from the outset and then to ensure that those quality standards are met.

- **Monitoring**: There are metrics that allow progress to be monitored so that achievements can be shared within the organization or a struggling project can be identified early on, thereby enabling interventions to be made to bring it back on track.

**Successful projects**

The following are some of the key characteristics of a successful project:

- Deliverables meet the agreed requirements and realize the expected benefits;
- Deadlines are met and the finances are within budget;
- Risks that could jeopardize success are managed;
- The needs of people affected by the outcome of the project are taken into account;
Managing projects

– The right people are involved in the project, and good use is made of the available resources.

These general indications of success should normally be complemented by specific measures by which the progress of a project can be monitored and an assessment can be made of its overall success. The measures fall into two broad categories associated with deliverables and benefits:

– **Deliverables**: Assessing whether the deliverables have been provided is normally clear-cut, as the deliverables and the associated quality requirements should have been specified at the initiation of the project.

– **Benefits**: Usually, a project is initiated in order to realize some benefits for the organization by providing an agreed set of deliverables. Assessing whether the benefits have occurred is very important, but this is often not a straightforward task because the benefits might be realized long after the end of the project. Also, measures such as lower costs and increased quality might be affected by other changes, unrelated to the outcome of the project or only partly associated with it, that are taking place within the organization.

There is another aspect of success. Usually, a project has a sponsor who has initiated the project based on a business case. In addition to the sponsor, there might be other stakeholders that have an interest in the success of the project. This means that in addition to assessing success in terms of deliverables and benefits, action needs to be taken to ensure that stakeholders feel happy about the outcome of the project. It might be difficult to assess satisfaction, but keeping people informed about the progress of the project and providing them with information about the deliverables and benefits is likely to create a feeling of satisfaction.

**Some challenges projects can face**

The following are some of the main reasons why projects are not fully successful:

– The scope and objectives are not clearly defined at the start of the project;
– The quality requirements for deliverables are not specified;
– The cost estimates are inaccurate or the benefits are not realistic;
– Planning or risk management is inadequate;
– The project plan is inadequately implemented;
– Roles and responsibilities are not clearly defined;
– The project team is insufficiently resourced (for example, there are too few team members, or team members do not have sufficient time to dedicate to the project because of other commitments);
– The purpose of the project and its impact on operations are poorly communicated;
– Ownership of the benefits is lacking, especially those benefits that are realized after the closure of the project;
– Leadership from the project manager or project sponsor is ineffective.
It may also potentially be difficult to maintain day-to-day operations when projects are being implemented. There might sometimes be tension between project managers and operations managers, which can have an adverse effect on the success of a project.

- **Resources**: The project manager might request the use of the same people who are needed by a programme manager. Also, the people required by the project manager are likely to be those with high levels of expertise who are most valued by a programme manager.

- **Performance**: It is likely that a programme manager will have targets against which operational performance is assessed. Implementing a project aimed at improving performance in the long term might disrupt operations in the short term and have an adverse effect on meeting targets.

- **Past projects**: If there have been problems with past projects affecting operations (for example, deliverables not fully meeting requirements or expected benefits not being realized), a programme manager might be reluctant to become fully committed to a new project.

- **Benefits**: Projects are created to deliver benefits to the organization. However, the benefits might come about after completion of the project. This means that it is often an additional responsibility for the programme manager, rather than the project manager, to monitor and deliver the benefits.

These challenges can be ameliorated if (a) the project manager fully engages with the operations managers at the start of the project and keeps them informed of the progress, and (b) the project manager is given the authority to use staff resources managed by the programme managers.

**Project methodologies**

**Types of methodology**

There are many different project management methodologies, and some organizations have their own bespoke versions. However, there are two essential methodology types: waterfall and agile.

Waterfall methodologies are highly structured, with a project going through a well-defined sequence of phases. A key aspect of waterfall methodologies is that the detailed requirements for the deliverables are set before the planning, execution and closing phases begin. Also, there are processes for dealing with exceptions, risks and issues and for managing individual work packages. Waterfall methodologies are straightforward to understand and implement, with each phase being well documented. Use of such methodologies is particularly appropriate when there would be significant cost implications of making changes to the requirements during the execution of the project. However, if changes to requirements are needed, waterfall methodologies are rather inflexible and might require change control procedures that are cumbersome. PRINCE2 is a waterfall methodology that is widely used.

Agile methodologies are used where there is uncertainty about the requirements and/or the available technology (for example, when software is the deliverable). To deal with this
Managing projects

uncertainty, an incremental iterative approach is taken. This allows detailed requirements to be developed by having a working product that can be demonstrated to stakeholders at the end of each iteration. Feedback then determines what needs to be produced in the next iteration. With this approach, it is not necessary to have the extensive planning and design stages at the start of the project that are required with waterfall methodologies.

Whatever methodology is used, it might be of benefit for an organization to establish a Project Management Office (PMO) consisting of an individual, group or department. A PMO establishes and implements best practices and maintains standards related to project management, planning and execution. Having a PMO helps mitigate risks and ensure on-time project delivery within a specified budget. The PMO also serves as an organization’s central hub for project documentation, guidance and success measures.

**PMBOK**

When an organization wants to use a project management methodology, it has the following options available.

- Developing its own project management methodology;
- Implementing a project management methodology that is already widely used.

If an organization decides to develop its own project management methodology, a key source of information is the Project Management Book of Knowledge (PMBOK)

PMBOK covers five process groups and ten knowledge areas:

- **Process groups**: Initiating, planning, executing, monitoring and controlling, and closing;
- **Knowledge areas**: Management of integration, time, scope, cost, quality, human resources, communication, risk, procurement and stakeholders.

The good practice covered by PMBOK is also of value when waterfall or agile methodologies are used.

**PRINCE2**

There are several project management methodologies available, but PRINCE2 is probably the one that is most widely used. It is a process-based methodology that provides step-by-step guidance about how to run a project and covers what, when, who and how for the various parts of the project. PRINCE2 is quite prescriptive, but it can be tailored to take account of the size, type and complexity of the project and any existing project management methodologies being used within the organization.


45 [https://www.prince2.com/uk/what-is-prince2](https://www.prince2.com/uk/what-is-prince2)
PRINCE2 was developed by the UK’s Office of Government Commerce. It is based on seven principles providing a framework for good practice and seven themes covering how the principles should be applied:

- **Principles**: Continued business justification, learn from experience, define roles and responsibilities, manage by stages, manage by exception, focus on products, and tailor to the environment.
- **Themes**: Business case, organization, quality, risk, planning, change and progress.

In addition to the principles and themes, there are seven processes, each of which is associated with specific inputs, outputs, objectives and activities – see Figure 10.3:

- **Starting a project**: Assemble a project team, create a project brief, assign roles and agree on a project approach;
- **Initiating a project**: Document the project plan, business case, risks and project controls;
- **Directing a project**: Use the project board to control the project by giving authorizations (for example, for initiation, stages and closure) and by providing direction;
- **Controlling a stage**: Authorize work to be undertaken during a stage of the project and monitor progress;
- **Managing stage boundaries**: Plan project stages and, if necessary, update the project plan, business case and risk assessment;
- **Managing product delivery**: Deliver products pursuant to the agreed requirements;
- **Closing a project**: Execute a controlled closure of the project.

![Figure 10.3. Overview of the relationship between the seven processes that are part of PRINCE2](image-url)
Some of the benefits of this process-based approach are that it focuses on business justification, breaks the project into controlled stages and provides control of resources.

PMBOK® and PRINCE2 are complementary, with PMBOK® providing the knowledge and skills that a project manager requires to implement a project using the PRINCE2 methodology. The following are some of the key differences between PMBOK® and PRINCE2:

- PMBOK® is non-prescriptive, whereas PRINCE2 is prescriptive, though PRINCE2 can be tailored to be proportionate to the needs of a specific project;
- PMBOK® is driven by customer requirements, whereas PRINCE2 puts the emphasis on the business case;
- PMBOK® puts responsibility on the project manager to lead the project, whereas with PRINCE2, the project board takes on the key roles of directing and controlling the project;
- PMBOK® covers the role of the project manager, whereas PRINCE2 specifies the roles and responsibilities of everyone involved in the project;
- PMBOK® provides information about how to use tools and techniques, whereas this information is hardly covered in PRINCE2;
- PMBOK® covers procurement, people skills and leadership skills, whereas these are not covered in PRINCE2;
- PMBOK® does not deal with delivering benefits and project documentation, whereas these are an integral part of PRINCE2.

**Software development**

A waterfall approach to software development entails the following sequence of activities before implementation: set the requirements, design the software, code the software and test the software. This approach involves various risks, such as the following:

- It is difficult to assess whether the software will be delivered on time;
- If the project runs out of time or money, the testing will be cut short, with a likely impact on the quality of the software;
- The design and coding might not be adequate because the software cannot be tested until the last stage of the project;
- There is no way of effectively handling changes in requirements during the development of the software;
- There is little opportunity for creativity and experimentation that might lead to software that more fully satisfies the needs of the users;
- Because users are only involved at the end of the development process, it might be found that satisfying the initial requirements does not lead to what the users actually want from the software.
Agile\(^\text{46}\) is an incremental and iterative project management methodology used for the development of software; it overcomes some of the problems associated with the waterfall approach. With an agile methodology, teams are responsive to changing requirements and work collaboratively. They are also empowered and motivated to produce timely, cost-effective, and high-quality software that meets the needs of stakeholders, even when the initial specification is only loosely defined.

For software development, the agile approach speeds up production of the final version, allows changes in requirements to be incorporated and facilitates close collaboration between developers and stakeholders. However, agile methodologies are not as straightforward to use as those based on the waterfall approach. They can be inefficient if at variance with existing organizational processes and culture and might suffer from a lack of accountability and adequate documentation.

Occasionally, a blend of waterfall and agile methodologies might be used; this is sometimes referred to as WAgile. The aim of this approach is to combine the flexibility and user involvement associated with agile with the structure provided by the waterfall approach. For example, software development using WAgile might involve producing several releases of prototypes, each based on the structured waterfall approach of setting requirements and then designing, coding and testing the software. Each prototype is then assessed, leading to revised requirements being set for the next prototype.

**Agile methodology**

The following are the key people involved in an agile project:

- **Stakeholders**: The people who are interested in the product and affected by it (especially the users). They provide input to the development of the product but are not responsible for it.

- **Product owner**: The person who is the expert on the product and the customer’s needs and priorities. The product owner’s responsibilities include setting project goals, adapting to changing project requirements and establishing priorities for product features. The product owner is sometimes called a customer representative.

- **Scrum master**: The person who guides and supports the development team. The scrum master’s responsibilities include clearing organizational roadblocks, prioritizing tasks for the development team and keeping the agile process on track. The scrum master is sometimes called a project facilitator.

- **Development team**: The group of people who carry out the tasks that create a product (for example, designers, programmers and testers).

In addition, there might be an agile mentor who has experience in implementing agile projects and is able to support the development team.

The agile methodology consists of seven key steps – see Figure 10.4.

Figure 10.4. The seven key steps in an agile project

These key steps are described in more detail below.

– **Identify the product vision**: The product owner identifies the product vision that specifies what the product is, how the product will support the organization’s strategy and who will use the product.

– **Create a product roadmap**: The product owner creates a product roadmap that provides a high-level view of the product requirements and an indication of when to develop those requirements, along with an estimate of the effort needed.

– **Create a release plan**: The product owner creates a release plan that identifies a high-level timetable for the release of the various versions of the product. There will be many releases, which typically involve three to five sprints (iterations), with the highest-priority features being launched first. After each release, a plan is created for the next one that covers the features to be included and the launch date.

– **Plan sprints**: The product owner, scrum master and development team (that is, the scrum team) break the project down into a number of anticipated sprints. At the start of each sprint, they determine what requirements will be in the upcoming iteration of the product and what needs to be done to meet those requirements. Typically, sprints last between one and four weeks, though they can be shorter.

– **Hold daily scrum meetings**: During each sprint, the development team has short daily scrum meetings to coordinate the day’s priorities. They discuss what was completed the day before and what will be worked on and resolve any roadblocks that can be addressed immediately.

– **Hold a sprint review**: At the end of every sprint, the scrum team demonstrates the working product to the stakeholders.

– **Hold a sprint retrospective**: The scrum team meets to discuss how the sprint went and plans for improvements to be included in the next sprint.
The benefits of a successfully run agile project include high customer satisfaction, improved quality of deliverables, greater staff morale, increased productivity and an ability to be responsive to changing requirements.

**Project tools**

**Critical path analysis**

Critical path analysis (CPA) is a technique to help manage risks to a project by identifying the relationships between tasks. The aim of CPA is to identify the minimum period during which the project could be completed – this defines the critical path. The CPA provides information about:

- The tasks that must be completed on time for the project to finish as planned;
- The tasks that can be delayed if the required resources are not available or other tasks have overrun.

The tasks fall into two categories:

- **Sequential tasks**: Tasks that cannot start until others have been completed;
- **Parallel tasks**: Tasks that are not dependent on the completion of other tasks, so they can be carried out at any time.

To prepare a CPA, it is necessary to identify all the activities that need to be completed and then specify for each activity the duration and dependency on other activities. The CPA then identifies which activities are critical and the earliest start time and latest finish time for each activity.

In addition to identifying the critical path, the CPA is a useful tool for providing an overview of a project. But for a large and/or complex project, the display of the CPA can appear rather complicated. Also, the accuracy of the critical path is dependent upon what has been assumed about the duration and dependencies for each task.

The Program Evaluation and Review Technique (PERT) is similar to the CPA but includes more information about the time estimates for tasks. In addition to identifying the most likely duration of a task (that is, the duration normally used for a CPA), it also uses the fastest time in which a task can be completed (assuming the resources are available and previous tasks are completed as planned) and the maximum time needed to complete the task (assuming that problems are encountered). Consequently, PERT takes account of the uncertainty that is associated with the time taken to carry out any task.

**Gantt chart**

A Gantt chart is a way of visualizing all the activities that form part of a project and by when they need to be completed. The display is much simpler than the display used for a CPA and consists of a table with a list of activities on the left and the time along the top. Each activity is represented by a bar showing start time, duration and finish time.

A basic Gantt chart can easily be drawn by hand. However, using a software package (for example, Microsoft Project or Primavera) allows information about dependencies and
Managing projects

resource requirements to be included. Also, if a Gantt chart is used, an activity can be split into sub-activities, thereby creating a hierarchy of activities.

There are three main types of dependencies that are represented in a Gantt chart:

- **Finish to start**: A task cannot be started before the previous task has finished, but it can start later;
- **Start to start**: A task cannot start until the previous task has started, but it can start later.
- **Finish to finish**: A task cannot finish before the previous task has finished, but it can finish later.

In principle there could be a Start to finish dependency (that is, a task cannot finish until the previous task starts), but this seldom occurs.

Gantt charts are widely used for projects because they depict the various tasks and their dependencies in a visual and accessible way. As with the CPA, a single Gantt chart can become rather unwieldy for a large and/or complex project; however, this problem can be addressed by having a hierarchy of Gantt charts containing varying levels of detail.

**Initiating a project**

**Origin of projects**

Strategic planning involves consideration of the purpose of an organization and an analysis of its present state. This leads to the identification of strategic goals and associated objectives that indicate how the goals might be achieved. Projects are a key way of taking action to help an organization meet its strategic objectives. Sometimes, the idea for initiating a project comes from people who are involved in producing a product or delivering a service. No matter where ideas for projects originate, it is important to consider at an early stage:

- The stakeholders that have an interest in the project;
- A project’s goal, objectives, scope and deliverables;
- The resource and time constraints affecting the project;
- The opportunities and threats that can be addressed by the project.

In general, a project will be initiated to do one of the following:

- Establish a new product or service, modify an existing product or service, or discontinue a product or service;
- Take advantage of a new opportunity or reduce a threat;
- Change the culture and/or capabilities of an organization;
- Respond to new requirements that might be imposed externally (for example, regulatory requirements).

At this stage, the project is only an idea, and it may be that there are many other proposals for projects that will also have to be considered. The next step is to clearly identify the business problem or opportunity and evaluate possible options to agree on the preferred
solution. This process should ensure that there is clarity about the objectives, deliverables, risks and benefits of a project.

**Scope**

Defining the scope of a project before any planning takes place is particularly important because it determines what is included in the project and what is not. By doing this, some of the uncertainty associated with a project can be removed. Once the objectives of a project have been specified, asking the following questions will help specify the scope and provide information that will be of value when preparing the project plan:

- What are the deliverables and their quality requirements?
- What constraints are there on the project?
- What are the key assumptions that have been made?
- What are the current issues and risks faced by the project?
- What are the project's dependencies?
- What are the flexibilities in terms of a trade-off between time, cost and quality?
- What priority should be given to the project?
- Will the necessary resources be made available to complete the project?
- Who is responsible for delivering each of the deliverables and achieving the related benefits?
- How will success be measured?

Clarifying the issues covered by these questions will help the planning process, ensure that the project gets off to a good start and increase the likelihood of the project being a success.

**Business case**

A business case contains the justification for a project (for example, addressing a problem or taking advantage of an opportunity) based on the development costs and the expected business benefits.

Typically, the business case includes the following:

- Justification for undertaking the project;
- Possible solutions, with the associated costs, benefits, risks and timescales that satisfy the objectives;
- Assessment of the various solutions, including the option of doing nothing;
- Recommended solution, taking into account affordability.

The business case might include a formal investment appraisal which evaluates the financial attractiveness of initiating a project. Usually, the costs can be easily defined, but it is often more difficult to specify some of the benefits in financial terms. Investment appraisals can use techniques such as average rate of return, internal rate of return (IRR), net present value (NPV), or payback period. In carrying out an investment appraisal, it is important to be realistic about the financial benefits. Sometimes, it is tempting to exaggerate those benefits to justify initiating a project. However, this should be avoided because important investment decisions will be made on the basis of these benefits, and a project will not be considered
Managing projects

successful if the stated benefits are unrealistic and can never be fully realized. Ideally, the potential benefits should drive the need for a project; it should not be the case that first a project is identified, and then an attempt is made to try to establish the benefits.

For a small project, a short informal business case would be appropriate. However, for a large project using considerable resources, a significant effort would be required to prepare the business case. Consequently, initially only an outline business case might be prepared – essentially an exercise that tests the high-level feasibility and the organization’s appetite for the project before investing in preparing a full business case. At either stage of the development of a business case, it might be decided to not proceed with the project.

The project sponsor is the owner and champion of the project and is responsible for ensuring its success. However, the sponsor is not involved in the day-to-day management of the project. Usually, the sponsor is a senior manager who has responsibilities for a part of the organization that is affected by the outcome of the project. It is the responsibility of the sponsor to approve the business case and authorize the funding of further work on the project.

Though a business case indicates that there are benefits in going ahead with a project, there might still be uncertainty that justifies further investigation. This might lead to a decision to carry out a feasibility study to provide more details about the various solutions than appear in the business case.

Feasibility study

A feasibility study might be appropriate if a project involves a large commitment of resources or if there appears to be some uncertainty about some of the solutions considered in the business case. A feasibility study considers the various solutions in more detail than in the business case. The emphasis is on assessing whether the chosen solution and its associated costs and benefits are achievable with an acceptable level of risk.

A feasibility study often includes the following:

- **Financial feasibility**: A cost-benefit analysis based on comparing the costs of the project with the expected benefits;
- **Technical feasibility**: An assessment of whether the available technology, systems and processes are adequate to provide deliverables of the required quality;
- **Organizational feasibility**: A consideration of the impact on work practices and the staff and whether there will be support for the changes within the organization.

There might also be considerations regarding market, environmental and legal aspects.

The feasibility study provides a firm basis for deciding on whether or not to go ahead with a project and gives full exposure to the risks and uncertainties at an early stage.

After a feasibility study has been completed, it might be necessary to update the business case. This is a key document, and its continuing validity should be monitored during the
planning and execution phases of the project. If at any time it ceases to be valid, the project should cease.

**Objectives, scope, deliverables, requirements, benefits and risks**

As part of the initiation phase, it is important to reach an agreement about the objectives, scope, deliverables, requirements, risks and benefits of the project.

Objectives define the desired benefits, outcomes or performance improvements that are expected from the project. The objectives should be SMART: specific, measurable, achievable, relevant and time-bound. They should also be consistent with the project’s scope, which specifies what is and what is not covered by the project. To enable these objectives to be achieved within the scope of the project, a set of deliverables needs to be specified. Specifications or quality requirements might be associated with these deliverables. The objectives should be specified first; then the deliverables should be identified. It is important for the objectives and deliverables to be clearly specified during the initiation phase. The quality requirements that must be satisfied by the deliverables should also be specified.

The benefits of the project should be clearly defined in a measurable way whenever possible. Some benefits are tangible and can be quantified (for example, avoiding expenditure or reducing costs), but others might be more difficult to quantify (for example, changing the culture of the organization or improving the working environment). Even if it appears that a benefit can be quantified, there is also often uncertainty about whether any measured change is entirely due to the outcome of the project. However, this uncertainty can usually be addressed by being clear and transparent about the methodology used to measure a benefit and the baseline it is measured against.

Because projects involve new activities, there are inevitably some risks in carrying them out. The risks can come from within the project (for example, technical problems with some deliverables) or from external sources (for example, a change in the requirements). To manage the risks it is necessary to:

- Identify each risk;
- Assess the likelihood of the risk and the seriousness of its impact;
- Identify actions to reduce the risk to an acceptable level or to fully mitigate it.

Usually, for each risk, the likelihood and impact are both categorized as high, medium or low, and these are then combined to give single risk rating. This provides a way of determining where the greatest amount of effort should be applied in managing the risks.

**Developing a project brief/charter**

After the final business case has been agreed upon, the sponsor might issue a document (sometimes called a mandate) that outlines the scope and duration of the project, deliverables, assumptions, known risks or issues, and constraints and dependencies. The mandate gives the project manager the authority to prepare a document, known as a project brief or project charter, that describes what the project should achieve and its key elements. It might also include practical information about how the project will be managed (for
example, the membership of the project team, governance arrangements, and approach to information management). The project brief/charter expands on the mandate (if there is one), provides the basis of the agreement between the sponsor and project manager and sanctions the start of the planning phase of the project.

Typically, the project brief/charter might include the following:

- **Background**: The problem or opportunity that the project is addressing and how the project contributes to the strategic goals;
- **Objectives**: Definition of what the project must achieve to be complete and successful using SMART measures,
- **Scope**: Specification of the boundaries of the project, what areas of the project will be included and what areas will not,
- **Deliverables**: Tangible outcomes from the project that have to be delivered to achieve the project objective;
- **Business benefits**: The expected benefits from the project;
- **Assumptions**: The factors that have been assumed that make a contribution to the success of the project;
- **Constraints**: Conditions that must be taken into account during the project;
- **Risks**: Areas of uncertainty that represent threats to the achievement of the desired outcome;
- **Other areas affected**: Areas of the organization and/or its customers/partners that could be affected by the outcome of the project;
- **Dependencies**: Activities that are dependent on the outcome of the project or that the project will depend upon;
- **Stakeholders**: People who have a major interest in the project, who may want some involvement in the project or who may be impacted by the outcome of the project,
- **Staff resources**: The staff time needed to complete the project, including an assessment of the required experience and expertise;
- **Time and cost**: The estimate of the cost based on the time needed to complete the project and the resources required,
- **Governance**: The set of policies, regulations, functions, processes, procedures and responsibilities that define the establishment, management and control of the project.

**Project manager, project team and project board**

**Project manager**

The project sponsor usually appoints the project manager during the initiation phase. The project manager has the overall responsibility for successfully planning, executing and closing the project. As a result, the project should provide the deliverables and realize the associated benefits while being completed on time, with the agreed resources and within budget. The following are some of the key responsibilities of the project manager:

- Planning, identifying and allocating resources;
- Scheduling, prioritizing and tracking tasks;
- Analysing and managing risks;
- Resolving problems and issues;
– Developing a budget and monitoring expenditure;
– Ensuring that deliverables conform to what is in the project plan;
– Realizing the expected benefits.

Once the project manager is in place, the project team can be assembled.

**Project team**

The project manager needs to establish a project team that is capable of producing the deliverables as specified on schedule and within budget. This requires that the project manager:

– Manage and motivate the team and ensure that the team members have the required capabilities and expertise;
– Ensure that all members of the team have clear responsibilities and know what their allocated tasks should achieve and how they contribute to the overall success of the project;
– Be clear about how much discretion is allowed in carrying out a task, who can allocate work, and the reporting and management structure.

It is expected that the members of the project team are able to work effectively with others while:

– Assisting the project manager in delivering project objectives;
– Planning and completing the assigned tasks;
– Performing tasks within the budget and time frame and to quality expectations;
– Reporting on progress, issues, changes, risks and quality concerns;
– Communicating the status of tasks;
– Providing information for project documentation;
– Providing expertise to help others complete their tasks.

**Project board**

Often, the project management process involves the establishment of a project board during the initiation phase. The project board is primarily a decision-making body that helps the project manager keep the project on track by providing direction and resolving problems that fall outside the remit of the project manager. Among its many responsibilities are:

– Providing direction for the project;
– Monitoring the progress of the project;
– Keeping the project’s scope under control;
– Committing resources and agreeing on the budget;
– Facilitating cross-function integration;
– Checking that the project will deliver the expected benefits;
– Helping to maintain alignment between the project and the organization’s wider strategic direction.
The chairperson of the project board (also known as the executive) is often the project sponsor or another senior member of the organization.

The chairperson of the project board usually represents the “business” interests of the sponsoring organization as a whole and ensures that the project remains focused on its objectives, delivers the products that enable the expected benefits to be realized and provides value for money. At the same time, the chairperson has to ensure that there is an appropriate balance between meeting the needs and demands of the business, users and suppliers. Other members of the board often fulfil the following roles:

- **User role**: Senior representatives from areas that will be impacted by the outcome and must adopt any changes. The user’s responsibilities include specifying the expected outcomes and products, and ensuring that they can realize the expected benefits.

- **Supplier role**: Representatives of the parts of the organization (including any external suppliers) that are involved in designing, developing and delivering the project’s products. The supplier’s responsibilities include ensuring that the required supplier resources are made available and that the products conform to the agreed specifications.

The following are examples of the types of issues that a project manager might escalate to the project board: unexpected or increased risks, resourcing problems, delays and overruns, potential overspends, pressure to extend the scope, benefits unlikely to be realized and quality issues affecting the deliverables. Normally, the project manager would be expected to make a recommendation about how to resolve an issue or to offer a range of possible solutions.

**Managing benefits and change**

**Managing benefits**

Benefits management involves identifying, planning, measuring and tracking benefits from the start of a project until the last expected benefit has been realized. The aim is to maximize the outcomes for the organization as a result of changes brought about by investing in the project. For large projects, a benefits manager might be appointed. This individual would be responsible, on behalf of the project manager, for the oversight and direction of the arrangements to embed new capabilities and deliver the expected benefits.

The business case for a project should include information about the expected benefits. It is likely to cover at least the following:

- An assessment of the expected benefits from the project;

- The baseline against which an assessment can be made of the extent to which the expected benefits have been realized.

The boundaries of the project with respect to other projects might also be defined to ensure that benefits are not counted twice. Some of this additional information may be included in the business case.
The information about benefits in the business case is then used by the benefits manager as a basis for the four steps in the benefits management process – see Figure 10.5.

Figure 10.5. The four steps in the benefits management process

The following gives more details about each of the steps:

- **Identifying the benefits**: Establish the main benefits (and disbenefits), which stakeholders will own the benefits and how communication and engagement about benefits will take place.

- **Planning benefits realization**: Ensure that the necessary plans, milestones, structures, governance arrangements and processes are in place to successfully realize the benefits of the project.

- **Realizing and tracking benefits**: Track, measure and manage the realization of the benefits to ensure that they are on target to be fully realized, but take corrective action if some key benefits are unlikely to be met.

- **Evaluating benefits**: Determine which expected benefits have been achieved, decide on any follow-up action with respect to those benefits that have not been achieved and identify any unexpected benefits that have been achieved.

The following are some of the reasons why the expected benefits might not be realized:

- Insufficient attention is paid to identifying the expected benefits;
- Key stakeholders are not engaged with or committed to realizing the benefits;
- There is not clear ownership of the benefits;
- Processes to manage, monitor and realize benefits are not adequate.

There is also the danger that throughout the project, insufficient attention may be paid to the impact on benefits of changing circumstances.

The management and realization of benefits should be a focus throughout the lifetime of a project.

**Managing change**

In the context of project management, the term “change management” is used to describe the processes controlling any changes to key components included in the project plan (for
example, scope, budget and requirements). However, change management can have a broader meaning.

In general, project management focuses on the use of a set of tools and methods to achieve a specific objective. On the other hand, change management focuses on the wider impact of changes on individuals and teams and how they adapt to and embrace those changes. When a project has a large impact on people, it is beneficial to emphasize change management. Sometimes, change management might simply be considered a part of the project and the responsibility of the project manager. However, if the project has a profound impact on people, it might be appropriate for a member of the project team to have a specific responsibility for change management.

John Kotter’s eight-step change model\(^{47}\) can be used as a guide for managing the impact of change on individuals who are affected by a project – see Figure 10.6.

![Figure 10.6. John Kotter’s eight-step change model](image)

The following gives more information about the steps in the above figure:

- **Establish a sense of urgency**: Raise awareness of the opportunities to be gained from carrying out the project and the consequences of doing nothing.

- **Build the guiding coalition**: Build a team of influential people who can promote and support the changes.

- **Develop a vision**: Establish a vision that will help people understand why the changes are both feasible and desirable.

- **Communicate the vision**: Ensure that people understand the vision by communicating frequently using a variety of communication channels.

- **Empower others**: Remove obstacles so that people feel empowered to contribute to the implementation of the change.

- **Generate short-term wins**: Achieve some short-term wins to help maintain the change process and illustrate the benefits the change will bring.

– **Consolidate gains**: Consolidate the short-term wins as a basis for more changes and additional effort, and highlight achievements.

– **Institutionalize change**: Reinforce the value of the successful change to ensure that it is embedded and there is no reverting back to previous ways of doing things.

The following are some of the reasons why managing change might not be successful:

– There is a lack of understanding about the change, especially its purpose and impact;

– There is a lack of focus on managing change as part of the project;

– There is little engagement and/or buy-in from people affected by the change;

– Concerns about the impact of the change are not addressed;

– People are not involved in developing quick wins;

– Insufficient effort is put into ensuring that the change is sustained;

– Successes are not recognized, communicated or celebrated.

Managing the impact of a project on people is important, especially if the outcome from the project has a profound impact on individuals or teams.

**Planning a project**

*Project plan*

The project brief/charter should already have answered questions such as the following:

– What are the objectives, scope, deliverables and benefits of the project?

– What assumptions have been made about the project?

– Who will participate in the project, what are their responsibilities and how will they be organized?

– What is the budget for each aspect of the project?

– How will control of the project be exerted?

– What are the constraints and dependencies?

– What are the risks, and how will they be managed?

– Who are the stakeholders?

– How will the quality of the deliverables be assessed?

The planning phase starts with the project manager using the project brief/charter as a basis for preparing a project plan. This plan is required to ensure that the tasks and the associated schedule, time frames, resources and milestones are set out so that the project may be properly run and controlled. The plan should answer the following questions:

– What are the activities and deliverables that are required to successfully complete the project?

– How will the work be broken down and scheduled into a set of tasks?

– What resources will be required for each task, and for how long will they be required?

– What are the milestones to be used to monitor the progress of the project?
Other plans

To complement the project plan, the project manager might prepare additional plans which cover certain aspects of the project plan in greater detail – see Figure 10.7.

![Figure 10.7. Plans that might complement a project plan](image)

The following outlines what might be contained in each of the complementary plans:

- **Resources plan**: An assessment of the requirements for human resources (in terms of the amount and expertise), materials and equipment;

- **Finance plan**: A breakdown of the budget required for each stage of the project; this plan is used to monitor expenditure against budget during the execution of the project;

- **Quality plan**: A specification of the quality targets for the various deliverables and how the quality will be monitored;

- **Risk plan**: The risks are identified along with the actions that can be taken to prevent the risks from being realized or to reduce their potential impact;

- **Acceptance plan**: The process that will be followed to ensure acceptance of each of the deliverables;

- **Communications plan**: The way in which stakeholders will be kept informed about the progress of the project;

- **Procurement plan**: A description of the products to be provided by external bodies and the procurement process.

For small or relatively straightforward projects, these detailed plans might not be necessary because the project brief/charter and project plan contain sufficient information.

Executing and closing a project

**Executing a project**

The project manager, with the assistance of the project team, is responsible for managing the execution of the project. During this phase, the project manager monitors and controls the resources required to produce the deliverables and to ensure that they meet the required standard.
The following are some of the key activities during the execution phase:

- **Work and resources**: Monitor and control the work and resources of the project, and mobilize the staff and other resources required;
- **Risks and issues**: Manage risks and issues as they occur and have plans to reduce or mitigate risks and issues;
- **Dependencies**: Manage internal and external dependencies (covering what others need to provide for the project work to continue and what others from outside the project require that could affect the project);
- **Communications**: Maintain communications with those impacted by the project and its outcome;
- **Deliverables and benefits**: Ensure that deliverables are fit for purpose and will enable the expected benefits to be realized;
- **Reporting**: Report progress and issues to the sponsor/project board or other stakeholders as appropriate.

**Closing a project**

The first step in closing a project is to ensure that the deliverables have been accepted and the stakeholders are satisfied with the outcome. The success of the project should then be assessed by asking questions such as:

- Were the objectives of the project achieved?
- Did the deliverables meet the specified criteria and were they delivered as scheduled?
- Did the project remain within the agreed scope and budget?
- Were the expected benefits realized?

A project closure report should be drawn up to address these questions. This report might include the following:

- Original purpose, objectives, deliverables and schedule (for example, milestones) of the project;
- Evaluation of the success of the project in terms of satisfying the objectives;
- Financial statement and explanation of the variances from the original budget for the project;
- Outstanding issues associated with the project and how they might be addressed;
- Who will be responsible for realizing any benefits that were been achieved before the closure of the project;
- Lessons learned from carrying out the project.

The closure report is usually submitted to the project sponsor via the project board, if one exists.

The project formally closes when the sponsor signs off on the project closure report.
Source material and further reading

Books and guides

Operations, projects and programmes
- https://www.mindtools.com/pages/article/newPPM_00.htm (MindTools: What is project management?)
- http://www.strategies-for-managing-change.com/what-is-project-management.html (Strategies for Managing Change: What is project management?)
- https://www.projectmanager.com/blog/whats-the-difference-between-a-project-and-a-program (ProjectManager: The difference between a project and a program)

Overview of projects
- https://www.projectsmart.co.uk/white-papers/eight-key-factors-to-ensuring-project-success.pdf (Duncan Haughey: Eight key factors to ensuring project success)
- http://www.strategies-for-managing-change.com/project-management-principles.html (Strategies for Managing Change: 10 excellent ways to fail a project)

Project methodologies
- https://www.wrike.com/project-management-guide/methodologies/ (Wrike: Choose your project management methodology)
- https://www.tutorialspoint.com/management_concepts/project_management_methodologies.htm (tutorialspoint: Project management methodologies)
- https://www.wrike.com/blog/project-management-basics-prince2-explained/ (Wrike: Project management basics: PRINCE2 explained)
- https://www.mindtools.com/pages/article/agile-project-management.htm (MindTools: Agile project management)

Project tools
- https://www.mindtools.com/pages/article/critical-path-analysis.htm (MindTools: Critical path analysis and PERT charts)
- https://www.mindtools.com/pages/article/newPPM_03.htm (MindTools: Gantt charts)
Initiating a project
- https://www.tutorialspoint.com/management_concepts/project_charter.htm (tutorialspoint: Project charter)
- https://www.skillsyouneed.com/lead/risk-management.html (Risk management)

Project manager, project team and project board
- https://www.skillsyouneed.com/lead/project-management.html (SkillsYouNeed: Project management skills)
- http://www2.mmu.ac.uk/media/mmuacuk/content/documents/bit/Project-Roles-toolkit-v2.pdf (Manchester Metropolitan University: Project management roles)

Managing benefits and change
- https://www.mindtools.com/pages/article/newPPM_87.htm (MindTools: Change management)
- https://www.mindtools.com/pages/article/newPPM_82.htm (MindTools: Kotter’s 8-step change model)
- https://www.finance-ni.gov.uk/articles/realising-and-tracking-programme-and-project-benefits (Department of Finance, Northern Ireland: Realising and tracking programme and project benefits)

Planning a project
- https://www.skillsyouneed.com/lead/project-planning.html (SkillsYouNeed: Project planning)
- https://www.mindtools.com/pages/article/newPPM_05.htm (MindTools: The planning cycle)
- https://www.mindtools.com/pages/article/newPPM_63.htm (MindTools: Project management phases and processes)

Executing and closing a project
- https://www.mindtools.com/pages/article/newPPM_74.htm (MindTools: Post-implementation reviews)
Key points

Operations, projects and programmes

- A project is a temporary endeavour undertaken to achieve planned objectives. Project management is the application of knowledge, skills, tools and processes to successfully undertake a project. The associated project management process consists of four key phases: initiating, planning, executing and closing the project.

- A project manager has the overall responsibility for the successful planning, execution and closure of a project and often makes a contribution to initiating a project.

- Programmes are created to oversee the implementation of a set of related projects that are aimed at delivering outcomes that support an organization’s strategic objectives. The day-to-day management, coordination and delivery of a programme is the responsibility of the programme manager.

- Establishing a programme might be appropriate if there are several projects that (a) are dependent on the same resources, (b) support a strategic change or address a common operational or business issue or (c) have complex interdependencies or high risks which require strong management.

Overview of projects

- Some of the advantages of effective project management are: the scope is specified; the deliverables and the required quality of the deliverables are defined; roles and responsibilities are specified; finances, problems and risks are managed; and progress can be monitored.

- Successful projects are characterized by the following: deliverables meet the agreed requirements; deadlines are met and finances are within budget; risks are managed; the needs of people affected by the outcome of the project are taken into account; the right people are involved in the project; and good use is made of the available resources.

- There must be measures which can be used to monitor and assess the success of a project and to determine whether or not the deliverables have been provided with the required quality and whether or not the benefits have been realized.

Project methodologies

- There are many different project management methodologies available, and some organizations have their own bespoke versions. However, there are essentially two methodology types: waterfall and agile.

- Waterfall methodologies are highly structured, with a project going through a well-defined sequence of phases. A key aspect of waterfall methodologies is that the detailed requirements for the deliverables are set before the planning, execution and closing phases begin.

- Agile methodologies are used where there is uncertainty about the requirements and/or the available technology (for example, when software is the deliverable). To deal with the uncertainty, an incremental iterative approach is taken. This allows
detailed requirements to be developed by having a working product that can be demonstrated at the end of each iteration.

– If an organization decides to develop its own project management methodology, a key source of information is the Project Management Book of Knowledge (PMBOK®) produced by the Project Management Institute. This publication deals with the knowledge and skills required of a project manager and provides general guidance, tools and techniques. However, it does not provide a specific methodology.

– There are several project management methodologies available, but PRINCE2 is probably the one that is most widely used. It is a process-based methodology that provides step-by-step guidance about how to run a project and covers what, when, who and how for the various parts of the project.

– PMBOK® and PRINCE2 are complementary; PMBOK® provides the knowledge and skills that a project manager requires to implement a project using the PRINCE2 methodology.

– For software development where the initial specification is only loosely defined, agile project management is appropriate because it speeds up production of the final version, allows changes in requirements to be incorporated and facilitates close collaboration between developers and stakeholders.

Project tools

– Critical path analysis and Gantt charts are important tools for managing the relationship between tasks that form part of a project.

Initiating a project

– Defining the scope of a project before any planning takes place is particularly important because the scope determines what will be included in the project and what will not. In this way, some of the uncertainty associated with a project can be removed.

– A business case contains the justification for a project (for example, addressing a problem or taking advantage of an opportunity) based on the development costs and the expected business benefits.

– A feasibility study might be appropriate if a project involves a large commitment of resources or if there appears to be some uncertainty about some of the solutions considered in the business case.

– As part of the initiation phase, it is important to reach an agreement about the objectives, scope, deliverables, requirements, risks and benefits of the project.

– After the final business case has been agreed upon, the sponsor of the project might issue a document (sometimes called a mandate) that outlines the scope and duration of the project, deliverables, assumptions, known risks or issues, constraints and dependencies.

– The mandate, if there is one, is used to prepare a project brief/charter, which expands on the mandate and sanctions the start of the planning phase of the project.
**Project manager, project team and project board**

- The project manager has the overall responsibility for successfully planning, executing and closing the project. The project should provide the deliverables and realize the associated benefits while being completed on time, within the agreed resources and within budget.

- The project manager needs to assemble a project team that is capable of producing the deliverables as specified on schedule and within budget.

- Often, the project management process involves the establishment of a project board during the initiation phase. The project board is primarily a decision-making body that helps the project manager keep the project on track by providing direction and resolving problems that fall outside the remit of the project manager.

**Managing benefits and change**

- Benefits management involves identifying, planning, measuring and tracking benefits from the start of a project until the last expected benefit has been realized. For large projects, a benefits manager might be appointed. This individual would be responsible, on behalf of the project manager, for embedding new capabilities and delivering the expected benefits.

- Project management focuses on the use of a set of tools and methods to achieve a specific objective, but change management focuses on the wider impact of changes on people and how they adapt to and embrace those changes. Responsibility for managing change might lie with the project manager or be allocated to another member of the project team.

**Planning a project**

- The planning phase starts with the project manager using the project brief/charter as a basis for preparing a project plan. This plan is required to ensure that the tasks and the associated schedule, time frames, resources and milestones are set out so that the project may be properly run and controlled.

- The project plan might be complemented by other plans dealing with resources, finance, quality, risk, acceptance, communications or procurement.

**Executing and closing a project**

- The project manager, with the assistance of the project team, is responsible for managing the execution of the project. During this phase, the project manager monitors and controls the resources required to produce the deliverables and to ensure that they meet the required standard.

- The first step in closing a project is to ensure that the deliverables have been accepted and the stakeholders are satisfied with the outcome. The project’s success should then be assessed by considering issues such as whether the objectives were achieved, whether the deliverables met the specified criteria, whether the project remained within the agreed scope and budget and whether the expected benefits were realized.

- A project closure report includes an evaluation of the success of a project along with information about any outstanding issues associated with the project and how these
issues might be addressed, who will be responsible for realizing any benefits that have not been achieved before the closure of the project, and lessons learned from carrying out the project.

Suggested discussion topics

**Operations, projects and programmes**
- What are the differences between projects and operations?
- What are the differences between projects and programmes?

**Overview of projects**
- Why have projects?
- What are the characteristics of a successful project?
- Why do some projects fail?

**Project methodologies**
- What are the differences between the waterfall and agile methodologies?

**Project tools**
- What project tools and methodologies are used in your organization?

**Initiating a project**
- What information is needed before any detailed planning takes place?
- What kind of information would you expect to have included in a business case?

**Project manager, project team and project board**
- What are the main roles of a project manager, project team and project board?
- Who do you think should be members of a project board?

**Managing benefits and change**
- Why is it important to manage benefits and change?

**Planning a project**
- What information might be included in a project plan?
- What other plans might be useful?

**Executing and closing a project**
- What are the key activities in the execution phase of a project?
- What is the purpose of having a formal closure of the project?
11. Managing change

Aim
To acquire the skills and techniques necessary to initiate and manage a change management initiative.

Learning outcomes
You will be able to:

- Identify the need for change in organizations;
- Recognize ways of optimizing the success of organizational change;
- Design an organizational change initiative;
- Use a variety of models and tools for implementing organizational change;
- Help people through the change process and to overcome resistance;
- Implement an organizational change.

Content

The need for organizational change
- Nature of organizational change;
- Types of organizational change;
- Speed and extent of organizational change;
- External and internal factors affecting NMHSs.

Improving success and avoiding mistakes
- Increasing the success of organizational change;
- Avoiding mistakes in implementing organizational change;
- Factors leading to successful organizational change.

The design of organizational change
- Factors affecting the design of organizational change;
- Designing organizational change.

Models for managing organizational change
- Kurt Lewin’s change model;
- John Kotter’s eight-step change model;
- Revised version of John Kotter’s eight-step change model.

Impact of changes on people
- Change and the individual;
- ADKAR model;
- Kubler-Ross model;
- Transition model of William Bridges;
Overcoming resistance.

Implementing organizational change
- Key roles;
- Change manager and change agents;
- Benefits management;
- Implementing a change process;
- Communicating change;
- Some useful tools.
Managing change

Briefing – managing change

The need for organizational change

Nature of organizational change

Organizational change relates to reviewing and modifying processes, systems, structures, culture and job roles within an organization to provide lasting benefits. This can cover adapting to change, controlling change and implementing change.

Projects are often associated with some kind of organizational change. However, there is a difference between project management and change management. In general, project management focuses on the use of a set of tools and methods to achieve a specific objective. On the other hand, change management focuses on the wider impact of changes on individuals and teams and how they adapt to and embrace those changes. Sometimes, change management might simply be considered a part of the project and the responsibility of the project manager.

NMHSs operate in a fast-changing environment, which they must be able to adapt to while continuing to deliver the services required by users. Because the pace of change is unlikely to decrease, NMHSs must embrace change rather than fight against it. This requires effective change management in order to:

- Ensure that organizational objectives continue to be met;
- Gain the commitment of staff during and after the change process;
- Keep operational activities functioning without interruption.

Organizational change is often a response to existing problems. Sometimes, however, changes are brought about by far-sighted leaders who want to prepare the organization for what might happen in the future, capitalize on unused expertise or resources within the organization, or take advantage of new opportunities.

Organizational change needs to be planned and adequately resourced. However, even if this is the case, the change might not be a success (have the desired outcome) if the way it is implemented causes resistance from the people it affects.

Types of organizational change

Organizational change usually requires careful planning and can be transformational (for example, a fundamental reengineering of an organization’s cross-functional business processes) or incremental (for example, a sequence of targeted changes to slowly improve individual processes). The following are the main types of organizational change:

- **Strategic change**: The objectives of an organization are changed, profoundly impacting the way the organization operates;
- **Structural change**: The internal structure of an organization is changed because the relationships and interactions associated with the existing structure are no longer appropriate;
- **Process-oriented change**: Processes and procedures are developed (improved or corrected) or replaced, often because of the availability of new technology;
- **People-oriented change**: Changes are made to improve the performance of individuals or to change the culture within the organization.

The above types of organizational change are usually planned, with a clear beginning, middle and end to the change process. These changes are normally driven by senior managers and may sometimes be met with resistance. Where a change initiative has a long implementation timescale, it is important that the change be kept relevant by ensuring that individuals are aware of how wider developments in the organization’s internal and external environment may impact the change objectives or approach.

Another type of change, called emergent change, is based on the notion that organizations naturally adapt to changing circumstances through a continual process of experimentation. Such changes happen in an unplanned and spontaneous way, and the outcomes can be messy and unpredictable. The stimulus for emergent changes can come from unforeseen events, feedback, disruptions or opportunities. Emergent changes tend to take place when people are well trained, highly motivated and empowered to try new ways of doing things.

In addition to organizational changes, there are also small-scale and straightforward changes that are a part of day-to-day activities (for example, minor changes to processes and procedures) and changes that solely affect individuals (for example, change of job) and groups (for example, change in team responsibilities). For such changes, a formal approach to change management is not required, but it is still necessary to think about: (a) what benefits the change is trying to achieve, (b) the impact of the change on individuals and (c) how to communicate the reason for the change.

In what follows, the emphasis will be on managing planned organizational changes. However, even planned changes are likely to be accompanied by additional emergent changes that were not expected.

**Speed and extent of organizational change**

According to Julia Balogun and Veronica Hope Hailey, organizational change can be categorized according to the speed of the change (incremental or big bang) and the extent of the change (transformation or realignment).

- **Incremental**: A change that gradually occurs over a long period;
- **Big bang**: A change that occurs over a relatively short period;
- **Transformation**: A fundamental change that cannot be handled within the existing way the organization operates;
- **Realignment**: A change that does not involve a fundamental reappraisal of the way the organization operates.

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There are four types of organizational changes based on a combination of the speed and extent of the change – see Figure 11.1.

The following gives more information about the types of organizational change depicted in the above figure:

- **Evolution (incremental transformation):** Changes are implemented gradually through various related initiatives, probably by proactively adjusting to a changing environment within which the organization operates;
- **Adaptation (incremental realignment):** Changes are made to realign the way an organization operates through a series of steps;
- **Revolution (big bang transformation):** Changes occur via simultaneous initiatives on many fronts, probably in reaction to the impact of major external factors that cause significant upheaval to the organization’s activities;
- **Reconstruction (big bang realignment):** Changes are undertaken to realign the way an organization operates through many initiatives implemented simultaneously, probably in reaction to a changing external environment.

The impact on an organization of managing organizational change will depend upon the speed and extent of the change. Some changes will be very disruptive and will require a vast amount of planning and resources to deliver the required benefits (for example, a revolution-type change), but others will just be part of the normal planning process and will feel like “business as usual” (for example, an adaptation-type change).
Managing change

External and internal factors affecting NMHSs

When considering whether an organization needs to change, it is a good idea to assess the external and internal factors that are affecting it.

The following are some of the main external factors driving organizational change, followed by an example of a specific change which could affect an NMHS:

- **Regulations**: The government changes the law about the number of hours an employee can work in a week;
- **Technology**: Forecasters have access to data from a new generation of satellites;
- **User needs**: Users of forecasting services want more accurate quantitative precipitation forecasts;
- **Opportunities**: There is an increasing demand for seasonal forecasts, which the NMHS could provide to increase income;
- **Competitive pressures**: Private-sector service providers increasingly compete with the NMHS to provide services;
- **Economic changes**: The downturn in the economy leads to a reduction in the funds the NMHS receives from the government and other users of meteorological services.

The following are the main internal factors driving organizational change, followed by an example of a specific change relating to an NMHS:

- **Change in strategy**: The NMHS wants to cooperate, rather than compete with private sector providers;
- **Performance gap**: The strategic aims of the NMHS are not being met;
- **Culture**: There is increased emphasis on helping users utilize meteorological information, rather than simply providing that information;
- **Workforce**: Forecasters do not have the expertise to make full use of ensemble forecasts;
- **Process innovation**: The use of information and communications technology reduces the number of forecast offices that are required;
- **New broom**: The new head of the NMHS wants to make an impact by changing the structure of the organization;
- **Others are changing**: Changes are made to an NMHS because other similar organizations are changing.

For any particular NMHS, the factors leading to organizational change might be many, varied and complex. One way of categorizing these factors is to carry out standard analyses.

- **SWOT analysis**: This analysis identifies the strengths, weaknesses, opportunities, and threats affecting an organization, which in turn helps identify the organizational changes that are required and the type of strategies that might be applied;
- **PESTLE analysis**: This analysis can be used to analyse the political, economic, social, technological, legislative and environmental factors that might make organizational change necessary.
Improving success and avoiding mistakes

Increasing the success of organizational change

In many organizations, projects involving organizational change do not achieve the desired outcome. The following are some of the important ways in which the likelihood of these projects succeeding can be increased:

- Before starting the change process, have a thorough understanding of the complexity of the change, its impacts and benefits and the organization’s capacity to successfully implement the change;
- Ensure that individual change initiatives are part of a coherent plan that considers the overall impact on processes, systems and structures, and ensure that the initiatives are linked to the organization’s strategy;
- Engage with all stakeholders affected by the change before, during and after implementation using a variety of communication channels;
- Create a culture in which people are encouraged to (a) make suggestions about how the change could be implemented and (b) provide feedback about how well the change is being implemented;
- Support the change process by actively facilitating the change, providing training and reducing demands on existing resources;
- Ensure that the people involved in managing projects fully take into account the need to manage change so that the individuals affected respond in a positive way to the outcome of the project;
- Recognize that there might be resistance to some aspects of the change or the change process and that some resistance might indicate that the change initiative has some inadequacies;
- Build trust by ensuring that change leaders demonstrate their competence and also by ensuring that they are willing to implement the change in a collaborative rather than an authoritarian way.

Many of these issues will be considered in more detail when analysing the tools and techniques that can be used for managing organizational change.

Avoiding mistakes in implementing organizational change

John Kotter\(^49\) identified eight mistakes that result in unsuccessful organizational change:

- Not establishing a strong enough sense of urgency because there is a degree of complacency with the current situation;
- Not creating a powerful enough guiding coalition, leading to a lack of collective support for the change;
- Lacking a vision, making the purpose of the change and the benefits it will bring unclear;
- Undercommunicating the vision by not fully engaging with everyone affected by the change and using few communication channels;

Managing change

- Not removing obstacles to the new vision, causing people to feel that they are not empowered to contribute to implementing the change;
- Not systematically planning for and creating short-term wins, potentially leading to a lack of motivation to see the change fully implemented;
- Declaring victory too soon, leading to a loss of momentum and providing opportunities for resistance to the change to resurface;
- Not anchoring changes in the organization’s culture, causing a lack of recognition of what the change has achieved.

Ways of overcoming these issues will be covered when John Kotter’s eight-step change model is described.

The following are a few additional reasons why organizational change may not be successful:

- The change is carried out because it is in vogue, not because it is what is best for the organization;
- The emphasis is put on the change process (for example, whether the change is on time and within budget), rather than on the benefit the change is supposed to deliver;
- Time and effort are spent installing new equipment and systems without fully taking into account how they will be used and what training is required.

Factors leading to successful organizational change

Richard Beckhard and Reuben Harris50 developed an equation that can be used to assess whether the conditions are in place to overcome resistance to organizational change:

\[ D \times V \times F > R \]

where \( D \), \( V \) and \( F \) are defined as follows:

- \( D \): Dissatisfaction with the current situation (people need to understand why change is required so that they are motivated to support the change);
- \( V \): A vision of what is possible (people need to understand the vision and the impact it will have on them);
- \( F \): A plan for the first concrete steps that can be taken towards the vision (people need to know how to prepare for the change and how they can contribute to its successful implementation).

If any of these factors is missing or weak, the change is likely to be met with resistance, denoted by \( R \), that is difficult to overcome. However, this model does not take into account other factors that might be important, such as having the right systems and processes in place to support the change. This model also gives the impression that all three factors (\( D \), \( V \) and \( F \)) are equally important, whereas that might not always be the case (for example, a lack

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of a clear vision might be compensated by a particularly high level of dissatisfaction with the current situation).

The above three factors need to be taken into account when planning organizational change. If there is substantial resistance to implementing the change, these factors might provide insight as to why the resistance is occurring and what can be done to improve the situation.

The design of organizational change

Factors affecting the design of organizational change

In any organization, there might be a variety of change initiatives. It is important, however, to not treat them all in the same way. Julia Balogun and Veronica Hope Hailey\textsuperscript{51} have identified factors that should be considered when planning organizational change – see Figure 11.2.

![Figure 11.2. Factors to be considered when planning organizational change](image)

The following gives more information about the above factors:

- **Time**: By when does the change need to be achieved?
- **Scope**: How much of the organization will be affected by the change?
- **Preservation**: What needs to be maintained during the change?
- **Diversity**: How diverse are the people affected by the change?
- **Capability**: Is there the ability within the organization to implement the change?
- **Capacity**: Does the organization have sufficient resources to implement the change?
- **Readiness**: Are people aware of the need for change and are they committed to making the required personal changes?
- **Power**: Do the key change agents have sufficient power to implement the change?

These considerations, which can be thought of as constraints and enablers, can form the basis for designing a change process.

**Designing organizational change**

According to Julia Balogun and Veronica Hope Hailey, after assessing the above factors relating to the context of organizational change, the change process can be designed based on five choices – see Figure 11.3.

The following gives more information about the design choices:

- **Change path**: This concerns the type of change in terms of extent and speed (for example, big bang or incremental);
- **Change start point**: This concerns the way the change is initiated (for example, top-down, bottom-up or a combination of both);
- **Change style**: This concerns the management style used to implement the change (for example, collaborative or directive);
- **Change interventions**: This concerns the mechanisms that can be employed to support the change (for example, changing structures and systems and providing opportunities for training and professional development);
- **Change roles**: This concerns the people who will take responsibility for leading and implementing the change.

An effective approach would be to first assess the constraints and enablers, then to use the information about the scope (extent of the change) and time (speed of the change) to determine the change path. Finally, the other design features should be determined. In carrying out this process, care needs to be taken to avoid being overoptimistic about the organization’s readiness and capability and to ensure that the scope is fully taken into account. It is also important to remember what is to be preserved during the change process.
Models for managing organizational change

*Kurt Lewin’s change model*

Kurt Lewin’s change model was developed in the 1947, but it is still used today – see Figure 11.4.

![Figure 11.4. Kurt Lewin's change model](image)

The model consists of three stages called unfreeze, change and refreeze:

- **Unfreeze**: Create motivation for an organization to change by explaining why change is required and the benefits it will bring. The aim is to communicate a compelling message about the need for change and thereby create the environment in which the change can be successfully implemented.

- **Change (also referred to as Transition)**: Implement the change process by empowering people to make the required change. This might involve overcoming barriers, especially resistance by members of staff. Support based on coaching and training might be required to minimize this resistance.

- **Refreeze**: Consolidate the change once the benefits have been realized. The change now needs to be accepted as the new norm to ensure that there is no reversion to what was done before the change. Structures, processes and systems might also need to be modified to reinforce the change that has taken place.

The advantage of this model is that it can be easily understood and has only a few steps. However, doubts have been raised about the last stage because many organizations undergo continuous change, so the refreeze stage is never fully completed before more changes take place.

*John Kotter’s eight-step change model*

The eight-step change model was developed by John Kotter. It identifies eight steps that need to be taken for the successful implementation of organizational change. All eight steps need to be taken, though some can be carried out concurrently – see Figure 11.5.

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The steps are based on an assessment of what needs to be done to avoid mistakes that can lead to the organizational change not being successful (these are described above).

The eight steps can be divided into three phases: creating the conditions for change (steps 1 to 4), introducing new practices (steps 5 and 6) and consolidating and sustaining change (steps 7 and 8).

- **Establish a sense of urgency**: Often, there is a tendency within organizations to avoid disrupting established ways of operating. To overcome this, a sense of urgency should be created with respect to why a change is now required. This can be achieved by raising awareness within the organization of the opportunities that are available and the potential threats to its operations. It is particularly important at this stage to get buy-in from managers and to encourage them to think about the desirability of making a change.

- **Create a guiding coalition**: People need to be convinced that a change is necessary, so the change should be led and not just managed. To do this, a powerful coalition of influential people from throughout the organization should be brought together to form a team that can promote and support the implementation of a change. The members of this group, who can be considered change champions, should be different from those of the team that might be responsible for managing the change.

- **Develop a vision**: There should be a well-defined vision of how the organization will operate after the change – this will help direct the change effort. The vision should be clear and succinct and linked to the purpose of the organization. It should help people understand why the change is both feasible and desirable. A strategy should be prepared to implement this vision.

- **Communicate the vision**: The vision and strategy associated with the change should be widely and frequently communicated throughout the organization using a variety of communication channels. The people doing the communicating should also address any concerns, recognize that communication is a two-way process, put the
Managing change

change in the context of other initiatives that are taking place and demonstrate the behaviour expected of others.

– **Empower others**: Barriers that can affect the vision coming to fruition should be identified and understood. The main barriers are likely to be associated with existing structures, processes, systems and skills within the organization, as well as resistance from managers/supervisors. Removing barriers can empower the people who want to implement the change.

– **Generate short-term wins**: Having short-term wins maintains the momentum of the change programme and confirms that it will bring benefits. These wins should be recognized and celebrated. Ensuring that there are short-term wins should be part of the planning process; it is not enough just to hope that they will happen. Without short-term wins, people might start to have doubts about the wisdom of implementing the change.

– **Consolidate gains**: Having short-term wins is desirable, but it is important to remember that these are only the first steps in implementing the change. For a long change programme, there is the danger that the perceived priority might drop and those involved might become bored, distracted or complacent. To avoid this, early short-term wins should be consolidated and form the basis for more wins and additional effort.

– **Institutionalize changes**: The aim is to ensure that the change that has been made is long-lasting and that there is no reverting back to the previous way of doing things. This might require additional education and training activities to support the change or further modification of structures, processes and systems. It is important that there continue to be support for the change and that the change be embedded in the way the organization operates.

Although this model has eight steps, it is easy to follow. It also has the advantage of concentrating on ensuring that issues that might lead to an unsuccessful change are addressed. However, its weakness is that it is a top-down approach, so it is possible that important opportunities and threats associated with the proposed change might be missed.

**Revised version of John Kotter’s eight-step change model**

In 2014, John Kotter\(^4\) revised his eight-step change model by considering how organizations deal with change as they mature. When just starting, an organization tends to be fast and agile in dealing with change, with little central control. Later, as it grows and matures, the organization becomes hierarchical and manages change through formal processes. These processes might be effective and efficient in dealing with occasional changes associated with business-as-usual, but they can be inhibiting when the organization is facing constant change and needs to act quickly to take advantage of opportunities and respond to threats.

John Kotter suggested that organizations need a dual system composed of a hierarchy that deals primarily with business-as-usual and a network that constantly initiates and implements changes.

change. He envisaged a network made up of volunteers and led by a guiding coalition, drawn from these volunteers, representing all levels and parts of the organization. With this kind of dual system, change is driven by the many volunteers rather than by a few people specifically responsible for change management. The people involved in making changes need to feel that this is something that they want to do, rather than something imposed upon them.

Based on the above considerations, John Kotter identified eight accelerators that take the place of the original eight steps. The main change is that “communicate the change vision” is replaced by “enlist a volunteer army”. The guiding coalition is made up of some of the volunteers and is now responsible for communicating the vision and strategy and facilitating the involvement of the volunteers in the various change initiatives.

**Impact of changes on people**

**Change and the individual**

In order for an organization to change, the individuals within that organization also need to change. This means that individuals need to be convinced from the start that any change will benefit them as well as the organization. In addition to providing clear leadership and a compelling vision, the following are some actions that can be taken to help people accept change:

- Explain how the change will benefit individuals, as well as how it will benefit the organization as a whole;
- Ensure that the change can be explained in a way that is understandable to various groups of individuals, and highlight the good things that will be retained;
- Give individuals the opportunity to express their concerns about the change and to question why and how it will take place;
- Show empathy when concerns are raised and recognize the emotional impact of a change on individuals;
- Commit to providing individuals with support and training that will help them reap the benefits of the change;
- Be honest about how the change will affect individuals, even if there are negative impacts;
- Provide regular updates during the change process so that individuals know what is happening.

Actions such as those indicated above should form the basis of an internal communications strategy designed to increase the likelihood of a successful change and manage any resistance.

The consequences of not properly managing the people aspects of change could be lower productivity, passive or active resistance and the loss of valued staff.
**ADKAR model**

The ADKAR model was developed by Jeff Hiatt in 2003. It identifies what steps need to be taken to help people through a change process and achieve a successful outcome – see Figure 11.6.

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>A</td>
<td>Awareness of the need for change</td>
</tr>
<tr>
<td>D</td>
<td>Desire to participate and support the change</td>
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<tr>
<td>K</td>
<td>Knowledge of how to change</td>
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<tr>
<td>A</td>
<td>Ability to implement the required skills and behaviour</td>
</tr>
<tr>
<td>R</td>
<td>Reinforcement to sustain the change</td>
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**Figure 11.6. The ADKAR model used to help people through a change process**

The following gives more information about the above five steps:

- **Awareness**: Individuals become aware of the need for change, what the change is trying to achieve and the risk of not changing;
- **Desire**: Individuals decide that they want to support and participate in the change, possibly because they feel that they will benefit from the change;
- **Knowledge**: Individuals know how they need to change and acquire the expertise required by the change through learning activities (for example, coaching and training);
- **Ability**: Individuals use their newly acquired expertise to perform at the level required by the change;
- **Reinforcement**: Individuals sustain the change though positive feedback, rewards, recognition, performance measures and corrective actions.

This model is useful as part of managing change because it focuses on an individual's response to change in terms of outcomes. The way individuals are coping with the change process can be assessed using a variety of techniques, such as benchmarking, interviews, surveys and focus groups.

**Kubler-Ross model**

In a book published in 1969 entitled “On Death and Dying”, Elisabeth Kubler-Ross described the way people react to news of a terminal illness – this is referred to as the Kubler-Ross model (also known as the Kubler-Ross change curve). However, the model can be used to describe the process many people go through when faced with a crisis. Such a

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crisis might occur when people undergo organizational change. Being aware of how people react to change can help managers support their staff during the change process.

There are various ways of categorizing the stages in the Kubler-Ross model, but in the context of organizational change, there appear to be essentially four stages: denial, anger, exploration and acceptance – see Figure 11.7.

The following explains what is involved in each stage:

- **Denial**: The initial reaction tends to be to deny that any change is needed. Indeed, some people might be shocked that any change is contemplated. To address this feeling, managers need to explain why the change is required with emphasis on the benefits to the people affected. Using face-to-face communication is preferred so that questions about the change can be answered.

- **Anger**: Realizing that some change will occur and concern about what lies ahead might lead to anger. Also, people might feel trapped and frustrated because they cannot do anything about the situation. To help overcome these feelings, managers need to use a variety of communication channels to help people understand the need for change.

- **Exploration**: The impact of the change is recognized, and it is accepted that change is inevitable. Attempts might now be made to explore how the change could be implemented in a way that is favourable to the people affected. This might lead to some bargaining and compromising. Managers might try to encourage people to get involved in seeing through some aspects of the change and offer some training or other developmental activities.

- **Acceptance**: The change is now fully understood and accepted. The change is also now incorporated into the usual way work is carried out. To embed the new way of
Managing change

working, managers need to ensure that there are good feedback mechanisms to deal with any problems resulting from the change and that support for the new ways of working continues to be provided. In addition, any successes and benefits from the change should be recognized and celebrated.

The duration and impact of each of these stages will vary between individuals. But for some, the change might be a traumatic event that has a profound effect on their working lives. Consequently, managers need to help people through the change process for the sake of the individuals affected and the organization as a whole.

**Transition model of William Bridges**

According to William Bridges\(^57\), to understand how people respond to change, it is necessary to differentiate between ‘change’ and ‘transition’:

- **Change**: Something that happens to people caused by events and activities;
- **Transition**: A psychological process that people undergo when change occurs.

Both change and transition need to be managed.

Transition takes someone from the past, where there is certainty, to the future, where there is hope for better things. Between the past and the future, there is a period of ambiguity where there is still a desire to hang on to what is familiar while having to come to terms with what will be required going forward. On that basis, transition has three phases in response to an imposed change.

- **Ending**: People need to accept that something is ending before the change is fully accepted. Initially, there might be some resistance, with people experiencing emotions such as fear, frustration and anger. Ways of overcoming initial resistance include being specific about what differences the change will make, indicating what will not change, specifying how people will be supported through the change and explaining why the current situation cannot continue. It is also important to be sympathetic to any concerns that are raised and to recognize that some people will require time to accept the change.

- **Neutral zone**: This is the period between the old and the new. Things are in a state of flux, with the old ways having finished but the new ways not fully established. For many people, this might be a period of confusion and uncertainty. People can be helped by encouraging a dialogue about their concerns, providing feedback about progress in implementing the change and seeking some quick wins so that there is a feeling that progress is being made.

- **New beginning**: Now the new ways feel comfortable and the change is accepted. There is a commitment to and there are positive feelings about the new ways. The emphasis is now on painting a picture of how the future will look and feel so that people know how they fit into what is new. There is also emphasis on celebrating

what has been achieved and sustaining the change though the performance management process, for example.

Change can happen very quickly, but the pace of transition will depend upon the extent to which individuals are comfortable with the change. Some people might skip the ending and neutral zone phases because they immediately embrace the change. Others might still be struggling with the ending phase when everyone else affected by the change has accepted the new beginning.

**Overcoming resistance**

Resistance to change is a normal human reaction and should be anticipated and managed. The extent of any resistance to change will mainly depend upon:

- The purpose, scale and speed of the change;
- The impact of the change on individuals.

Experience of how previous changes were carried out and their impact on individuals will also be a factor. Resistance to a change can be demonstrated by vocal objections and disengagement, and even by attempts to undermine the change process.

It is important to understand why people might resist a change – see Figure 11.8.

![Figure 11.8. Some causes of resistance to change](image)

The following provides some additional information about the causes of resistance and how they might be addressed:

- **Surprise and uncertainty**: Individuals feel that a change has been started without any warning, and they are uncertain about the implications of the change. In response, be open about the possibility of a change at an early stage, explain the purpose and benefits of the change and keep people informed of developments throughout the change process.
– **Loss of control**: Some people, especially managers and supervisors, might feel that they are losing control of their area of responsibility and that what they do at present is not valued. In response, get people involved in the planning and implementation of the change so they fully understand how they might be affected by the change, they feel valued for what they do at present and they can actively contribute to the success of the change.

– **Increased workload**: Individuals involved in planning or implementing a change will often be concerned about how they can carry out their normal tasks to the required standard while taking on these additional responsibilities. In response, it might be possible to reallocate some tasks or change priorities so that a few people can dedicate more effort to the planning or implementing of the change.

– **Too many changes**: There might be change overload, with many independent change initiatives going on at the same time and the overall impact on the workload and morale of individuals not being fully appreciated. In response, care needs to be taken to ensure that the change initiatives are, in fact, worthwhile and that when an initiative is started, all the other initiatives that are in progress are also taken into consideration.

– **Wrong choice**: Some individuals might agree that something needs to change but think that the wrong choice has been made about what to change. In response, an explanation could be given of the reasons behind the choice, the benefits of the change and why other options were not pursued. However, the likelihood of this problem occurring could be minimized by ensuring that from the start staff are consulted and engaged in the decision-making process.

### Implementing organizational change

**Key roles**

In organizations experiencing periods of significant change, change management might become a specific project or programme to help the organization successfully navigate the change and its associated disruptions. Often, change projects have a significant training element. At the start, it might be necessary to develop the competencies of (a) the team that is responsible for running the change project and (b) managers responsible for managing their teams during the change period. In addition, the change will often require many individuals to develop or improve a specific job competence or capability.

When organizational change takes place, there is usually a change sponsor. This is the senior person within the organization who wants the change to take place, takes ownership for oversight of the change implementation and is empowered to make critical decisions and allocate the required resources. However, the key roles in making change happen are:

– **Change manager**: The person who is responsible for day-to-day implementation of the change;

– **Change agents (or change champions)**: The people who help those affected by the change acquire the knowledge and skills required for the change (for example, through coaching and training) and who support the two-way flow of information between staff and the change manager.
Though these are distinct roles, they might be carried out by the same person. For example, the change manager might also be a change agent.

**Change manager and change agents**

Projects are established to create a specific product, service, capability or result. The person leading the project, the project manager, is responsible for ensuring that the specified deliverables are provided on time and within budget. Projects usually consist of a set of work streams involving a set of activities and milestones, one of which is likely to deal with organizational change. That organizational change work stream becomes the responsibility of the change manager, who is usually a member of the project team. In addition to delivering the required change, the change manager can also help the project manager establish and support the project team.

Ideally, the planning of the change management work stream should take place during the set-up phase of the project, but in reality, that planning is often done after the project has started. Of course, the plan for the change management work stream should be consistent with the overall project plan.

The responsibilities of project and change managers are similar, for example, in terms of planning, monitoring and utilizing resources. However, there are some differences:

- Project managers bring about change through a set of activities and deliverables that benefit the organization;
- Change managers ensure that the organization is ready, willing and able to accept change by empowering people to change behaviour and processes.

Recognizing that these are separate aspects that need managing helps if a project is not progressing as expected. The lack of progress could be because of the way the activities and resources associated with the change are managed (the responsibility of the project manager) or the extent to which the people affected are accepting or resisting the change (the responsibility of the change manager).

For a project to be successful, the project and change managers need to work in harmony. Indeed, sometimes project and change management are carried out by the same person.

Change managers and change agents also need to work together. Change agents usually carry out their tasks without direct authority over the people they are helping or seeking to influence. They could be, for example, HR professionals or trainers, or individuals working within the business with specialist knowledge in the area of the change. Sometimes, change agents might be line managers responsible for staff who are directly affected by the change. The change agent role is often part-time or voluntary, and the seniority of the individuals involved varies greatly depending on the sensitivity and complexity of the change. For change agents to be effective, there needs to be a clear understanding of what is expected not only of change agents, but also of line managers and the people the change agents are trying to help. This understanding forms the basis for establishing good working relationships.
Change agents often play an important role in helping the change manager tailor communications and engagement activities to specific staff groups. Change agents can also encourage real-time feedback from affected individuals and thereby pass concerns to the change manager and make suggestions about how management of the change could be improved.

**Benefits management**

Organizational change is undertaken to provide benefits – the positive impact of the change. The benefits might be tangible (for example, a reduction in costs) or intangible (for example, a change in culture). Responsibility for delivering the benefits usually resides with the change manager up until the change has been implemented. After the change has been implemented, other managers within the organization are responsible for ensuring that further benefits are realized and sustained. The change manager is ultimately accountable for the benefits. This individual’s responsibilities include:

- Defining the benefits, assessing progress towards their realization and achieving measured improvements based on the benefits;
- Ensuring that the planned benefits are realistic and that the planned organizational change will deliver the benefits;
- Identifying and taking advantage of emergent (unexpected) benefits;
- Realizing benefits as early as possible.

From the start, it is important that the benefits be aligned with the organization’s strategy and that they drive the change, rather than the other way around. It should also be clear what benefits are expected, when they will be realized, how they will be measured and who is responsible for delivering them. With regard to timing, it is important to be clear about which benefits will be delivered during the change process and which will be realized after the change has been implemented.

Once the change process is underway, it should be managed with a focus on delivering the benefits rather than on the activities that are expected to provide the benefits. Finally, once the change has been implemented, the benefits need to be integrated into operational processes and performance management systems to ensure that they are sustained.

Managing benefits is key to the success of organizational change, but sometimes assessing whether benefits have been realized is challenging because (a) some benefits are difficult to measure and (b) it is sometimes difficult to demonstrate that specific benefits are a direct result of a specific organizational change initiative.

The benefits management process involves the following steps:

- Identifying the benefits;
- Quantifying the benefits based on a baseline assessment;
- Planning when and how the benefits will be realized;
- Tracking the benefits during the change process and looking for emergent benefits;
- Assessing the extent to which the benefits have been realized;
- Ensuring that the benefits are sustained.
Implementing a change process

The following is a framework for implementing a change process:

- Prepare the business case for change, including the vision, benefits and risks and how the change fits in with the strategic plan;
- Identify the impact of the change on stakeholders, processes, infrastructure, structure and culture, secure agreement for the change, and raise awareness of the change and the expected benefits;
- Establish the principles of how the change will be managed and the process for decision-making;
- Select the change manager and the team to manage and implement the change, identify change agents and clarify governance arrangements and roles and responsibilities;
- Develop a change plan, with timescales and milestones, and a communications plan aimed at all stakeholders affected by the change;
- Implement the change (seek quick wins, provide support and training, deal with resistance, use a variety of communication channels, and so forth) and monitor progress with both the change plan and the communications plan;
- Sustain the change (celebrate successes, provide recognition and rewards, obtain feedback about the impact of the change, and so forth);
- Identify further opportunities for change and the lessons learned from implementing the change.

Communicating change

Effectively communicating information about a change is key to its success. Simply announcing that a change will take place is not sufficient. There needs to be constant repetition of the reasons for the change using a variety of communication channels. It is also important to identify and address concerns. The following are some other ways to ensure that communication contributes to the success of organizational change:

- Ensure that people understand why a change now needs to take place and how it will help the organization meet its strategic goals;
- Even when there is uncertainty, there is always something to communicate – if no information is provided, rumour will take the place of information;
- Be open about the possible negative impacts of any change – not being open will adversely impact the credibility and trustworthiness of those responsible for the change;
- Emphasize what will not change as well as what will to provide a sense of continuity;
- As far as possible, use face-to-face engagement so that there is a genuine dialogue between those leading the change and those impacted by the change and so that there are opportunities for concerns and misconceptions to be identified and addressed.
Overall, the approach to communications should enable the staff to be a part of the solution, thereby mitigating the risk of the change feeling like something that is being done ‘to’ rather than ‘with’ the employees.

**Some useful tools**

The following are some useful tools that will help support a successful implementation of organizational change:

- **Change impact analysis**: This identifies the different stakeholder groups to be impacted by the change and specifies (a) what they do now, (b) what will be different in the future, (c) the impact of the change on them and (d) the interventions needed to support them in getting ready for that change;

- **Communications and engagement plan**: This specifies (a) the messages that need to be delivered and when they need to be delivered and (b) the key messages that need to be reiterated, along with an analysis of what communication channels are available and how they will be used;

- **Training and development plan**: This includes (a) an analysis of the learning needs that need to be addressed before the change is implemented and a description of how those learning needs will be tackled and (b) any training and development required to embed the change after implementation;

- **Business readiness assessment**: This identifies (a) the criteria that must be satisfied before a change can be implemented and (b) who will be responsible for assessing whether the criteria have been met;

- **Dress rehearsal/scenario workshops**: In the lead-up to the change, dress rehearsal/scenario workshops will give key staff the opportunity to practice business critical changes in a safe learning environment. These events are particularly useful where there are changes to processes that have an impact on several teams or functions within the organization.

- **Implementation ‘help’ arrangements**: For large-scale transformational change, it is important to have arrangements for how day-to-day queries or problems can be raised following implementation of a change.

**Further reading**

**Book**


**The need for organizational change**


- [https://managementhelp.org/misc/types-of-orgl-change.pdf](https://managementhelp.org/misc/types-of-orgl-change.pdf) (Management Help: Major types of organizational change)
Managing change

- https://www.skillsyouneed.com/lead/swot-analysis.html (SkillsYouNeed: SWOT analysis)
- https://www.skillsyouneed.com/lead/pestle.html (SkillsYouNeed: PESTLE analysis)

**Improving success and avoiding mistakes**

- https://thethrivingsmallbusiness.com/8-steps-to-implementing-successful-organizational-change/ (TSB: 8 steps to implementing successful organizational change)
- https://www.mindtools.com/pages/article/newPPM_87.htm (MindTools: Change management)

**The design of organizational change**


**Models for managing organizational change**

- https://www.youtube.com/watch?v=TdQpYqAUcws&t=340s (Leading culture change in the NWS)

**Impact of changes on people**

- https://www.skillsyouneed.com/lead/resistance-to-change.html (SkillsYouNeed: Managing resistance to change)

**Implementing organizational change**

Key points

The need for organizational change

- Organizational change is about reviewing and modifying processes, systems, structures, culture and job roles within an organization to give lasting benefits. This can cover adapting to change, controlling change and implementing change.

- Project management focuses on the use of a set of tools and methods to achieve a specific objective, but change management focuses on the wider impact of changes on individuals and teams and how they adapt to and embrace those changes.

- Organizational change is often a response to addressing existing problems. Sometimes, however, the changes are brought about by far-sighted leaders who want to prepare the organization for what might happen in the future, capitalize on unused expertise or resources, or take advantage of new opportunities.

- The main types of planned organizational change are strategic, structural, process-oriented and people-oriented. In addition, there is emergent change, which is based on organizations naturally adapting to changing circumstances through a continual process of experimentation that is unplanned and spontaneous.

- Organizational change can be categorized according to the speed of the change (incremental or big bang) and the extent of the change (transformation or realignment). There are therefore four types of organizational change: evolution (incremental transformation), adaptation (incremental realignment), revolution (big bang transformation) and reconstruction (big bang realignment).

- An analysis of the external factors (for example, technology, user needs, opportunities) and internal factors (for example, performance gap, culture, process innovation) affecting an organization can indicate the need for change.

Improving success and avoiding mistakes

- According to John Kotter, organizational change is likely to be unsuccessful if there is no sense of urgency, if there is a lack of collective support, if there is a lack of vision, if there is inadequate communication, if obstacles are not removed, if there are no short-term wins, if there is an early declaration of victory or if there is no anchoring of the changes in the organization’s culture.

- The equation developed by Richard Beckhard and David Gleicher can be used to assess whether there is likely to be resistance to an organizational change based on whether there is dissatisfaction with the current situation, a vision of what is possible, and a plan for the first concrete steps that can be taken towards the vision.

The design of organizational change
The following factors should be taken into account when designing organizational change: time, scope, preservation, diversity, capability, capacity, readiness and power. A consideration of these factors leads to choices about the change path, change start point, change style, change interventions and change roles.

**Models for managing organizational change**

- Kurt Lewin’s change model has three steps: unfreeze (create motivation for change by explaining why it is required), change (implement the change by empowering people) and refreeze (consolidate the change once the benefits have been realized).
- John Kotter’s eight-step change model is based on avoiding the mistakes leading to unsuccessful organizational changes: establish a sense of urgency, create a guiding coalition, develop a vision, communicate the vision, empower others, generate short-term wins, consolidate gains and institutionalize changes.

**Impact of changes on people**

- In addition to providing clear leadership and a compelling vision, the following are some of the actions that can be taken to help people accept change: communicate benefits, explain the change in an understandable way, provide opportunities for the expression of concerns, show empathy, provide support and training, be honest about the impact, and provide regular updates.
- The ADKAR model identifies five steps to help people through a change process: awareness of the need for change, desire to participate and support the change, knowledge of how to change, ability to implement the required skills and behaviour and reinforcement to sustain the change.
- The Kubler-Ross model can be used to describe the process people go through when dealing with unwelcome organizational change: denial, anger, exploration, acceptance.
- According to William Bridges, it is necessary to manage both change (something that happens to people caused by events and activities) and transition (the psychological process that people undergo when change occurs).

**Implementing organizational change**

- The responsibilities of project and change managers are similar in terms of, for example, planning, monitoring and utilizing resources, but project managers bring about change through a set of activities and deliverables, whereas change managers ensure that the organization is ready, willing and able to accept change.
- Change agents (or change champions) help those affected by the change acquire the knowledge and skills required for the change (for example, through coaching and training), and support the two-way flow of information between the staff and the change manager.
- The change manager is responsible for defining, monitoring and realizing the planned benefits of organizational change. This includes identifying and taking advantage of emergent (unexpected) benefits.
- Communicating effectively about a change is key to its success. Simply announcing that a change will take place is not sufficient. There needs to be constant repetition of
the reasons for the change using a variety of communication channels. It is also important to identify and address concerns.

Suggested discussion topics

**The need for organizational change**
- In general, why do organizations need to change?
- What types of changes might an organization undergo?

**Identifying the required organizational changes**
- What are the PESTLE factors affecting an NMHS?
- PEST/PESTLE analysis
- What are the factors that might support or hinder organizational change within an NMHS?

**Improving success and avoiding mistakes**
- What needs to be done to help achieve a successful organizational change?
- What mistakes need to be avoided when implementing organizational change?

**The design of organizational change**
- What needs to be taken into account when designing organizational change?

**Models for managing organizational change**
- How relevant is the application of John Kotter’s eight-step change model to your organization?

**Impact of changes on people**
- What actions can be taken to help overcome resistance to organizational change?

**Implementing organizational change**
- Who are the key people involved in implementing organizational change?
- What actions can be taken to support effective communication about organizational change?
12. Planning strategically

**Aim**
To acquire the skills and techniques necessary to formulate and execute a strategic plan.

**Learning outcomes**
You will be able to:
- Explain the benefits of and barriers to effective strategic planning;
- Make preparations for starting the strategic planning process;
- Clarify an organization’s mission, vision and values statements;
- Carry out a strategic analysis and prepare a SWOT analysis;
- Build a strategic plan and align the strategy with the capabilities;
- Implement a strategic plan and monitor its implementation.

**Content**

*Overview of planning*
- Benefits of planning;
- Types of plans;
- Matters to consider when planning.

*Overview of strategic planning*
- Purpose of strategic planning;
- Strategic planning process;
- Benefits of strategic planning;
- Barriers to effective strategic planning.

*Preparatory phase*
- Getting started;
- Stakeholder engagement.

*Assessment and analysis phase*
- PESTLE analysis;
- Competitor and customer analysis;
- Programme/business unit effectiveness;
- Force field analysis;
- Analysis of finances and the business model;
- Ansoff matrix;
- Porter’s five forces model;
- McKinsey 7 S framework;
- SWOT analysis.
Planning strategically

**Strategy formulation phase: defining the organization**
- Definitions of mission, vision and values;
- Mission statement;
- Vision statement;
- Values statement;
- Organizational readiness.

**Strategy formulation phase: setting the strategy**
- Going from the past to the future;
- Strategic issues;
- Strategic goals;
- Strategic objectives;
- Strategies, initiatives and results;
- Organizational capacity;
- Strategic risks.

**Implementation, monitoring and evaluation, and reviewing phases**
- Implementation;
- Problems with implementation;
- Monitoring, evaluating and reviewing implementation;
- Communications strategy and plan.
Planning strategically

Overview of planning

Benefits of planning

A plan usually includes what needs to be achieved (the objectives), the actions necessary for a successful outcome and the resources that are required.

Sometimes, preparing plans can seem like a frustrating, time-consuming and pointless exercise. This is especially the case if key stakeholders are not fully engaged in preparing the plans and the plans are not treated as fundamental to setting the direction of the organization and the management of its activities. On the other hand, if the planning is carried out effectively and the plans are used throughout the organization as a basis for decision-making, there are many potential benefits to the organization. In that case, the planning process and the plans:

- Provide a sense of direction;
- Help use the available resources effectively;
- Reduce the risk to the organization’s activities and uncover problems;
- Specify measurable objectives and ways in which they can be achieved;
- Encourage creativity and innovation;
- Provide ways of monitoring and evaluating progress;
- Motivate staff by identifying what is important and what needs to be achieved;
- Guide day-to-day decision-making;
- Facilitate coordination and collaboration across the organization.

Types of plans

There are many different kinds of plans, but the following are the three most common:

- **Strategic plan**: The strategic plan provides a vision of the future and specifies broad goals over a specified period (usually three or five years); it might entail changes to the size, shape, nature and culture of the organization over that period. Some strategic plans might not identify specific actions but instead provide only an outline budget. The plan usually identifies the major internal and external change factors that will affect the organization. If these factors are rapidly changing, it might be necessary to update the plan on a rolling basis (for example, every two years).

- **Annual plan**: The annual plan specifies objectives/outputs and actions to be taken by the organization during a 12-month period to help it reach the strategic goals. This plan usually specifies the time frame, people’s responsibilities and resources (including finance) for each activity or output. The annual plan might include a summary of parts of the strategic plan to provide the context for the annual plan. An annual plan is sometimes called a business plan or an operating plan.

- **Project plan**: The project plan is associated with specific developments or initiatives that have specific start and end points. There might also be a programme plan which covers several projects.
In addition to these plans, an organization might also have some detailed supporting plans dealing with topics such as IT, finance, staffing and recruitment, and staff training and development. It is expected that the objectives of individuals and teams will be aligned with the objectives in the high-level plans.

In general, there is no fixed format for strategic, annual and project plans. However, an organization might decide that its plans should always have a specific format. Additionally, if the organization is a component of a parent organization or government department, the format and content of the plans might be strictly defined.

An organization’s strategic plan is a key communication vehicle, not just for employees but also for external stakeholders. Some public sector organizations are required to make their strategic plans available via their website.

Given the importance vested in the strategic plan, it is usually approved at the highest levels of the organization (for example, signed off by the Chief Executive Officer and endorsed by the Chairperson of the Board).

**Matters to consider when planning**

The planning process usually addresses a wide range of matters. These might include:

- Government policy and national goals;
- Changing social patterns, needs and expectations;
- Changing economic environment;
- Expressed client needs, as well as the organization’s appraisal of the needs of future beneficiaries;
- Existing capabilities of the organization and the feasibility of building capacity in particular areas of need;
- Implications of technological developments on levels of service, training, operating costs, and so forth;
- Activities of potential competitors;
- Interests of potential collaborators and opportunities for cost sharing and strategic alliances to offer new or improved products and services;
- Resources that are reasonably likely to be available for investment and operations.

Information needs to be gathered about the organization’s business environment, and there should be an analysis of the implications of the plan for the organization. Care needs to be taken to focus on the external environment as opposed to being inward looking and just dealing with what is familiar.

**Overview of strategic planning**

**Purpose of strategic planning**

A strategy should specify the path by which an organization seeks to fulfil its mission and work towards its vision. Essentially, a strategy provides:
Planning strategically

– A set of choices;
– A set of prioritized activities and initiatives based on those choices.

The strategy should be based on evidence and organizational capabilities, though instinct might also play a role. However, having a strategy is of little value if it is difficult to communicate and implement. Indeed, in those circumstances the strategy probably needs to be rethought.

Strategic planning is a key task of an organization’s senior management team. It is a systematic process for defining an organization’s priorities in fulfilling its mission and making decisions about allocating resources while increasing efficiency, effectiveness or resilience. The output from the strategic planning process provides a statement of the purpose of an organization along with the strategies required to achieve its long-term goals.

The strategic planning process involves assessing “where we are now”, specifying “where we want to be”, identifying “how we get to where we want to be” and indicating “how we will know when we are where we want to be”. It is concerned with the organization as a whole.

The way strategic planning is carried out, and the time and effort devoted to it, varies between organizations. The following are some of the factors that affect the strategic planning process:

– Size and complexity of the organization;
– Familiarity with planning;
– Amount of information already available about the internal and external environment and how these environments are likely to change;
– Extent to which there is already a commitment to the organization’s mission and shared vision;
– Amount of agreement on priorities;
– Degree of trust between senior managers and stakeholders.

Strategic planning process

The strategic planning process involves making strategic decisions that take account of the environment in which an organization operates and the capabilities and resources of the organization. Though there is no single way of developing a strategic plan, it usually involves six key phases, as shown in Figure 12.1:

– Preparatory phase: Justifying embarking on the strategic planning process and agreeing on the process for preparing the plan;
– Assessment and analysis phase: Understanding the internal and external environments in which the organization operates, now and in the future;
– Strategy formulation phase: Defining or updating the organization’s vision, mission and values and specifying the corresponding goals, objectives, strategies and results;
– Implementation phase: Executing the strategic plan based on an action plan;
– **Monitoring and evaluation phase**: Monitoring progress towards achieving the strategic objectives or expected results;

– **Review phase**: Keeping the plan under review and if necessary, modifying the plan.

**Figure 12.1. The six phases usually used to develop a strategic plan**

Throughout the planning process, it is important to focus on making strategic decisions, (which might be difficult or controversial) rather than getting side-tracked by dealing with short-term operational issues (which might be considered business-as-usual). The following are some of the characteristics of strategic decisions:

– They involve major changes of some kind;

– They have major resource implications;

– They have a long-term impact;

– They are often complex and involve a variety of considerations;

– They affect a range of activities within the organization;

– They align the organization’s capabilities with the threats and opportunities;

– They are consistent with the organization’s mission and vision;

– They involve uncertainty and risk because they deal with the future.

It is important to remember that producing a strategic plan is not an end in itself. The time and effort is only worthwhile if the strategic plan is implemented via annual plans for operations or business and objectives for functional units (or however the organization is structured), teams and individuals. However, having a strategic plan that is easy to understand, communicated throughout the organization and forms the basis for day-to-day decision-making will make the time and effort involved in its preparation worthwhile.

**Benefits of strategic planning**

There are many benefits for an organization in preparing a strategic plan, including the following:

– It establishes a shared mission and vision and creates consensus on key issues, priorities and intended outcomes/results;

– It helps to set and communicate priorities, to ensure that there is value for money, to allocate resources and to manage risks;

– It ensures that stakeholders, especially staff, work towards a common goal;

– It provides a framework for decision-making;
It improves cooperation between people responsible for strategic initiatives;
- It enhances transparency and accountability;
- It assists in reducing resistance to change by putting organizational change into context;
- It makes it easier for an organization to alter direction in response to changes in the external environment.

There are also some general benefits of strategic planning that have an impact on the way people work on a day-to-day basis:
- A strategic plan stimulates strategic thinking and innovation and encourages people to think about what is important for the organization’s long-term success;
- A strategic plan fosters and facilitates communication throughout the organization.

For all these benefits to be realized, there needs to be an effective strategic planning process that:
- Focuses on what is most important and the organization’s vision;
- Addresses difficult or sensitive performance issues;
- Guides decision-making;
- Engages with stakeholders;
- Is structured and iterative.

Finally, it is important to recognize that a strategic plan does not predict the future, but it does make some assumptions about the future. It is therefore important to constantly review the strategic plan to make sure that the assumptions are still valid.

**Barriers to effective strategic planning**

The following are some of the ways in which the effectiveness of strategic planning might be adversely affected:
- **Planning process**: Lack of clarity about the planning process and who is responsible for doing what by when;
- **Vision**: Lack of a clear vision for the organization, so the planning lacks direction;
- **Current state**: Lack of understanding about the internal strengths and weaknesses of the organization and the external opportunities and threats;
- **Analysis and planning**: Lack of balance between analysis and planning, with too little time spent on analysis and too much time spent on planning or vice versa;
- **Decision-making**: Lack of meaningful criteria for making decisions about priorities and strategies;
- **Strategic initiatives**: Lack of focus by having too many strategic initiatives;
- **Actions**: Lack of clear actions and objectives coming from the planning process;
- **Communication**: Lack of communication to staff about the planning process and its outcome;
Commitment: Lack of commitment from senior managers to the strategies in the plan due to ineffective engagement when preparing the plan.

Preparatory phase

Getting started

Before any strategic planning takes place, it is first necessary to ask whether this is an appropriate time to prepare such a plan. For example, if there is a great deal of uncertainty about the future of the organization, if there is a need to make immediate high-impact decisions about funding or policy, or if major changes are taking place in the senior management team, preparing a strategic plan will be a major distraction and possibly a wasted effort. However, it may be that even if there is a great deal of uncertainty, initiating the strategic planning process might help identify how to deal with that uncertainty and provide consensus about key issues and how they could be addressed.

Even if the time appears to be appropriate to start the planning process, it would be unwise to start unless the organization is ready. For example, there needs to be:

- A champion for the process and leadership within the organization that is committed to the planning process and the implementation of the plan;
- A willingness of those involved in the planning process to (a) be committed, open-minded, innovative and face up to difficult decisions and (b) engage with stakeholders;
- An adequate provision of resources to complete the planning process to the required standard.

Everyone involved needs to recognize that what goes into the strategic planning process is just as important as what come out of that process.

If the time is right to prepare a strategic plan, the next step is to determine the planning process. Decisions also need to be made about:

- Ownership and management of the planning process and the roles and responsibilities of the members of the planning team;
- The level of resourcing, the possible use of consultants as facilitators and the timetable for completing the various phases of the planning process;
- The means by which stakeholders can contribute to the planning process and be informed about progress in preparing the plan;
- The ways in which information will be gathered to provide input into the planning process;
- How what goes into the plan will be decided, and who will approve the final version of the plan.

The background information and data to be gathered in preparation for the assessment and analysis phase might include the following:

- Existing strategic plan;
- Existing mission, vision and values statements;
Planning strategically

– Information about the past and present performance of the organization (for example, achievements and failures);
– Employee feedback;
– Customer and market information.

**Stakeholder engagement**

For a strategic plan to be of value, the senior managers within the organization and the other staff need to understand the plan and be committed to it. This is more likely to happen if these individuals have an opportunity to provide input into the planning process at an early stage. In doing this, it should be recognized that for the internal stakeholders:

– Their input must be treated in a meaningful way so that their contributions are seen to be valued;
– The aim should not be to achieve consensus but rather to give people an opportunity to put forward their views;
– There should be no commitment to follow any specific course of action based on the views expressed.

Input from internal stakeholders can be gathered through retreats, group meetings and questionnaires. When seeking this input, it may be useful to request information about:

– What the vision of the organization should be;
– What the major internal strengths and weaknesses of the organization are, and what can be done to build on the strengths and overcome the weaknesses;
– What the major external opportunities and threats faced by the organization are, and how the organization should respond to them.

In addition to internal stakeholders, there are likely to be external stakeholders that could contribute to the strategic planning (for example, customers, government funders or collaborators). Seeking their views can bring new perspectives and help strengthen relationships. It may be desirable to request their views once some of the analysis has been carried out, as this might help provide a focus for engaging them, as well as a means to avoid unpleasant surprises.

Once all the input from stakeholders has been analysed, it is a good idea to share the conclusions with the internal stakeholders. This will demonstrate that getting their input was an important part of the strategic planning process and that their views have been considered.

**Assessment and analysis phase**

**PESTLE analysis**

A PESTLE analysis provides a framework for understanding the external context in which an organization operates – see Figure 12.2.
The following gives some examples of questions that might be considered as part of a PESTLE analysis:

- **Political**: What is happening politically (for example, government policies, regulations and expenditure)?
- **Economic**: What is happening within the economy (for example, inflation, exchange rates and unemployment)?
- **Sociological**: What is occurring socially (for example, demographic changes, consumer tastes, changing lifestyles)?
- **Technological**: What is happening technologically (for example, new technology, speed of technology transfer, new production processes)?
- **Legal**: What is happening with respect to changes to legislation (for example, employment law, health and safety regulations, contract law)?
- **Environmental**: What is happening ecologically and environmentally (for example, the need for sustainability, pollution, carbon emissions controls)?

Sometimes, the ‘E’ refers to ethical or ecological aspects, rather than those concerned with the environment.

A slight variation on the PESTLE analysis is the PEST analysis. In this case, the ‘P’ covers both political and legal aspects, and the ‘S’ covers both social and environmental aspects.

The PESTLE analysis provides information that can be used in a SWOT analysis (discussed later).

**Competitor and customer analysis**

A competitor analysis is an assessment of the strengths and weaknesses of current and potential competitors. This, in turn, leads to an assessment of the opportunities and threats posed by competitors. Competitors can be grouped in two ways:

- By the degree to which they contend for the same customers;
Planning strategically

According to their various competitive strategies.

Having identified the organization’s competitors, it can be useful to look at them from the customers’ point of view. Assess why customers use the products/services of each of the competitors (for example, reasons relating to the product, the quality, the price). Also, consider the situation from the point of view of the competitors. If your organization had the assets and skills of the competitors, what products/services would it provide? In this way, it might be possible to identify weaknesses or unfulfilled opportunities of competitors that could be exploited.

Customer analysis is the collection and evaluation of data associated with customer needs and market trends. Often, the process involves customer segmentation, which defines the various groups of individuals or organizations to which products/services are provided. Each segment groups together customers with common behaviours and attitudes. Looking at the needs and wants of customers in each segment, their characteristics and the extent to which the products/services provided are valued provides a deeper understanding of the customer base. This can then lead to an assessment of whether the development of products/services aimed at a specific customer segment should be included in the strategic plan.

Programme/business unit effectiveness

Organizations are often structured so that they have programmes consisting of sets of projects or activities (for example, research programme, development programme, operations programme). Alternatively, organizations might be structured in terms of business units that operate as distinct departments, divisions or stand-alone entities. Whether an organization has programmes, business units or some other kind of structure (for example, matrix structure in which the reporting relationships are set up as a grid, or matrix, rather than in the traditional hierarchy), part of the planning process is to evaluate performance and assess future needs and opportunities. Even if there is not already an established evaluation process, the preparation of a strategic plan provides an opportunity to do the evaluation. This could be carried out using objective information (for example, financial performance and extent to which objectives have been met) or subjective views (for example, information from interviews, group meetings and questionnaires).

The evaluation should help identify strengths, weaknesses, opportunities and threats associated with the various components of the organization and should highlight any strategic issues that need to be addressed. To help in this process, the following are the kind of questions that might be asked about a component:

- What is its purpose, that is, what was it designed to achieve and why?
- What has been its impact, and how can success be measured?
- What are its strengths and weaknesses?
- Are there trends in the external environment that can take it forward (opportunities) or hold it back (threats)?
- Are resources available to support and sustain it?
- Are there opportunities for growth if more resources are available?
Planning strategically

- What is its competitive advantage over other providers?
- Are there ways of improving the quality or reducing the cost of what is provided or of enhancing the value to the customer?
- How well does it fit with the mission and the overall strategy of the organization?

**Force field analysis**

Force field analysis, developed by Kurt Lewin,\(^\text{58}\) is a way of assessing the factors that might help or hinder a proposed strategic change. It is assumed that in the present state, the driving forces and restraining forces are in balance, and that for a successful change to a new state, the forces driving the change must exceed the restraining forces – see Figure 12.3.

![Figure 12.3. A force field analysis used to assess the factors that might help or hinder a proposed strategic change](image)

The analysis is carried out by listing separately all the driving and restraining forces affecting a proposed change and rating the impact of each (for example, high, medium, low or a number rating on a scale of 1 to 10). This gives an overview of the relative strengths of the each force. The following are some examples of driving and restraining forces:

- **Driving forces**: Need for improved efficiency, new products and services, enhancing expertise and increased revenue;
- **Restraining forces**: Held back by poor leadership, lack of motivation, change fatigue and organizational culture.

The final step is to consider how to augment the driving forces and reduce the restraining forces to ensure that the driving forces dominate. In general, it is more effective to reduce the restraining forces rather than increase the driving forces.

**Analysis of finances and the business model**

As part of the planning process, it is appropriate to review income and expenditure in recent years. In particular, it is advisable to identify any major changes in income and expenditure and the reason behind those changes. This provides the context for a review of the organization’s business model.

A company uses a business model to illustrate how it generates revenue and makes a profit from its operations. This involves being able to answer the following questions:

– Who are its customers?
– What products and services does it provide?
– What does it cost to provide these products and services, and what is its associated income?

The Boston Consulting Group (BCG) matrix was developed by Bruce Henderson in 1970. It is a way of visualizing an organization’s business model in terms of market growth and market share - see Figure 12.4.

![Figure 12.4. Visualization of an organization's business model in terms of market growth and market share](image)

Each part of the business (perhaps classified as business units or groups of products) can be placed into one of the following categories:

– **Stars**: High growth and high share so they generate cash but also require investment to maintain market share. If market share can be maintained when growth rate declines, stars can become cash cows.
– **Cash cows**: Low growth and high share so they require little investment and they generate cash that can be utilized for investment in other aspects of the business.
- **Dogs**: Low growth and low share so they neither generate nor consume large amounts of cash. Unless a dog has a specific strategic aim or is likely to increase market share, it should be eliminated.

- **Question marks**: High growth and low share so there is high demand but there are low returns. Question marks require attention to determine whether ventures can become viable. If investing to gain market share is successful, question marks can become stars, but if it is not successful, they can become dogs.

Though the BCG matrix might be helpful, it is important to recognize its limitations. For example, there are often difficulties in defining the market. Additionally, market growth and market share are not the only factors affecting the attractiveness of a market and an organization’s competitive advantage. However, despite the limitations, the BCG matrix provides an effective way of gaining insight into an organization’s business activities and where investment might be worthwhile as part of the strategic plan.

**Ansoff matrix**

Igor Ansoff59 devised what became known as the Ansoff matrix, a strategic planning tool that analyses the ways in which an organization can develop its business activities. It considers growth as a result of providing new or existing products/services into new or existing markets – see Figure 12.5.

![Figure 12.5. The Ansoff matrix used to assess ways in which an organization can develop its business activities](image)

The following gives more details about the strategies depicted in Figure 12.5:

- **Market penetration**: Selling existing products/services to existing types of consumers. This is a low risk option because it is largely business-as-usual.

- **Market development**: Selling existing products/services to new types of consumers. This is a medium risk option that might involve, for example, selling existing products/services in new geographical areas or using new distribution channels.

Planning strategically

- **Product development**: Selling new products/services to existing types of consumers. This is a medium risk option that involves extending the range of products/services based on innovation or having a greater understanding of the needs of users.

- **Diversification**: Selling new products/services to new types of consumers. This is a risky strategy because it involves developing unproven products/services and selling them to new types of consumers with whom there is little or no experience.

Assessing these options provides a basis for deciding whether strategies should be implemented in association with developing products/services or in association with moving into new markets.

**Porter’s five forces model**

Michael Porter’s five forces model[^60] is a planning tool that helps identify where power lies. This model assumes that there are five competing forces in a business situation – see Figure 12.6.

![Figure 12.6. Michael Porter’s five forces model, used to help identify where power lies](image)

The following is a description of the five forces:

- **Threat of substitutes**: The ease with which a customer could switch to a competitor’s products/services based on, for example, the competitor’s products/services being lower in cost or higher in quality;

- **Threat of new entrants**: The ease with which new competitors can enter the market based on, for example, there being few economies of scale, low entry costs and the availability of key technologies;

Planning strategically

- **Bargaining power of buyers**: The power buyers have to drive down the price of products/services based on, for example, the number of buyers and the importance of individual buyers to a business;
- **Bargaining power of suppliers**: The power suppliers have to increase their prices based on, for example, their products/services being very effective or unique and the cost of switching to another supplier being high;
- **Rivalry among existing competitors**: The intensity of competition among existing competitors based on, for example, the number of competitors and their capabilities and the low cost of switching for customers.

Consideration of the five forces can provide useful input for a SWOT analysis.

**McKinsey 7 S framework**

This framework was developed in the early 1980s by Tom Peters and Robert Waterman, two consultants working at the McKinsey consulting company. The basic idea is that there are seven internal aspects of an organization that need to be aligned if the organization is to be successful:

- **Strategy**: What is the organization’s strategy, and how will the strategic objectives be achieved?
- **Structure**: How do the various components of the organization coordinate activities?
- **Systems**: What are the main systems used by the organization in day-to-day operations?
- **Shared values**: What are the core values of the organization?
- **Style**: What is the style of leadership and management within the organization?
- **Staff**: Does the organization have the required number and types of personnel?
- **Skills**: What are the distinctive capabilities of the staff?

This model can be used to help identify what needs to be realigned to improve an organization’s performance. However, it is important to focus on all aspects rather than the first three (referred to as the hard elements) at the expense of the last four (referred to as the soft elements). It also needs to be recognized that the elements are interdependent and that in an organization, some elements might be more important than the others.

**SWOT analysis**

A SWOT analysis is a planning tool which can be used to identify the strengths, weaknesses, opportunities and threats affecting an organization. This analysis is used to support decision-making and to establish strategies.

- **Strengths**: The internal qualities that enable the organization to accomplish its mission;

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– **Weaknesses**: The internal qualities that prevent the organization from accomplishing its mission and achieving its full potential;
– **Opportunities**: The opportunities presented by the external environment that can enhance the way organization operates;
– **Threats**: The conditions in the external environment than can jeopardize the way the organization operates.

The SWOT analysis is based on information gained from the PESTLE analysis, the competitor and customer analysis, the assessment of programme/business unit effectiveness, the analysis of finances and the business model, the Ansoff matrix, Porter’s five forces model and the McKinsey 7 S framework.

The SWOT analysis can then be used to develop a set of strategies, as indicated in Figure 12.7.

A SWOT analysis provides a framework for understanding the factors affecting an organization and encourages strategic thinking. However, identifying the strengths and weaknesses of an organization and assessing the impact and probability of opportunities and threats is often not as straightforward as it first may seem. A strength can also show up as a weakness. However, the SWOT analysis is an important part of the planning process, and a strategic plan usually includes a SWOT analysis.

**Strategy formulation phase: defining the organization**

*Definitions of mission, vision and values*

As part of the strategic planning process, it is appropriate to review the mission, vision and values of the organization:
Planning strategically

- **Mission**: The purpose of the organization;
- **Vision**: The image of the future the organization is trying to create;
- **Values**: The organization’s guiding concepts, beliefs or principles.

These are important statements that provide the basis for making day-to-day decisions, deciding how the organization should develop and indicating how people in the organization should behave.

Preparing a mission statement might be the responsibility of just a small group of senior managers. However, it is a good idea to find ways of engaging with staff when preparing the vision and values statements. This is particularly important for the values statement because it defines how people within the organization should treat each other and others external to the organization.

When preparing statements, or modifying existing statements, it is useful to look at the statements from other similar organizations or those in a different field of activity that have been particularly successful.

**Mission statement**

Ideally, the mission statement should answer the questions: Why does the organization exist? What does it do? and Why is doing it important? The mission statement helps internal and external stakeholders understand what the organization does and why it does it.

In general, a mission statement should be:

- Realistic, without being too broad or too narrow;
- Short, clear, easily understood and memorable to provide a basis for everyone’s activities within the organization;
- Motivating, so that stakeholders feel that what the organization is doing is worthwhile.

As examples, the following are the mission statements for the Bureau of Meteorology in Australia, the National Weather Service in the USA and the Met Office in the UK, respectively:

“To provide Australians with environmental intelligence for safety, sustainability, security, well-being and prosperity.”

“Provide weather, water, and climate data, forecasts and warnings for the protection of life and property and enhancement of the national economy.”

“To work at the forefront of weather and climate science for protection, prosperity and well-being.”
All mission statements contain a description of what the organization is trying to achieve. In addition, some mission statements include something about the way in which the organization achieves its purpose.

**Vision statement**

The vision statement should answer the question: Where is the organization headed? To help answer this question, it is also useful to ask such questions as: How will the organization improve people’s lives? How will it make the world a better place? What will success look like? In general, a vision statement should be:

- Clear and concise and lack ambiguity;
- A vivid picture of the long-term future;
- Compelling and memorable;
- Challenging, inspiring and aspirational, but achievable and believable;
- Aligned to the organization’s values and culture.

Unlike the mission statement, the vision statement is primarily for use within the organization. Having a vision statement that is understood and used within the organization should influence decision-making and the allocation of resources. For example, the vision statement can help with deciding how existing products/services should be modified or what new products/services should be provided in the future.

Vision statements are usually quite concise, as indicated by those from the National Weather Service in the USA and the Met Office in the UK:

“A Weather-Ready Nation: Society is Prepared for and Responds to Weather-Dependent Events.”

“To be the global partner of choice for weather and climate services.”

**Values statement**

Values are an organization’s guiding concepts, beliefs or principles. They influence the attitudes and behaviour of people within the organization and how they interact with customers and suppliers. They underpin everything that happens within the organization, and they support the mission and vision of the organization. Consequently, it is important that the values be clear, concise and meaningful and that they be understood and used within the organization. The following are some examples of the types of values that might be incorporated into a values statement: acting with integrity, being creative, encouraging empowerment, respecting diversity, taking responsibility, working as a team and having a healthy work-life balance.

As an example, the following are the Australian Public Service Values used by the Bureau of Meteorology:

*In delivering our services to the community, we individually and collectively uphold the Australian Public Service Values:*
– **Impartial** – we are apolitical and provide the Australian Government with frank, honest and timely advice which is based on the best evidence available.

– **Committed to service** – we are professional, objective, innovative and efficient. We work collaboratively to achieve the best results for the Australian community and Government.

– **Accountable** – we are open and accountable to the Australian community under the law and within the framework of ministerial responsibility.

– **Respectful** – we respect all people, including their rights and heritage.

– **Ethical** – we demonstrate leadership, are trustworthy and act with integrity in all we do.

The values support both the mission and vision of the organization. There also needs to be alignment between values and policies so that the values are reinforced by the organization’s policies.

**Organizational readiness**

As part of the planning process, it is necessary to assess whether the organization has the staff, resources, infrastructure and leadership required to fulfil the mission and work towards the vision. In doing so, it is a good idea to consider questions such as the following about the organization’s ability and capacity to implement change:

– Does it have enough staff with the required expertise and capability?
– Does it have an adequate structure and culture?
– Does it have sufficient financial resources and reporting processes?
– Does it have the required IT infrastructure, facilities and equipment?
– Does it have adequate systems to manage, monitor and evaluate changes?
– Does it have the leadership required to provide vision and direction?

The answers to these types of questions could highlight some strategic issues that might need to be addressed.

**Strategy formulation phase: setting the strategy**

**Going from the past to the future**

Having completed a SWOT analysis and having reviewed the mission, vision and values, the next step is to decide what will happen in the future. One way of doing this is to identify the strategic issues faced by the organization and decide what will be done to address those issues. These are the strategic goals which describe in broad terms what will change and, if possible, the desired outcome of the change.

Associated with each of the strategic goals is a set of strategic objectives. These describe, in a measurable way, how each of the strategic goals will be achieved. The final step is to define the strategies and strategic initiatives (activities) to be carried out to satisfy the
objectives. As part of that process, it is a good idea to specify the expected results of those activities in terms of outputs, outcomes and impact.

The process that has been described is not the only one that can be adopted. Indeed, there is no agreed way of going from the strategic analysis to the identification of what an organization needs to do satisfy its mission and make progress towards its vision. To complicate matters, there is wide variation in the use of terminology. This can be confusing when looking at the strategic plans of other organizations or reading books about strategic planning. For example, strategic goals might be referred to as priorities, goals or core strategies, and objectives might be referred to as strategies. It is all very confusing, but no matter what terminology is used, it is important to identify:

- The strategic issues that need to be addressed;
- What will change as a result of addressing the strategic issues and the ultimate benefits of making those changes;
- The approaches and methods that will be employed to bring about the changes and the measures used to monitor what has been achieved;
- The expected results from implementing the strategies.

**Strategic issues**

Issues are considered strategic if they are fundamental policy decisions or critical challenges that have the potential to have a significant impact on the long-term performance of the organization. Usually, strategic issues are put in terms of questions, such as:

- Can the income be maintained in response to growing competition?
- Can products and services be developed that provide increased value to users?

The issues that are identified could be associated with many different aspects of the organization’s activities, including the following:

- Mission, vision and values;
- Stakeholders, human and financial resources, and processes;
- Capacity-building;
- Products and services;
- Marketing and customer service;
- Strategic partnerships;
- Organizational structure and strategic management.

The aim is to focus on the important issues and the major choices that are faced by the organization. Also, it is necessary to ensure that the issues really are strategic and ones that can be addressed. So, it is appropriate to ask questions such as:

- Can the organization do anything about the issue?
- Will there be important long-term consequences if the issue is not addressed?
- Will addressing the issue have a significant impact in the long term?
After removing any issues that are not strategic, it is likely that many strategic issues will remain.

Finally, it is necessary to prioritize the strategic issues and, if possible, combine some of them when they are closely related. For example, the strategic issues given above could be combined and become: Can products and services be developed that give enhanced value to users and provide increased income? The final result is a set of key strategic issues.

**Strategic goals**

The key strategic issues are used to determine the strategic goals, though these might also be described as strategic priorities. The goals indicate what needs to change for the organization to fulfil its mission and work towards its vision. Typically there are no more than five or six strategic goals. These are the goals that will have the most positive impact on the organization’s performance and provide the best guide for future work programmes. They should be challenging but realistic and identify what needs to change over a long period.

Ideally, the strategic goals should specify what will be different and who will benefit. The following are some examples of strategic goals:

- Increase the take-up of products and services that are wanted and valued by users;
- Improve the ability to provide sustainable high-quality services in support of air traffic management;
- Enhance the capacity to deliver the mission by diversifying and building external revenue streams;
- Establish a wide range of climate services to meet customer needs;
- Raise the morale and job satisfaction of operational staff.

In addition to addressing the key issues identified in the SWOT analysis, the strategic goals should also support and be consistent with:

- The organization’s mission, vision and values;
- The realities of the organization’s external environment;
- The business priorities and capabilities within the organization.

In general, the strategic goals of an organization do not often change because they support the organization's mission. However, sometimes goals might need amending if there are changes to the internal or external environment which have a significant impact on the ability of the organization to fulfil its mission.

**Strategic objectives**

The strategic objectives specify in general terms what needs to be accomplished to achieve a strategic goal. They are the solution to a problem or issue and answer the questions: How do we get there? and How do we know when we have arrived? Consequently, strategic objectives should specify what should be accomplished during the period of the plan – they should be specific, measurable and achievable using the available resources. The objectives are less specific than an action plan that specifies who will do what by when.
The strategic objectives are used to monitor progress with regard to achieving the strategic goals. Consequently, the objectives should be SMART: specific, measurable, actionable, relevant and time-bound. There should be at least one objective associated with each strategic goal.

There are two basic types of objectives:

- **Process objectives**: These describe actions that will be undertaken (they begin with phrases such as “to implement” or “to develop”);
- **Outcome objectives**: These describe what will be achieved (they begin with phrases such as “to increase” or “to improve”).

However, there are alternative ways of classifying objectives. The following are three such ways:

- Growth (to produce new products and services), efficiency (to reduce costs or make processes more efficient), enabling (to improve the infrastructure or the use of information), development (to create entirely new revenue streams) and organizational (to change the capability, structure or culture of the organization);
- Financial, customer, internal business, and learning and growth (see the balanced scorecard described later);
- Clients, services, internal processes, people and knowledge, and financial resources.

Any categorization used in the strategic plan should reflect the needs of the organization.

**Strategies, initiatives and results**

Strategies are the approaches or methods required to accomplish the strategic objectives and ultimately the strategic goals. Often, there are many ways in which a strategic objective might be achieved but not the resources to implement all the objectives. Consequently, there needs to be a mechanism for deciding which strategic objectives to implement. The following are examples of criteria that could be used:

- ** Appropriateness**: Is the strategy consistent with the organization’s mission and values, and will it contribute to meeting the strategic goals?
- ** Feasibility**: Are there the required resources, is there the required capacity to implement the strategy, and is this an appropriate time given the external factors and competing demands?
- ** Acceptability**: Is the strategy acceptable to the stakeholders?
- ** Cost-benefit**: Will the strategy provide sufficient benefits to justify the costs?

This process leads to a set of strategy statements, each starting with an action verb such as deliver, conduct, produce or establish.

Strategic initiatives are the activities that contribute to delivering the strategies. They should make a measurable contribution to achieving the associated objectives. The appropriateness of the activities (for example, project, programmes and work streams) can be assessed in terms of outputs, outcomes and impact, thereby creating a results chain – see Figure 12.8.
Planning strategically

The following describes the components of the results chain:

- **Activities**: The actions taken to use inputs, such as financial, human and material resources, to generate a set of outputs (for example, to develop a training programme);
- **Outputs**: The new products, goods, services or capabilities resulting from completing the activities (for example, staff are trained in the use of early warning systems);
- **Outcomes**: The short-term or medium-term changes associated with using the outputs (for example, improved capability to deliver early warnings);
- **Impact**: The long-term or indirect changes attributed to accomplishing the outcomes (for example, reduced loss of life and property, increased economic productivity).

When considering the results chain, it is important to remember that many activities might be required to produce a specific output. Similarly, outcomes might depend upon many outputs, and impacts might depend on many outcomes. Also, sometimes it is not easy to make a distinction between activities and outputs, or between outputs and outcomes. What is important, however, is to give full consideration to the whole results chain.

In the results chain, activities and outputs are relatively easy to control, but the degree of control reduces going from outcomes to impact. Indeed, the long-term impact might be significantly affected by factors unrelated to the other aspects of the results chain. Also, it should be recognized that the activities might produce unexpected and undesirable results. Consequently, the results need to be continually monitored and managed.

When preparing a strategic plan, it is important to first consider the required impact, and then to identify the outcomes, outputs and activities, in that order.

**Organizational capacity**

It is necessary to consider whether the organization has the organizational capacity to implement the strategies and achieve the strategic objectives. This requires an assessment of what human and financial resources are currently available and what additional resources will be required.

If for either the human or financial resources, there is a gap between what is available and what is required, it is necessary to identify how the gap may be closed. If it is not possible to
find ways of closing the gap, a revision of the objectives is required, though normally the strategic goals will not change.

It is possible that, when considering the required human resources, there might be a gap in expertise. This might require some capacity-building initiatives to ensure that the right people with the right expertise are in the right jobs.

To ensure that there will be the financial resources available to achieve the strategic goals, it is appropriate to prepare an estimate of income and expenditure covering the period of the plan. A detailed financial plan it not normally required as part of a strategic plan.

**Strategic risks**

Assessing strategic risks is a key component of a strategic plan, and although not all risks may be easy to detect, it is important to identify and manage risks that can adversely affect the achievement of the strategic objectives. These risks can be categorized in several ways. The following are two examples:

- Developmental, operational, financial or reputational risks;
- Strategic, business or programme/project risks.

To manage strategic risks it is necessary to:

- Identify each risk;
- Assess the likelihood of the risk and the seriousness of its effect, with the combination of these providing an overall risk assessment;
- Identify actions to take to prevent the risk from occurring or to mitigate the risk by reducing its likelihood or effect based on the overall risk assessment.

Sometimes, risks might simply be accepted, with an action only being taken if the risk actually occurs. Another approach is to either transfer the risk to or share it with another organization.

Usually, the likelihood and effect of a risk are put in either three categories (low, medium or high) or five categories (very low, low, medium, high or very high); these are then combined to give single risk rating. This is a way of determining where the most effort should be applied in managing the risks. Figure 12.9 gives an example of a 3×3 risk table.
The following are the risk response strategies that might be taken:

- Critical: Take immediate action;
- High: Reduce risk;
- Medium: Monitor risk and reduce if possible;
- Low: Accept and monitor risk.

In addition to deciding on the detailed response strategies, it is also necessary to have a process in place for monitoring the risks (for example, identifying new risks and changes to the likelihood or effect of existing risks) and the appropriateness of the response strategies.

**Implementation, monitoring and evaluation, and reviewing phases**

**Implementation**

If the planning process has fully engaged with stakeholder, there should be a high level of commitment to the goals of the strategic plan. However, no matter how much effort and consultation has gone into the planning process, it is likely that there will still be resistance to some aspects of the plan, especially to changes that have a significant impact on individuals. Consequently, thought needs to be given to how to communicate and manage the organizational change.

Preparing a strategic plan is not an end in itself. This plan should drive the annual plan and the associated budget. The following are some characteristics of a good annual plan:

- It is understandable to everyone involved in its implementation;
- There is a clear link to the strategic goals and objectives;
- The structure allows progress towards meeting the operating objectives to be monitored;
- The level of detail is such that it provides a clear indication of what needs to be achieved but still allows some flexibility.
In addition to there being an annual plan for the whole organization, there might also be annual plans for the various components of the organization that complement and add detail to the annual plan.

Finally, the annual plan (either at the organizational or component level), should be used as a basis for defining performance objectives for teams and individuals. These performance objectives should focus on the result of what is to be achieved rather than on the task to be carried out. The objectives of individuals can be categorized as follows:

- **Innovation objectives**: To complete something new;
- **Ongoing objectives**: To continue with an ongoing task to a satisfactory standard;
- **Remedial objectives**: To remedy a deficiency.

**Problems with implementation**

The following are some of the problems that might adversely affect the implementation of a strategic plan:

- **Lack of ownership and accountability**: Nobody feels responsible for the successful implementation of the various aspects of the plan;
- **Lack of communication**: The plan is not communicated across the organization, so staff members do not know what they can do to contribute to its implementation;
- **Lack of follow-through**: The preparation of the plan is treated as an end in itself, so it is not used as a basis for day-to-day decision-making;
- **Lack of focus**: The plan contains so many goals and objectives that it is difficult to manage its implementation, especially if managers are overwhelmed by day-to-day operations;
- **Lack of effective reporting**: There is no mechanism for monitoring progress and/or the mechanisms used focus on what is easy to measure rather than what is important;
- **Lack of empowerment**: Staff members are not allowed to take the initiative when contributing to the achievement of the goals and objectives.

**Monitoring, evaluating and reviewing implementation**

In addition to ensuring that the strategic objectives drive the annual plans, it is also necessary to have a mechanism for:

- Monitoring the implementation of the strategic plan by systematically collecting and analysing data about the progress that is being made;
- Evaluating whether implementing the strategic plan is delivering what was expected.

The way in which this is done and the resources required should be part of the planning process and should be determined before the strategic plan is implemented. Additionally, performance indicators should be established so that progress can be monitored (these might be referred to as KPIs – Key Performance Indicators). These performance indicators could be:

- Process indicators that can be used to assess progress with respect to completing actions (that is, activities) and with respect to producing products and services (that is, outputs);
Development indicators that can be used to assess progress with respect to changing expertise, behaviour or practice (that is, outcomes) and with respect to creating a sustainable change which affects communities, systems or organizations (that is, impact). The indicators can be quantitative (for example, “percentage of” or “number of”) or qualitative (for example, “level of” or “extent to which”). In addition to the indicators being useful for decision-making, it is important that they be valid measures of what is required, unambiguous, consistent over time, and easy to collect and analyse.

The balanced scorecard is an effective tool for monitoring progress with objectives. With this tool, the objectives are assumed to fall into four categories:

- Financial measures (for example, operating income and return on capital employed);
- Customer measures (for example, customer satisfaction and customer retention);
- Internal business measures (for example, quality assessment and timeliness of delivery services);
- Learning and growth measures (for example, employee satisfaction and employee retention).

Associated with each aspect of the scorecard are statements about what will change, the measures used to assess the change, the target for the change and the initiatives to be undertaken to produce the change.

The balanced scorecard can be thought of as a tool which provides a set of KPIs that are used to track and manage the implementation of the strategic plan.

There are two main approaches to monitoring implementation of the strategic plan:

- **Functional monitoring**: Achievements, problems and solutions connected with meeting the strategic goals and associated objectives are assessed for each functional/business area;
- **Thematic monitoring**: Progress towards meeting each of the strategic goals and associated objectives is considered based on information provided by the functional/business areas.

Whichever approach is taken, it is important that there be an honest assessment of the progress, an understanding of the reasons for variances between what was planned and what has happened, and a willingness to adapt the plan to changing circumstances. Depending on the root cause of the variance, it might be necessary to either update the objectives set out in the strategic plan or hold true to the strategic plan and revise the supporting activities set out in the annual plan to bring progress back on track.

**Communications strategy and plan**

A communications strategy will support the implementation of a strategic plan. Such a plan usually addresses the following issues:

- **Objectives**: What do we want to happen?
- **Audience**: With whom are we going to communicate?
Planning strategically

- **Key messages**: What are we going to say?
- **Communication channels**: How will the messages be delivered?
- **Evaluation**: How will we know whether the communication objectives have been met?

Having prepared a communications strategy, a more detailed communications plan (a work plan) is required. The communications plan is intended to specify who is going to deliver what to whom, along with how the success of each communication activity will be assessed. A communications plan might include the following for each activity:

- The target audience;
- The objective to be achieved for that audience;
- The key messages for that audience;
- The communication channel for delivering the message;
- The person who is responsible for delivering the message;
- The timing of the delivery of the message;
- The resources (financial and human) required to deliver the message;
- How the success of the activity will be evaluated.

The implementation of a communications plan should be monitored and, if necessary, amended to take account of changing circumstances or the success or otherwise of activities that have already been carried out.

**Source material and further reading**

**Books and guides**


**Overview of planning**

- https://www.cliffsnotes.com/study-guides/principles-of-management/organizational-planning/recognizing-the-advantages-of-planning (CliffsNotes: Recognizing the advantages of planning)
Planning strategically

Overview of strategic planning

- https://www.cliffsnotes.com/study-guides/principles-of-management/organizational-planning/identifying-barriers-to-planning (CliffsNotes: Identifying barriers to planning)

- http://managementstudyguide.com/strategic-management.htm (MSG: Strategic management - meaning and important concepts)


- http://managementstudyguide.com/strategic-decisions.htm (MSG: Strategic decisions - definition and characteristics)

Preparatory phase


Assessment and analysis phase


- https://www.cipd.co.uk/knowledge/strategy/organisational-development/pestle-analysis-factsheet (CIPD: PESTLE analysis)

- https://www.skillsyouneed.com/lead/sustainable-competitive-advantage.html (SkillsYouNeed: Achieving sustainable competitive advantage)

- https://www.mindtools.com/pages/article/newTED_06.htm (MindTools: Force field analysis)


- https://www.skillsyouneed.com/lead/porters-five-forces.html (SkillsYouNeed: Porter’s five forces)

- https://www.skillsyouneed.com/lead/mckinsey-7-s.html (SkillsYouNeed: The McKinsey 7 S model of organizational alignment)

- https://www.cipd.co.uk/knowledge/strategy/organisational-development/swot-analysis-factsheet (CIPD: SWOT analysis)

Strategy formulation phase: defining the organization


Planning strategically

- https://www.mindtools.com/pages/article/newLDR_90.htm (MindTools: Mission statements and vision statements)
- https://www.skillsyouneed.com/lead/compelling-vision.html (SkillsYouNeed: Creating a compelling vision)
- https://www.skillsyouneed.com/lead/communicating-vision.html (SkillsYouNeed: Communicating the vision)

**Strategy formulation phase: setting the strategy**

**Implementing, monitoring and evaluating, and reviewing phases**
- https://www.uneca.org/publications/wmo-integrated-strategic-planning-guide (WMO integrated strategic planning guide, Parts 3.5, 3.6 and 3.7)
- http://managementstudyguide.com/strategy-implementation.htm (MSG: Strategy implementation - meaning and steps in implementing a strategy)
- https://www.mindtools.com/pages/article/newLDR_85.htm (MindTools: The balanced scorecard)

**Key points**

**Overview of planning**
- The potential benefits of planning include providing a sense of direction, using resources effectively, reducing risks, specifying objectives, encouraging creativity, providing ways of monitoring progress, motivating staff, guiding day-to-day decision-making, and facilitating coordination and collaboration across the organization.
- Planning might need to take into account factors such as government policy, changing social patterns, changing needs of clients, organizational capacity, technological developments, activities of potential competitors, availability of potential collaborators and access to financial resources.

**Overview of strategic planning**
- A strategy specifies the path by which an organization seeks to fulfil its mission and work towards its vision by providing a set of choices and a set of prioritized activities and initiatives based on those choices.
- The strategic planning process involves assessing “where we are now”, specifying “where we want to be”, identifying “how we get to where we want to be” and indicating “how we know when we are where we want to be”.

309
The strategic planning process is affected by factors such as the size and complexity of the organization, a familiarity with planning, the amount of information already available, the degree of commitment to the organization’s mission and vision, the amount of agreement on priorities, and the degree of trust between senior managers and stakeholders.

The strategic planning process needs to focus on what is important, address difficult or sensitive issues, engage with stakeholders, and be structured and iterative.

Developing a strategic plan involves making strategic decisions that take account of the environment in which an organization operates and the capabilities and resources of the organization.

**Preparatory phase**

It is appropriate to start the planning process if there is (a) a commitment from the leadership within the organization, (b) a willingness of those involved in the planning process to be innovative, face up to difficult decisions and engage with stakeholders and (c) the provision of adequate resources to do the planning.

For a strategic plan to be of value, the senior managers within an organization and the other staff need to understand the plan and be committed to it. This is more likely to happen if they have an opportunity to provide input to the planning process at an early stage.

**Assessment and analysis phase**

There are various tools that can be used to analyse the internal and external environment: PESTLE analysis, competitor and customer analysis, assessment of programme/business unit effectiveness, analysis of finances and the business model, force field analysis, Ansoff matrix, Porter’s five forces model, and McKinsey 7 S framework.

The information gained from analysing the internal and external environment can be used to prepare a SWOT analysis, which identifies strengths, weaknesses, opportunities and threats.

**Strategy formulation phase: defining the organization**

The mission statement should answer the question: Why does the organization exist? It should be realistic, short, clear, easily understood, memorable and motivating.

The vision statement should answer the question: Where is the organization headed? It should be clear, concise and lack ambiguity. It should be a vivid picture of the long-term future and be compelling, memorable, aspirational and inspirational but also achievable and believable.

The values are the organization’s guiding concepts, beliefs or principles; they influence the attitudes and behaviour of people within the organization and how they interact with customers and suppliers. They should be clear, concise and meaningful, and they should be understood and used within the organization.

As part of the planning process, it is necessary to assess whether the organization has the staff, resources, infrastructure and leadership required to fulfil the mission and work towards the vision.
**Strategy formulation phase: setting the strategy**

- After reviewing the mission, vision and values and after completing a SWOT analysis, the next step is to decide what will happen in the future. One way of doing this is to identify the strategic issues, strategic goals and strategic objectives.

- Issues are considered strategic if they are fundamental policy decisions or critical challenges that have the potential to have a significant impact on the long-term performance of the organization. Usually, strategic issues are formulated as questions.

- Strategic goals address key strategic issues. They are the goals that will have the most positive impact on the organization’s performance and provide the best guide for future work programmes.

- Strategic objectives specify in general terms the approach to be taken to achieve a strategic goal — they answer the questions: How do we get there? and How do we know when we have arrived?

- Strategies are the activities required to accomplish the strategic objectives and ultimately the strategic goals. There needs to be a mechanism for deciding which strategies to implement based on the resources available.

- Strategic initiatives are the activities that contribute to delivering the strategies. The appropriateness of the activities (for example, project, programme and work streams) can be assessed in terms of outputs, outcomes and impact, thereby creating a results chain.

- It is necessary to consider whether the organizational capacity to achieve the strategic objectives exists. If there is a gap between the human and financial resources required and what is available, a revision of the objectives is required, though normally the strategic goals will not change.

- To manage the risks that could impact achieving the strategic objectives, it is necessary to (a) identify each risk, (b) assess the likelihood of the risk and the seriousness of its effect and (c) identify actions to take to prevent the risk from occurring or to mitigate the risk by reducing its likelihood or effect.

**Implementation, monitoring and evaluation, and reviewing phases**

- Preparing a strategic plan is not an end in itself. Instead, this plan should drive the annual plan and the associated budget.

- Implementing a strategic plan can be adversely affected by (a) lack of ownership and accountability and (b) inadequacies in communication, follow-through, focus, effective reporting and empowerment.

- The balanced scorecard can be used to monitor progress with objectives. It uses four categories of objectives: financial, customer, internal business, and learning and growth measures. Associated with each aspect of the scorecard are statements about what will change, the measures used to assess the change, the target for the change and the initiatives to be undertaken to produce the change.
A communications strategy supports the implementation of a strategic plan by addressing the following issues: What do we want to happen? With whom are we going to communicate? What are we going to say? How will the messages be delivered? How will we know whether the communication objectives have been met?

Suggested discussion topics

Overview of planning
- Why is planning important for an organization?
- What types of plans are prepared in your organization?

Overview of strategic planning
- What are the benefits of strategic planning?
- What are the barriers to effective strategic planning?

Preparatory phase
- What existing sources of information would be of value when starting the strategic planning?
- Why is it a good idea to engage with stakeholders at the start of the planning process?

Assessment and analysis phase
- What would a PESTLE analysis and SWOT analysis for an NMHS analyse?

Strategy formulation phase: defining the organization
- In the context of strategic planning, what is meant by “mission”, “vision” and “values”?
- Why is it a good idea to specify the mission, vision and values?

Strategy formulation phase: setting the strategy
- What are the strategic issues facing an NMHS?
- What would some appropriate strategic objectives for an NMHS be?
- What results chain would lead to increased reliance of society on climate variability and climate change?

Implementation, monitoring and evaluation, and reviewing phases
- What problems might be encountered when trying to implement a strategic plan?
- How could the implementation of a strategic plan be monitored?
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