

## SIT50416 Diploma of Hospitality Management

### BSBMGT517 Manage Operational Plan

Study Support materials for



## STUDENT HANDOUT

## **BSBMGT517 Manage Operational Plan**

This unit describes the skills and knowledge required to develop and monitor implementation of the operational plan to provide efficient and effective workplace practices within the organisation's productivity and profitability plans.

Management at a strategic level requires systems and procedures to be developed and implemented to facilitate the organisation's operational plan.

This unit applies to individuals who manage the work of others and operate within the parameters of a broader strategic and/or business plan.

No licensing, legislative or certification requirements apply to this unit at the time of publication.

## Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
1. Develop operational plan	1.1 Research, analyse and document resource requirements and develop an operational plan in consultation with relevant personnel, colleagues and specialist resource managers 1.2 Develop and/or implement consultation processes as an integral part of the operational planning process 1.3 Ensure the operational plan includes key performance indicators to measure organisational performance 1.4 Develop and implement contingency plans for the operational plan 1.5 Ensure the development and presentation of proposals for resource requirements is supported by a variety of information sources and seek specialist advice as required 1.6 Obtain approval for the plan from relevant parties and explain the plan to relevant work teams
2. Plan and manage resource acquisition	2.1 Develop and implement strategies to ensure that employees are recruited and/or inducted within the organisation's human resources management policies, practices and procedures 2.2 Develop and implement strategies to ensure that physical resources and services are acquired in accordance with the organisation's policies, practices and procedures 2.3 Recognise and incorporate requirements for intellectual property rights and responsibilities in recruitment and acquisition of resources and services

3. Monitor and review operational performance	<p>3.1 Develop, monitor and review performance systems and processes to assess progress in achieving profit and productivity plans and targets</p> <p>3.2 Analyse and interpret budget and actual financial information to monitor and review profit and productivity performance</p> <p>3.3 Identify areas of under-performance, recommend solutions and take prompt action to rectify the situation</p> <p>3.4 Plan and implement systems to ensure that mentoring and coaching are provided to support individuals and teams to effectively, economically and safely use resources</p> <p>3.5 Negotiate recommendations for variations to operational plans and gain approval from designated persons/groups</p> <p>3.6 Develop and implement systems to ensure that procedures and records associated with documenting performance are managed in accordance with organisational requirements</p>
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## Foundation Skills

*This section describes language, literacy, numeracy and employment skills incorporated in the performance criteria that are required for competent performance.*

<b>Skill</b>	<b>Performance Criteria</b>	<b>Description</b>
Reading	1.1, 1.5, 2.1, 2.2, 3.1, 3.2, 3.3, 3.4, 3.6	<ul style="list-style-type: none"> <li>• Identifies and extracts relevant information from a range of complex texts</li> <li>• Gathers, interprets and analyses workplace documentation to determine requirements for the operational plan</li> </ul>
Writing	1.1-1.5, 2.1, 2.2, 3.1-3.6	<ul style="list-style-type: none"> <li>• Develops and documents a range of detailed texts relating to the management of an operational plan according to organisational requirements</li> <li>• Ensures the vocabulary, grammatical structures and conventions are appropriate for the context and target audience</li> </ul>
Oral Communication	1.1, 1.2, 1.5, 1.6, 3.4, 3.5	<ul style="list-style-type: none"> <li>• Presents information to a range of audiences using appropriate register, vocabulary and paralinguistic features</li> <li>• Listens and comprehends information from a variety of spoken exchanges with clients, co-workers and other stakeholders</li> <li>• Confirms understanding through questioning and active listening</li> </ul>
Numeracy	1.1, 1.3, 1.4, 3.1-3.4	<ul style="list-style-type: none"> <li>• Selects and uses mathematical problem-solving strategies to organise resource requirements, performance benchmarks and financial viability of the operational plan</li> </ul>

Navigate the world of work	2.1, 2.2, 3.4, 3.6	<ul style="list-style-type: none"> <li>Monitors adherence to organisational policies, procedures and considers own role in terms of its contribution to broader goals of the work environment</li> <li>Appreciates the implications of legal responsibilities with specific reference to health and safety</li> </ul>
Interact with others	1.1, 1.2, 1.5, 1.6, 3.5	<ul style="list-style-type: none"> <li>Identifies and uses appropriate conventions and protocols when communicating with colleagues and external stakeholders</li> <li>Collaborates with others to achieve joint outcomes, playing an active role in facilitating effective group interaction, influencing direction and taking a leadership role on occasion</li> </ul>
Get the work done	1.1-1.5, 2.1, 2.2, 3.1, 3.3, 3.4, 3.6	<ul style="list-style-type: none"> <li>Takes responsibility for developing and implementing systems and processes to achieve organisational objectives, seeking advice, feedback and support as required to assist in the development and planning phase</li> <li>Sequences and schedules complex activities, monitors implementation, and manages relevant communication</li> <li>Uses systematic analytical processes to aid decision making, identify potential problems and generate contingency plans or solutions</li> </ul>

#### **SESSIONS:**

1. Develop operational plan
2. Plan and manage resource acquisition
3. Monitor and review operational performance

## **Creating an Operational Plan**

Operational plans are the daily policies and procedures used to accomplish strategic goals

#### **Executive Summary**

- In an executive summary, outline the concise summary of everything that follows below :
- A clear irresistible business case no more than a page long - normally best to write this last.
- Strong emphasis on competitive advantage (strategy and proposition USP's - unique selling points), sales values, margins, timescale and return on investment.

#### **The Market Opportunity.**

Outlining the market opportunity helps with creating a functional operational plan.

#### **To Assess the Marketing Opportunity:**

- Outline the strategic business drivers within each sector and segment, purchasing mechanisms, processes, restrictions, growth, legislation, seasonality of changes that occur.
- Illustrate the factors that determine customers' priorities and needs, and what they are.

- Explain historical/existing solutions and their weaknesses/deficiencies.
- Show and explain the routes to market, strategic gatekeepers/influencers, and relationships. Outline the recommended products/services and proposition(s).
- Indicate typical/average contract sales values and margins achievable.
- Quantify the market potential and realizable market share - by segment if necessary, size, numbers, values, (contracts, locations, people/users, etc, whatever enables business scale to be explained) - for the stated proposition(s).

### **Strategic Action Plan –**

The purpose of a strategic plan is to outline- actions with outputs, necessary to realise market share/sales. Strong emphasis on leveraging and working with sales organization including timescales, costs, resources where known and applicable.

Prioritise measurable outputs and values, supported by others in sales dept, probably some marketing. Show costs and returns and margins over time. Show total return for this current trading year and it's also helpful to indicate same for following year. This could be supported with a spreadsheet.

### **Recommendations**

Include in this section detailed action points/authorisation/budgets/product or service development, resources required, required making the strategic action plan happen. This will depend on the extent of higher authority/executive support required –( ideally as little as possible, to facilitate speed and staff interest).

### **Manage Operational Plans**

Operations management refers to the activities, decisions and responsibilities of managing the resources which are dedicated to the production and delivery of products and services.

The part of an organisation that is responsible for this activity is called the operations function and every organisation has one as delivery of a product and/or service is the reason for existence.

Operations managers are the people who are responsible for overseeing and managing the resources that make up the operations function. The operations function is also responsible for fulfilling customer requests through the production and delivery of products and services.

Depending on the type of industry or business, other titles can be used interchangeably, such as a 'fleet manager' in a distribution company or a 'store manager' in retail businesses.

Although the operations function is central to any organisation, it is only one of the three main core functions, the others being marketing and finance. The marketing function is responsible for communicating the organisation's products and services to its markets and researching customer wants and needs. The finance function is responsible for providing information to assist in economic decision making and the overall management of financial resources.

There are also other functions which are not core to an organisation; however, their contribution is crucial to the smooth running of any organisation. Commonly known as support functions, they include accounting, information systems, human resources and engineering.

Often, there is no clear division between the various functions and one of the biggest difficulties faced by management is the ability to work effectively with other parts of the organisation. It is critical to the success of your business that functional boundaries do not interfere with efficient internal processes. Being a small business owner, you may feel as though operations management does not apply to your business. However, this is far from the truth and in reality, the concepts and principles behind operations management is applicable to all businesses. The only difference is that you may have to take on several roles as many smaller organisations simply don't have the resources to dedicate individuals to specialised roles.

## **Strategic and operational planning**

Operational planning is the day-by-day and month by month planning for what your organisation is doing; strategic planning determines the entire direction of your organisation, including what it's not doing but should be doing. The two forms of planning must be integrated, but must not be confused.

### **Strategic Planning**

This used to be called "long-range planning". The term "strategic planning" is now used to express the analytic and comprehensive elements of this type of planning.

The strategic plan aims to focus an organization's vision and priorities in response to a changing environment and to ensure that members of the organisation are working toward the same goals. Strategic management harnesses the full potential of an organisation by integrating daily operational decisions into the strategic process. Strategic management is a task for the whole organisation all the time. It is a way of thinking and a guide to action, and should govern the behavior of everybody concerned. It enables organizations to think through and document what they are doing, for whom they are doing it, and why.

The planning process encourages organizations to re-examine their established directions and strategies for contemporary relevance and practical results, asking questions like Do we need to change our mission? Have the needs of our target community changed? Should we abandon much-loved programs that have outlived their usefulness, and concentrate our resources somewhere else? Do our current staff and management have the capacity and commitment achieve our goals?

## **Leadership**

Above all, the strategic planning process needs drive -- the continuing commitment to pushing the process on through difficulties, obstacles and opposition. The whole process requires someone to be designated as coordinator and to be responsible for keeping the process moving against the timelines. Without a strong commitment, there will be no outcome -- which may explain why a recent study found that only 31 per cent of not-for-profits had a strategic plan at all (though the study also found that the organizations that did were more effective than the ones that didn't).

## **Resources**

There are resource implications in embarking on strategic planning. It's going to take time, staff, and attention away from your day-to-day operations. If your Board isn't prepared to commit resources to the project then you're better off not attempting it (which is perhaps why recent studies show that larger organizations are more likely to have a strategic plan).

## **The Strategic Planning Process**

### **1. Environmental scan**

Review your organization's current local, political, social and economic environment. Identify needs, challenges, and opportunities. How are you placed to deal with all these? Run a SWOT analysis, an activity that identifies the organization's current strengths, weaknesses, opportunities and threats.

### **2. Plotting Direction**

On the basis of your environmental scan, identify the strategic decisions involved and decide what you need to do to respond to the major issues and opportunities you face.

### **3. The Mission Statement**

Review your Mission Statement (the reasons why your organisation exists). Draw up guiding principles that will provide guidance and inspiration to staff and to the Board.

#### **4. The Goals (or objectives, or outcome statements)**

On the basis of the mission statement, choose your specific priorities. What are the things that need to be accomplished for the organisation to achieve its mission? Goals or objectives should be designed and worded as much as possible to be specific, measurable, and realistic.

#### **Monitoring Operational Plans**

##### **Action Plans**

These are the strategies or activities that have been prioritized and selected to help the organisation achieve its goals. They clearly reflect and respond to the findings of the research documented in the environmental scan with a number of broad activities matched to each strategic goal.

Action planning also includes specifying responsibilities and timelines with each objective, or who needs to do what and by when.

It is also common for organizations to develop separate operational plans that include staff work plans for the coming year. Larger organizations will develop plans for each major function, division department, etc., and call these work plans.

##### **Evaluation**

This should also include methods to honestly monitor and evaluate the plan and its results, which includes documenting how the organisation will know who has done what, to whom and by when.

##### **Budgets**

Usually budgets are included in the strategic and annual plan, and with work plans. Budgets specify the money needed to implement the annual plan. Budgets also describe the main items of expenditure, for example, for human resources, equipment, materials.

##### **Adapting Operational Strategy**

The important thing to remember is that an organization's strategic plan is not a monument, an end in itself, but rather a means of achieving its purpose. Many management experts have emphasized the need for the people implementing a strategic plan to have enough flexibility and authority to be creative and responsive to new developments. In reality this will normally mean changing the activities that have previously been selected to achieve the organization's mission in the light of new opportunities or challenges.

The process is helpful only if it assists organizations to honestly test old assumptions in the light of new information about the present, and anticipate the environment in which the organisation will be working in the future.

Finally, the process is about building commitment and embracing public accountability through engaging key stakeholders in the regular process of identifying priorities and evaluating strategies in the pursuit of changing people's lives for the better.

## The Basics of Resource Acquisition and Management

Resource Management is defined by the Project Management Body of Knowledge in four different categories: resource planning, resource acquisition, project team development and team management. In the past, I've written about how to manage a team and difficult resources. But defining your team and what you, as a PM, are responsible for is a little different.

Resource Planning focuses on understanding the scope of a project and defining the types of resources needed to complete it. Depending on the organization you work with, the PM may or may not be responsible for these efforts. It will depend on how good the company's work intake process is and how closely managers maintain their resource pool.

Resource Acquisition focuses on defining the needs for the project, and obtaining the right resources for the team and other resources and tools available to manage the effort.

To get started with the project, you need to:

- **Understand Your Basics:** As the PM, you need to figure out what you have to work with. You want any materials that might be available, but some specific items to look for are a project charter document, scope and budget. Without a project team around you, it's necessary to review the available items to help make the right decisions going forward.
- **Resources:** Once you understand the basics, you should be able to pull together the resource types you'll need to drive the business requirement effort. If you're kicking off the project, you'll minimally need to have an analyst. Depending on the structure of your group, it might be a systems analyst, a business analyst or a combination of both. Sometimes the client will also provide a BA from the start of the project. Some additional resources that are helpful, but not necessary, during the initial phase are technical lead(s) for major development groups, a QA lead and developers. If they're not brought in for the initial discussions, they should be engaged as soon as business requirements are complete.

### Resource Acquisition

Once you get the basics in line, you need to start defining the project and estimate the resources necessary to move the project forward. This is where things can get tricky. Not only do you need to define "when" the project needs to be completed, but you have to find the resources and get them allocated to meet your needs. In order to manage the effort involved in obtaining your resources, you'll need to arm yourself with a number of things. This process is Resource Acquisition. The tools below will help you during this process, and should be kept at hand throughout the project timeline to ensure the right roles are filled with the right people.

- **Project Management Plan:** This is the essential tool that you need to start the process. The PMBOK defines it as a formal, approved document that guides both project execution and project control. The plan ensures that the team documents assumptions and decisions, drives communication with stakeholders and contains the basic project scope, cost and schedule baselines. A project plan can be detailed at any level. Most of mine are fairly simple but they can be comprehensive when it's necessary.

Once you have the scope and cost together, you should start building the project timeline. High-level at the start, it will need to make some assumptions to get through your analysis and solutioning phases (Initiation, Define, Design). You should be able to take the basic resource types on the project or look at similar plans to build your base plan. The timeline should also contain all the major milestones that impact your organization (not just the simple Phases of a Waterfall or Traditional methodology).

The project plan can include the following items: Scope Management, Quality Management, Resource Management, Communications Management, Change Control Management, Risk Management and Budget Management. There are other areas you can include, like Procurement Management, but they should be based on the needs of the project and organization. We'll review putting together a robust project timeline and resource plan next, to ensure we can start having the right conversations with resource managers.

- **Project Timeline:** In order to get the resource conversation going, you need to develop a project timeline. This is essential to start any conversation with a resource manager. The timeline shouldn't be developed with hard dates, but should be done in weeks or months to illustrate the project's potential time frame. If you lock yourself into dates this early, it may be problematic trying to explain

why the “original dates” didn’t hold true. The project timeline isn’t just a schedule of activities, it also includes assigning resources to each. When starting to create a timeline, I always assume I can have 50 percent of a resource’s time. This is especially true in a Waterfall/Traditional environment. If you happen to be in an Agile team-based company, then you’d obviously assume 100 percent unless you see otherwise to be true.

In your timeline, you should define each of the project’s major milestones and make some assumptions about how long each activity will take. If you don’t have the experience to do this, you should ask to borrow another seasoned PM’s plan and copy as much as makes sense. There also might be an existing template to help you. If you do not have a standard tool, the industry standard is still Microsoft Project. If you don’t have that, Microsoft Excel can work, though it’s very manual.

The basic high-level plan should include your traditional phases (you can grab this from anywhere), resource roles (not individuals) and projected timeline with activities. PMBOK Phases are: Initiate Plan, Execute, Monitor/Control and Close. Your organization may have major phases similar to some major corporations that I’ve worked at – Initiate, Define, Design, Build & Test, Production and Close. It’s a tad different, but is easier for some management teams to digest. Keep in mind that the “monitor and control” phase is consistent throughout the life of the project.

In each of these phases, there are some basic milestones you should capture:

- **Initiate:** This is where you capture all the activities that I have mentioned above. It’s the time when you form the team, put together the major plan, acquire resources etc. All of these items can be considered tasks on the project plan, with start and end dates to be tracked. If you don’t set those up, you may lose sight of how long each item takes and the project’s earlier phases can drag on a little too much. At the beginning of the project, it will be one of the most detailed phases because of the knowledge you have to get started.
- **Define:** This is where you gather the business requirements and get those locked down. It’s important to have the business side provide them to the team and review them. Most of the time, business partners don’t provide fully vetted requirements. There is typically a timeframe in which the team needs to do some Use Case development and understand current processes, to ensure the technical team fully understands the needs and agrees that the requirement document contains the appropriate items. This is also the phase in which the team can start to look at how the project will fit architecturally within current systems, and start making some broad decisions about the effort.
- **Design:** This is the phase when the functional requirements and solution design comes together. The project team should be describing what the end result will look like and be putting together the “how” to solution it.
- **Build & Test:** This is pretty simple: It’s where the project team creates the solution based on the output of the Design phase. At the end of this phase, most projects “Go to Production” as the final step. You can also consider including the Close items here.
- **Close:** This is the time when teams should review the project as a whole and provide feedback. I tend to leverage the Retrospective from Agile teams because it feels more positive and doesn’t place blame. It is a forward thinking tool – how can we do better? How you close out your project will depend greatly on your company and the flexibility of your organization.

Once you’ve built this out, you’ll need to start working with resource managers to gain the right folks for the project. This process is called Acquisition. While resource managers may be aware of the project, it’s really your job to educate and provide the means for them to make decisions. Your plan should be detailed enough to drive conversation. Your goal is to get a resource assigned with the right level of knowledge to help drive forward the “Define” and “Design” phases.

A couple of factors that can come into play while you’re having these conversations:

- Expected completion date from client (if known)
- Known risks and/or watch points for the project effort

Having these defined, or started, may help drive which resources are assigned. For example, if you have flexibility in the production date, you may be able to leverage a newer team resource who needs extra time to learn and grow. If your timeframe is tight, you may need to haggle for a top producer. The same holds true for risks or watch points – if you have any that are known, they will possibly influence decisions.

Nowadays, you can have resources just about anywhere in the world. From the U.S. to China or Ireland, you can work with anyone. If you're fortunate to work with local resources, you'll have fewer challenges in planning. If not, you need to be aware of time zones, cultural differences and the like as you start off your new working relationships.

Once you have gotten a commitment from the resource managers, you must manage the people who are provided for the life of the project. You may also have situations where you define a need for more team members, or you may lose one for any number of reasons. In order to help drive conversations and keep the project running smoothly, you must stay in tune with the project team

<http://news.dice.com/2013/07/24/resource-acquisition-and-management/>

## **Key Performance Indicators**

Key performance indicators are metrics used to help a business define and measure progress towards achieving its objectives or critical success factors. They are quantifiable measures that can be expressed in either financial or non-financial terms and reflect the nature of your business.

Examples of key performance indicators include:

- unit sales
- return on investment
- market share percentage
- product quality

Critical success factors are those areas of a business that must be achieved in order for the business to achieve its goals and objectives as set out in its Strategic Plan.

Examples of critical success factors include:

- decrease expenses by 10% by end of 2009
- reduce staff turnover by 20% by 2010
- introduce a new product into the market by May 2009
- improve unit sales by 500 units per year on a particular product by 2012

Financial objectives define what your business is to accomplish in terms of its finances. For example, to achieve sales of \$75000 in the first six months, or to reduce the overdraft from \$150000 to \$100000 over the first 12 months. When developing your financial objectives, there are several important factors to consider.

## **Specific, measurable, achievable, realistic and time specific (SMART)**

When setting objectives it is very important to ensure that your objectives are; specific, measurable, achievable, realistic and time specific, OR SMART for short. The "SMART" approach allows you to effectively manage your financial activities and importantly be able to determine how successful they have been and whether they have delivered the particular benefits sought.

The "SMART" approach is explained to illustrate how you address each area;

- **Specific** - are your objectives stated in a way that is precise about what you are hoping to achieve?
- **Measurable** - Can you quantify each objective, i.e. can you use a unit of measure such as market share in percentage or dollars or other to provide a way to check your level of success?
- **Achievable** - Are your objectives reasonable in terms of what you can actually achieve or are you setting your sights too high?

- **Realistic** - Do you have sufficient employees and resources to achieve the objectives you have set, if you don't then they are likely to be unrealistic?
- **Time Specific** - When are you hoping to achieve these objectives, you need to define a timing plan with target timing for each specific objective?

### **What are Key Performance Indicators?**

KPIs assist the agency to define and measure progress toward agency goals and objectives. Once the agency has analysed its mission and defined its goals, it needs to measure progress towards those goals. KPIs provide a measurement tool.

The strategic measures are translated into a series of operational ones across the agency to ensure that the goals are met. For example, the records management strategy, which identifies the agency's mission and goals regarding recordkeeping, should contain KPIs to enable progress towards meeting those goals to be measured. The performance measures contained within the records management strategy will feed into a series of related goals and actions located in operational plans and individual performance plans.

KPIs assist an agency to measure that it is 'on track' – most often, that it is working towards and attaining a beneficial outcome or improvement. In many cases, KPIs are used in projects and to measure service delivery.

There are as many KPIs as ways in which they can be constructed. For example, in an Electronic Document and Records Management (EDRM) project, KPIs could be used to measure client uptake as the system rolls out. Another example is to measure the timeliness and quality of service delivery – in this case, KPIs may be used to measure that records services meet agreed delivery times for correspondence in accordance with a Service Level Agreement (SLA).

This document is a starting point only. It includes a number of examples across a range of possible records management activities and undertakings. Examples are interpretive and span a range from strategic to operational.

### **Definition**

Definitions of KPIs have a consistent thread, generally centred on quantifiable, measurable progress towards achieving agency goals and objectives. For example: Key Performance Indicators (KPIs) are quantitative and qualitative measures used to review an organisation's progress against its goals. These are broken down and set as targets for achievement by departments and individuals. The achievement of these targets is reviewed at regular intervals

### **Monitoring - key performance indicators**

Key performance indicators are ways of measuring (or indicating) the performance of an organisation.

To assess if the strategic plan or operational plan is successful, from the outset organisations will need to establish some indicators that could give a measurable indication as to the success of the strategy .

Performance indicators can be:

- Quantitative – presented as numbers
- Practical – organisational processes
- Directional – if the organisation is getting better or not
- Actionable – controlling change
- Financial – economic indicators

Key performance indicators can follow the SMART criteria of what is measurable to be essential for a performance indicator.

Key Performance Indicators help you monitor business performance. Use sophisticated computer applications or simple spreadsheets to measure financial and other business metrics. Aligning performance measurement to achievement of strategic goals ensures that all activities contribute to producing results desired by company executives. Typically, each department defines its own KPIs to measure and monitor business performance. Each organization (such as customer support, sales or finance) also checks its performance with industry standards.

## Key Terms

**Business Strategy** Describes how the organization competes within an industry or market

**Competitive Strategy** Competitive strategy is concerned with the basis on which a business unit might achieve competitive advantage in its market

**Contingency Approach** An extension of the systems approach that implies organizational variables (e.g. strategy, structure and systems) and its success or performance is dependent upon environmental influences (forces). There is, therefore, no one best way to structure or manage organizations; rather it must be dependent upon the contingencies of the situation

**Contingency Approach to Organization Structure** A perspective which argues that an organization, to be effective, must adjust its structure in a manner consistent with the main type of technology it uses, the environment within which it operates, its size and other contextual factors  
**Contingency Theory of Leadership** A view which argues that leaders must alter their style in a manner consistent with aspects of the context

**Continuous Change** Organizational changes that tend to be ongoing, evolving and cumulative

**Control** Ensuring plans are properly executed; assuring the organization functions as planned

**Controlled Performance** Setting standards, measuring performance, comparing actual with standard and taking corrective action if necessary

**Controlling** Ensuring plans are properly executed; assuring the organization functions as planned

**Core Competence** Those capabilities fundamental to the organization's strategy and performance

**Core Values** Core values are the principles that guide an organization's actions

**COSO ERM Framework** The COSO (Committee of Sponsoring Organizations of the Treadway Commission)

Enterprise Risk Management-Integrated Framework published in 2004 defines ERM as a . . . process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives

**Corporate Culture** Defined by Bower as 'the way we do things around here'. Trice and Beyer elaborated this as: 'the system of . . . publicly and collectively accepted meanings operating for a given group at a given time'. Hofstede describes corporate culture as 'the psychological assets of an organization, which can be used to predict what will happen to its financial assets in five years' time'

**Corporate Governance** The system used to control and direct a company's operations

**Corporate Social Responsibility** A concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on all stakeholders, including the environment

**Domestic Exporter** A strategy characterized by heavy centralization of corporate activities in the home country of origin

**E-Business** Using Internet technologies as the platform for internal business operations, electronic commerce and enterprise collaboration

**E-Commerce** All electronically mediated information exchanges between an organization and its external stakeholders (see sell-side and buy side e-commerce)

**Global Strategy** Assumes a single market and offers a standard product(s) to meet customer needs wherever they are located

**Niche Strategy** A firm reduces its scope of operations and focuses on narrow segments of a declining industry

**Organization** A group of people with a common purpose who work together to achieve shared goals

**Organization Theory** The study of the structure, functioning and performance of organizations and the behavior of groups and individuals within them

**Organizational Behavior** The study of the structure, functioning and performance of organizations and the behavior of groups and individuals within them

**Organizational Change** The alteration of organizational components (such as the mission, strategy, goals, structure, processes, systems, technology and people) to improve the effectiveness or efficiency of the organization

**Organizational Design** The design of an organization patterns its formal structure and culture. It allocates purpose and power to departments and individuals. It lays down

**Organic System** A fluid and flexible system of management practice and structure which is characterized by the adjustment and continual redefinition of tasks, a network structure of control, authority and communication and where superior knowledge does not necessarily coincide with positional authority

**Organization Development** A systematic process aimed at improving organizational effectiveness and adaptive on the basis of behavioral science knowledge; typical stages in an OD program include analysis, diagnosis, action plans and review, an external third party assists the process.

**Organizational (Corporate) Culture** A set of values, beliefs, goals, norms and rituals that members of an organization share

**Product Portfolio** The variety of products manufactured or supplied by an organization

**Product Portfolio Analysis** A strategic planning tool that takes a product's market growth rate and its relative market share into consideration in determining a marketing strategy

**Product Structure** The organization is structured according to related products or services

**Strategic Management Process** A sequential set of analyses that can increase the likelihood of a firm's choosing a strategy that generates competitive advantages

**Strategy** is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations

**Strategy as Position** A means of locating an organization in its environment (choice of niche). It can be considered in relation to competitors or simply with respect to markets or an environment at large. Strategy is creating situations where revenues may be generated and sustained

**Structure** The structure of an organization is the way in which employees are formally divided into groups for coordination and control

**Strategic Choice** The process whereby power-holders within organizations decide upon courses of strategic action

**Strategic Decision Making** Determining the long-term objectives, resources and policies of an organization

**Strategic Management Process** A sequential set of analyses that can increase the likelihood of a firm's choosing a strategy that generates competitive advantages

**Semi Structured Decisions** Decisions where only part of the problem has a clear-cut answer provided by an accepted procedure