



Candidate Resource and Assessment

BSBINN502A

Build and Sustain an Innovative Work Environment



Whether as an individual, or as part of a group, real progress depends on entering whole-heartedly into the process and being motivated to make you a more deeply satisfied human being.

Focusing on your training needs



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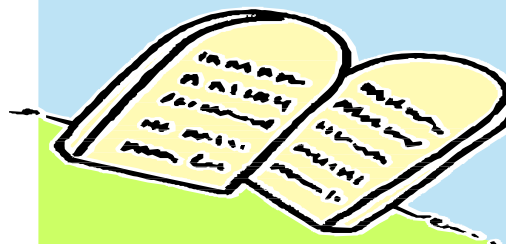
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Table of Contents



"You're either part of the solution or part of the problem".

Eldridge Cleaver

Focus	5
Qualification Pathways	6
Introduction	7
BSBINN502A/01 Lead Innovation by Example	9
Make innovation an integral part of leadership and management activities	9
Demonstrate positive reception of ideas from others and provide constructive advice	
Establish and maintain relationships based on mutual respect and trust	
Take considered risks to open up opportunities for innovation	
Regularly evaluate own approaches for consistency with the wider organisational or project context	
Key Points – BSBINN502A/01	29
'True' or 'False' Quiz – BSBINN502A/01	30
BSBINN502A/02 Establish Work Practices that Support Innovation	31
Consult on and establish working conditions that reflect and encourage innovative practice	31
Introduce and maintain workplace procedures that foster innovation and allow for rigorous evaluation of innovative ideas	
Facilitate and participate in collaborative work arrangements to foster innovation	
Build and lead teams to work in ways that maximise opportunities for innovation	
Key Points – BSBINN502A/02	44
'True' or 'False' Quiz – BSBINN502A/02	45




BSBINN502A/03	Promote Innovation	47
	Acknowledge suggestions, improvements and innovations from all colleagues	47
	Find appropriate ways of celebrating and promoting innovation	
	Promote and reinforce the value of innovation according to the vision and objectives of the organisation or project	
	Promote and support the evaluation of innovative ideas within the wider organisational or project context	
	Key Points- BSBINN502A/03	52
	'True' or 'False' Quiz – BSBINN502A/03	53
BSBINN502A/04	Create a Physical Environment Which Supports Innovation	55
	Evaluate the impact of the physical environment in relation to innovation	55
	Collaborate with colleagues about ideas for enhancing the physical work environment before taking action	
	Consider potential for supporting innovation when selecting physical resources and equipment	
	Design, fit-out and decorate workspaces to encourage creative mindsets, collaborative working and the development of positive workplace relationships	
	Key Points – BSBINN502A/04	60
	'True' or 'False' Quiz – BSBINN502A/04	61
BSBINN502A/05	Provide Learning Opportunities	63
	Pro-actively share relevant information, knowledge and skills with colleagues	63
	Provide or encourage formal and informal learning opportunities to help develop the skills needed for innovation	
	Create opportunities in which individuals can learn from the experience of others	
	Key Points- BSBINN502A/05	67
	'True' or 'False' Quiz – BSBINN502A/05	68
	Summary	69
	Bibliography	71
	Assessment Pack	73

Focus on

Your Area of Influence

Use considered risk taking in your 'grey' area

And others will follow you!

Legend	This course is divided into several sections of learning. Each section begins with the title of the element of the unit being taught, a quotation and a graphic related to content across the top of the page.
	This symbol indicates the beginning of new content. The bold title matches the content of the competency and they will help you to find the section to reference for your assessment activities.
	Activity: Whenever you see this symbol, there is an activity to carry out which has been designed to help reinforce the learning about the topic and take some action.
	This symbol is used at the end of a section to indicate the summary key points of the previous section.

Qualification Pathways



A goal without a plan is just a wish.

Antoine de Saint-Exupery

Qualification Pathways

This unit of competency is provided to meet the requirements of BSB07 Business Services Training Package although can be used in a range of different qualifications. The BSB07 Business Services Training Package does not state how a qualification is to be achieved. Rather, Registered Training Organisations are required to use the qualification rules to ensure the needs of the learner and business customer are met. This is to be achieved through the development of effective learning programs delivered in an order which meets the stated needs of nominated candidates and business customers.

Qualification Rules

Qualification requirements include core and elective units. The unit mix is determined by specific unit of competency requirements which are stated in the qualification description. Registered Training Organisations then work with learners and business customers to select elective units relevant to the work outcome, local industry requirements and the qualification level.

All vocational education qualifications must lead to a work outcome. BSB07 Business Services Training Package qualifications allows for Registered Training Organisations (RTOs) to vary programmes to meet:

- Specific needs of a business or group of businesses.
- Skill needs of a locality or a particular industry application of business skills.
- Maximum employability of a group of students or an individual.

When packaging a qualification elective units are to be selected from an equivalent level qualification unless otherwise stated.

Introduction



"If learning comes through experience, it follows that the more one participates in guided experiences, the more one learns. Therefore venturing into uncharted waters - and experiencing the failures that may occur - is an important part of organisational learning."

Gould, DiBella, Nevis

Introduction

This unit of competency is all about being able to facilitate and capitalise on change and innovation in the workplace. It will help you with the skills you need to demonstrate competency for the unit *BSBINN502A Build and sustain an innovative work environment*. This is one of the units that make up the Certificates in Business.

This manual is broken up into five distinct sections. They are:

1. **Lead innovation by example**
2. **Establish work practices that support innovation**
3. **Promote innovation**
4. **Create a physical environment which supports innovation**
5. **Provide learning opportunities**

At the conclusion of this training you will be asked to complete an assessment pack for this unit of competency. The information contained in this resource will assist you to complete this task.

On successful completion, you will have demonstrated your ability to plan and manage the introduction and facilitation of innovation with particular emphasis on the development of creative and flexible approaches, and on managing emerging opportunities and challenges.

SAMPLE

BSBINN502A/01
Lead Innovation by Example



“Tears will get you sympathy; sweat will get you change.”

Jesse Jackson



Make innovation an integral part of leadership and management activities

Demonstrate positive reception of ideas from others and provide constructive advice

Establish and maintain relationships based on mutual respect and trust

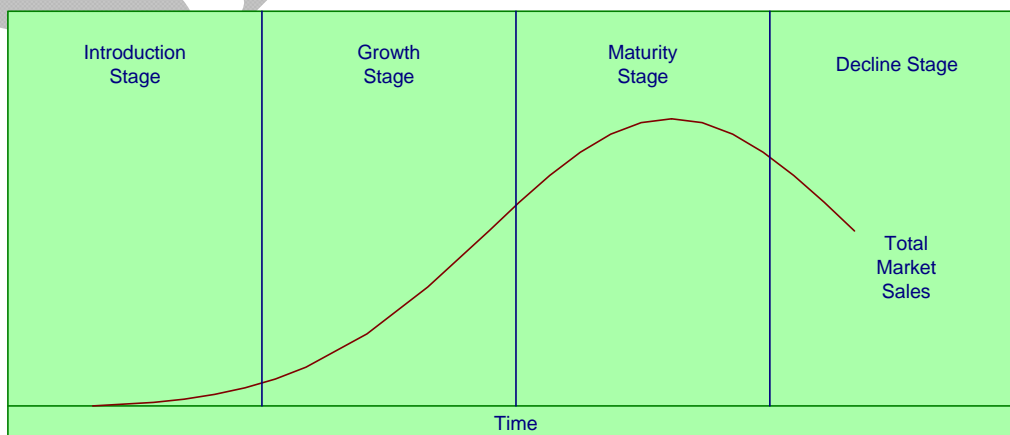
Take considered risks to open up opportunities for innovation

Regularly evaluate own approaches for consistency with the wider organisational or project context

In this manual we will be examining the process of managing change and innovation in the workplace. We will begin by taking a brief look at what change is, and what types of change can take place in a typical organisation.

Nature of Change

In order to understand the nature of change – it is important to understand that businesses do not operate in the same environment throughout their lifetime. They are subject to a range of forces that alter how business decisions should be made – this is known as the business life cycle. Businesses follow through four major stages in their development: introduction, growth, maturity and decline.



The Business Life Cycle

The business life cycle is a function of total product sales and time. As time grows a business is likely to note an increasing amount of sales as it passes through the introduction and growth stages. At maturity sales will plateau, followed by a reduction in sales during the decline stage. Innovation management is crucial to managing the business life cycle in that it allows you to ensure that you are adapting your business to suit the changing needs of the market. Let's now look at each stage of the cycle in more detail.

Introduction

The introductory stage involves a new business entering the marketplace, or a new product or brand. The failure rate for new products or businesses can range from 60%-90%, depending on the industry. So it is vitally important to ensure that the business is well set up. At this stage of business development there is a strong need to build channels of distribution/selective distribution. This ensures that you are able to get your product out into the market place. You may try offering dealers promotional assistance to support the product (this is sometimes known as a push strategy). Your business should develop primary demand information, and all communications should stress the benefits of the product to the consumer, as opposed to the brand name of the particular product, since there will be little competition at this stage and you need to educate consumers of the product's benefits.

With little competition, pricing decisions can come in two forms. Price skimming involves setting a high price in order to recover developmental costs as soon as possible. Price penetration involves setting a low price in order to avoid encouraging competitors to enter the market, also helps increase demand and therefore allows the company to take advantage of economies of scale. Some of these strategies will assist the organisation to continue on into the next stage of development, growth.

Growth

In the growth stage a business needs to encourage strong brand loyalty as competitors are entering the market place. Profits begin to decline late in the growth stage. This means that the organisation must focus on ensuring profits remain high enough to support further growth and investment in the organisation. Staff hiring will become more intense, and this will result in the need for policy and procedure to be developed further to reach these goals.

You may find there is a need to perform some type of product modification to correct weak or omitted attributes in the product. There is a strong need to build brand loyalty (selective demand), and so all communications should stress the brand of the product, since consumers are more aware of the products benefits and there is more competition, must differentiate your offering from your competitors.

You may begin to move toward intensive distribution as the product is more accepted; therefore intermediaries are more inclined to risk accepting the product. Price dealing/cutting or meeting competition is prevalent now, especially if previously a price skimming strategy was adopted.

Financial innovations will need to be made to ensure that financing levels are high enough to support the strong growth that is expected. New technology may be introduced to ensure that the profits are able to be attained even at vastly higher levels of production.

Maturity

At this stage, the sales curve peaks and the organisation faces severe competition, consumers are now experienced specialists, and thus know what to expect from a product. This makes product quality of importance. Policies for improving people and product become more important.

You may find that the product or organisation needs to be rejuvenated through a innovation in the packaging, new models or aesthetic innovations. This will reposition the product as being different in the mind of the consumer. Advertising focuses on differentiating a brand, sales promotion is aimed at the customer (PULL) and the reseller (PUSH). There are yet more moves towards intense distribution which may have a significant effect on the business model.

The organisation may need to resort to price dealing/cutting to meet the increasing levels of competition in the market place. Line extension or the introduction of new products and services is a useful strategy at this stage, and this may require structural, technological or people change to achieve.

Decline

At the final stage of the business life cycle, sales fall off rapidly caused by either new technology or a social trend. This means the organisation must change to meet these innovations. This may require innovations to their product line, or changes to the way they do business. You can justify continuing with current product as long as it contributes to profits or enhances the effectiveness of the product mix. If it does not do this there is a need to decide to eliminate or reposition to extend its life. Staff layoffs may need to be completed if the decline continues without any sign of improvement.

You will notice that at each stage, the business needs to change in order to meet increasing demands on the company's resources. Take for example the growth stage – as sales grow, production is going to need to be increased, production methods and processes may need to be changed in order to cope with the increases in demand.



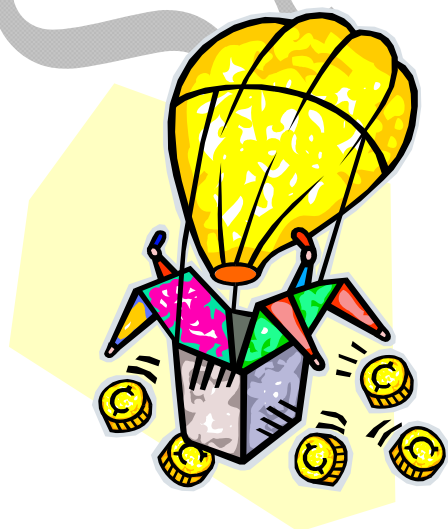
Businesses run in cycles – at the beginning positive returns may be present, but planning for innovations into maturity and decline are still important.

Types of Innovation

There are three distinct types of innovation that may occur within an organisation. Each of these types of innovation affects the business in a multitude of ways, however one is planned, and the others are not. The three types of innovation that we will be examining in this section are: Planned Innovation, Proactive Innovation and Reactive Innovation.

- **Planned Innovation** results from a careful examination of the facts, problem solving and decision making. Reactive change results from changes to the environment in which the business is operating it. Planned innovation could also be described as proactive innovation.
- **Proactive Innovation** is where we desire to change the way we work; the latter where the innovation is impacting on us through no intervention of our own. To be proactive, we start by analysing the organisation's environment and the innovations that are taking place within it, and determine a new strategy for the organisation. Thus, we arrive at a vision by looking at the gap between where we are now and where we want to be, and setting out our strategy for closing this gap. This type of innovation may be attempting to boost profitability by introducing new product lines, raising quality improved quality processes or expanding the business through opening new branches overseas.
- **Reactive Innovation** is where we react to external changes. This is achieved most profitably by determining the innovations we need to make to our organisation to survive these external innovations or better still to profit from them. Interestingly, proactive innovation is often brought about from reactive change. Either way, this leads to a coherent set of programs of projects to achieve the required innovation. The environment of a business is constantly changing and thus managers must be prepared for the innovations that may need to be made. Some examples of reactive innovations include innovations made to ensure compliance with a new piece of legislation, elimination of a product line due to consumer tastes changing, or a severe storm destroying all a company's crops.

In terms of proactive, planned innovation, managers may take three distinct approaches to ensure the organisation is best meeting the needs of the consumer and its customers. These are: Structural Innovation, Technological Innovation and People Innovation.



Just like a hot air ballooner, you may find that there are occasions when factors completely outside your control affect where you are heading – developing a plan for overcoming these forces is crucial to business success.

Approaches To Innovation	
Structural Innovation	<p>This type of innovation is one of the most difficult to bring about. It involves changing the very nature of the organisation through innovations to the way it is structured. You may alter departments, by eliminating, merging or creating new ones. You may make the structure flatter, or higher. In some respects this innovation is intimately linked to technological innovation and people innovation, and structure depends on having the right people and technology. One of the key problems and implications that organisations must consider when evaluating structural innovation is organisational inertia. This means that it is very difficult to alter an organisational structure because it has been in force for so long. Innovations may take time to be introduced, and you should not attempt to make too many innovations at once.</p>
Technological Innovation	<p>This type of innovation involves changing the way business is done through the technology used. It may be new communication technology, production technology, new buildings, plant or materials. Resistance to technology is often seen in some organisations, especially where older technology has been used and has been seemingly effective in the past. However this problem can be overcome through programs that support workers through the innovation process, and allow for training to be provided.</p>
People Innovation	<p>Perhaps the most difficult type of innovation that can take place is to an organisation's staff. Staff within an organisation will resist innovation. They are used to doing things one way, and when things are done another, significant problems may develop. Training is a key implication of this type of innovation. Emotional innovations such as reductions in the size of a workforce have further implications in that they may significantly affect public perception of a business.</p>

Leadership and Innovation

Leading a innovation initiative is one of the most difficult tasks a leader can face. It is often seen as a double-edged sword with many risks and opportunities. For most leaders, managing a innovation initiative is crucial role, but the responsibilities can widely vary depending on what type of innovation will be pursued.

Types of Innovation Leadership

There are two types of innovation in an organisation: planned innovation and “emergent” innovation. Planned innovation refers to initiatives that are driven “top-down” in an organisation, while “emergent” innovation refers to a situation in which innovation can originate from any level in the organisation.

The role of the leader is critical in both types of innovation. In a planned innovation initiative, the leader must have a clear vision and a plan that both involves people in the innovation and ensures there is a support infrastructure for the innovation. In an “emergent” innovation, the leader must create and foster a “readiness for innovation” culture – a culture that encourages and supports innovation that comes from “within” the organisation.

In this manual, we discuss the basic role of the leader in planned innovation initiatives, as well as for emergent innovation.

The Role of the Leader in Planned Innovation

The leadership role in planned innovation is a critical one to wear that includes two crucial responsibilities:

- **Communicating the vision for the innovation.**

Establishing the support elements necessary for the innovation to be successful.

- **The Vision for Innovation**

The role of the leader in any organisation is to set direction and inspire others to attain the goal. In the case of a innovation initiative, the leader must first be able to describe what the future will look like after the innovation. It is important for the leader to find a way to communicate the vision for the innovation in a way that will inspire people to act. The leader's challenge is to communicate the innovation in positive terms so that people can rally around the vision for the future.

After the leader has determined a positive vision for the future, the next step is to successfully communicate that vision to all levels of the organisation. There is a large difference between crafting a vision for the innovation, and communicating it effectively. One common problem most organisations face is there is not enough time spent communicating the vision for innovation. This means that any innovation initiative should have a good, formal communication plan in place before the innovation initiative begins.

When communicating the vision of the future, be sure to summarise the following points in the vision itself:

- Things that will stay the same.
- Things that will be left behind.
- New things that we will have that we've never had before.

The leader is not only the chief spokesperson for the innovation vision, but also must ensure that all levels of the organisation understand the rationale for the innovation and how we are going to go about implementing the innovation. The five critical elements that must be communicated to ensure understanding and awareness include:

- What is the innovation?
- Why are we doing it?
- How are we going to go about it?
- How long will it take us to do it?
- What will the role be for each department and each individual?

Establishing the Support Elements

The second responsibility for a leader of planned innovation is to ensure that the support elements that are necessary for the innovation to be successful have been installed. For most significant innovation initiatives, those support elements include the following:

- **A realistic project plan:** The leader ensures that a step-by-step plan, usually entered into a project management software program, as well as a risk analysis and business case analysis have been produced in the planning phase.
- **An organisation structure for managing the innovation:** The leader must ensure the structure for implementing and managing the innovation is installed. The leader should establish a system that solicits involvement and ownership of key stakeholders. Typically, the organisational structure for doing so consists of a team approach. For large innovation projects, such as implementing an enterprise-wide software package, it is not unusual to have a cross-functional steering team, a sponsor, a project leader, and sub-teams, as needed.
- **Internal innovation agents:** The leader identifies and orients a coalition of internal change agents. These agents will act as facilitators and “cheerleaders” of the innovation.
- **A formal communication plan:** The leader creates a formal communications plan for the life of the innovation initiative. First, all key stakeholders must be identified. Then, for each stakeholder the leader develops the types of information necessary, the frequency of the information, the method of communication, and the responsible party for carrying out the communication.
- **A formal training plan:** The leader identifies the new skills or training necessary for the innovation to be successful and establishes a formal training program to fulfil those goals. Often key stakeholders will need new skills in either bringing about the innovation or in operating in the new environment once the innovation is completed.
- **Barrier removal:** The leader makes a concerted effort to first identify barriers in the environment that will inhibit or prevent the innovation, and then develops action steps to systematically remove the barriers. Barriers can include staffing (not enough people or release time to carry out the innovation), lack of budget, lack of management support, competing initiatives.
- **A supportive and aligned management group:** In many innovation efforts there is lack of alignment and support among the management group, which hinders the innovation process. The leader’s first responsibility is to ensure that his/her management team presents a united front about the innovation.

Emergent Innovation Management

In “emergent” innovation, the leader must create and foster a “readiness for innovation” culture. In this kind of culture, innovation is not only easily accepted, but also is actually embraced by the organisation. Further, innovation can be spawned from anywhere within the organisation, not just driven top-down. Organisations are becoming increasingly interested in learning how to create a permanent “cultural readiness” for innovation that goes beyond a specific innovation implementation project. These organisations strive over time to create a corporate culture that is not only ready for innovation, but also accepts it and thrives in it.

The premise behind “emergent innovation” is that if a leader can create the right kinds of conditions in the organisation, then innovation will naturally “emerge” on its own. The question then becomes, what are those necessary conditions for this “readiness for innovation” culture?

Necessary Conditions for a “Readiness for Innovation” Culture

There are four cultural elements that must be installed in order to create a “readiness for innovation” organisation. These are:

- A workforce that is business literate
- A workforce that has permission to act
- A workforce that will challenge the status quo
- Leadership that encourages a “readiness for innovation” culture

Next, we'll explore each one of these elements.

1. A Workforce that is Business Literate

A business literate workforce as one that understands both the strategic context of the business and the personal impact they can have on critical business outcomes.

Ensuring that employees understand the strategic context of their work is a critical leadership task in creating a “readiness for innovation” culture. If employees understand what their company is trying to accomplish, what their customers are trying to accomplish, what their competitors are doing, and finally, what important trends are going on in their industry, then these employees are better able to interpret the need for a specific innovation and accept it. Also, when they can see the organisation’s “big picture,” they will be better equipped to make the right decisions and offer relevant ideas.

The second aspect of business literacy is efficacy. That is, do employees understand the impact their job performance has on the critical drivers of the business, such as financial performance, operational excellence, and customer satisfaction? When employees see the link between their job performance and the company’s operational and financial success, they are able to understand how a innovation in their day-to-day activities might affect the organisation as a whole. Likewise, when they understand the relationship between their job performance and the resulting quality of the customer experience, they will know precisely what action they must take to have a positive impact on the customer.

2. A Workforce that has Permission to Act

In order for employees to initiate innovation for improvement on their own, they must be allowed to do so. Employees should feel they have permission to make the day-to-day decisions necessary to improve the customer experience, the operational efficiency, and the financial results. They are more likely to suggest innovation and feel responsible for carrying out the innovation if they know they have the authority to make innovations. Further, innovations will be more rapid if employees have the necessary autonomy, and thus don't have to wait for permission to act.

A critical leadership skill is learning how to install boundaries and to encourage freedom to act within those boundaries. Leaders throughout the organisation must learn how to set the goal, communicate the boundaries, and then "let go." The more specific and understandable the boundaries, the better. For example, a leader might tell a work team in a distribution centre that they can make any process improvement innovations they want as long as customer service metrics meet or exceed standards, quality metrics are met or exceeded, and labour costs don't increase (i.e., no increased overtime). When "empowered" in this way, employees are more likely to take ownership of decisions and to become more committed to the resulting course of action.

3. A Workforce that Will Challenge the Status Quo

If employees feel their ideas are listened to in an accepting, open environment, they are more likely to recommend creative "out-of-the-box" solutions. In an "emergent innovation" culture employees must feel comfortable offering ideas that may run counter to the usual manner in which business is done. If leaders allow such "constructive disagreements," then the workforce will become more creative. Further, employees are more likely to embrace change and be a part of innovation if they feel they can voice concerns and disagreements.

Of course this idea can be difficult for managers to implement. The norm in many companies is that employees do not challenge what management has decided. However, allowing this type of open environment gives employees a sense of ownership in the process and also may trigger fresh, creative ideas from those who are closest to the customer or to the operations of the business.

Risk Management and Innovation

Risk is inevitable in everything we do. There may be commonplace risks that are almost inevitable, for example, the risk that a member of the team is sick for part of the project. There may be some unlikely but high impact risks.

The good Innovation Manager will constantly assess the risks and take action as needed. There are three possible outcomes for each risk:

- Take action now to avoid the risk, to reduce its likelihood, or to reduce its impact,
- Make contingency plans so that the team is ready to deal with the impact and mitigate the risk should it occur,
- Agree that it is an acceptable business risk to take no action and hope that the risk does not occur.

The process for managing risks is: identify all realistic risks, analyse their probability and potential impact, decide whether action should be taken now to avoid or reduce the risk and to reduce the impact if it does occur, where appropriate, make plans now so that the organisation is prepared to deal with the risk should it occur.

Innovation Planning

Now that we have looked at exactly what innovation is, let's move on to examine how you can bring about innovation in your business. Throughout your business studies you will have noted that processes of any kind are only effective if they are based on solid planning. Change is no different. In this section we will look at how you can set about planning innovation in your business so that it is most effective.

The Manager's Role in the Process

Managers who are involved in the innovation management process often have their roles defined by the organisation or section that they are working for. This means that you may find that you do not have the flexibility to work in whatever way you want, however you will need to undertake planning in line with the requirements of your organisation.

Planning plays an important role in innovation management. It involves you in determining where innovation is required, it allows you to be effective in the management of innovation, and finally it ensures that you have a plan in place to implement any innovations that are required to be undertaken.

So what exactly is planning? Planning is an important function performed by managers at every level of an organisation. **A plan is essentially a projected course of action aimed at achieving objectives.** It sets out exactly what you must do in order to achieve your set of goals and objectives. Planning allows you to coordinate your actions in order to ensure that everything that you do is aimed at achieving your goals in the most effective and efficient way possible.

Looking back to our definition of what planning is – it is all about achieving objectives. So it holds that in order to undertake effective planning you must ensure that you determine exactly what your organisation's goals and objectives are – and in particular those related to where any innovation is taking place. You must also establish and implement a set course of action that will allow you to achieve these objectives and goals.

Planning has a number of obvious benefits, including coordinating all resources in order to meet the common goal, and recognising limited or overlapping resources. Planning also sets milestones to allow for careful review and examination of the progress to the goals - this will help to reduce or eliminate risk areas that may adversely impact the process.

There are two major types of plans related to the process of innovation management:

1. **Strategic Planning**

Strategic Planning is the creation of long term goals for the organisation as a whole. It often is directional in its focus. What this means is that it aims to set an overall direction for the organisation – this is often referred to as a strategy.

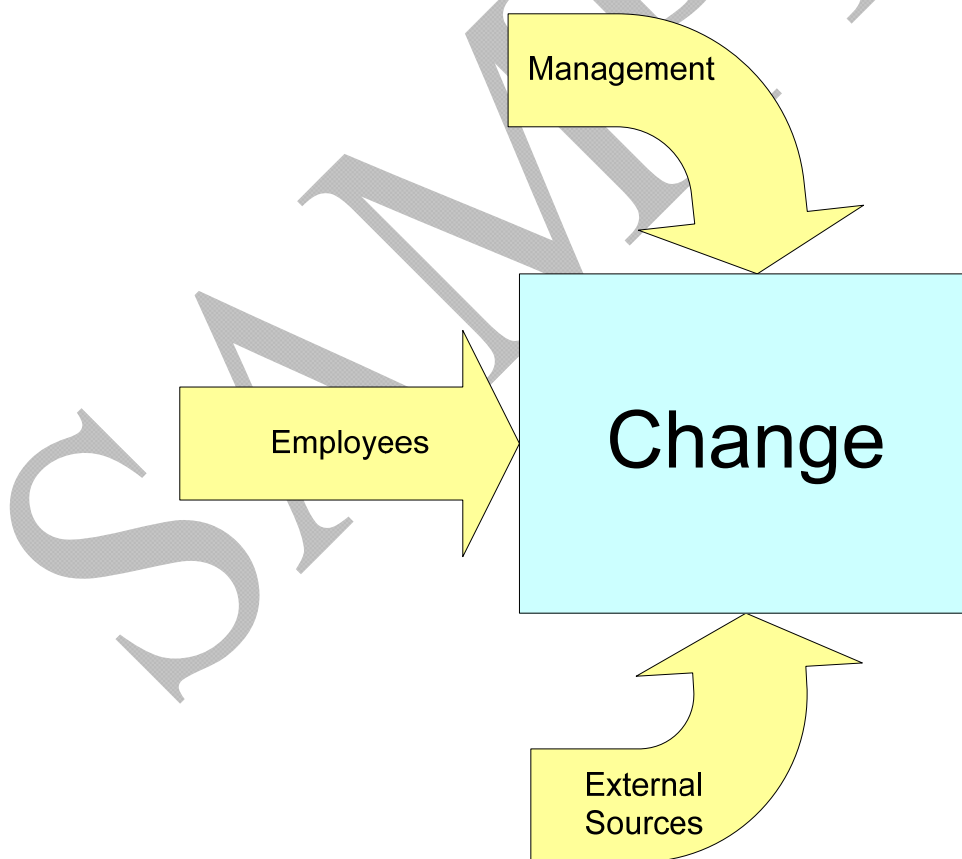
2. **Operational Planning.**

Operational Planning involves the development of objectives that specify how departments and workgroups will support that overall strategic set of goals. For the most part, innovation involves both types of planning. You must first set an overall direction for the innovation and secondly you must implement operational plans for working in that direction. The table over the page shows how the major characteristics of each planning type works.

	Strategic Planning	Operational Planning
Planners	Top Managers, possibly with a planning department.	Middle Managers and Supervisors.
Scope	Objectives for the organisation as a whole.	Objectives for a division, department, or work group.
Time Frame	Long Range (more than one year).	Short Range (One year or less).

Characteristics of Strategic and Operational Planning

Innovation can originate with management, employees or from external sources. Organisations innovation when management sees an opportunity or a need to do things better. As mentioned, an organisation’s employees may bring about innovations – forming a union could lead to innovations in the way that management reaches agreement with employees – other organisations actively respond to employee suggestions on how to improve quality and cut costs. Finally, innovation can be imposed on an organisation by the Government through legislation innovations as an example.



Sources of Innovation

When looking at planning for innovation, you need to ensure that you realise just how innovation can impact on your organisation. It may:

- Directly involve the section or team.
- Indirectly involve the section, which may be used as a comparison with other sections that operate with or alongside your section or team.
- Result from innovation elsewhere in an organisation.
- Impact on other sections within the organisation as a result of successfully implemented innovation within your section.

Change Models

There are a range of models of change management. In this section we will address a number of them, looking at what they involve, and when they could be applied.

Prosci's Change Management Model

Change competency requires a cultural and skill shift from all levels of the organisation: front-line employees, managers and executives. An individual or group that is building change competency must follow the process outlined below:

- **Preparing for Change:** Build a foundation for managing change. Examine theories and perspectives that impact how people go through changes. Assess your specific change characteristics and the organisational attributes that impact change management. Develop your team structure and sponsorship model.
- **Managing Change:** Develop key change management plans: communications, sponsorship, coaching, training, resistance management. Create a project plan for implementing change management activities and learn how to use the ADKAR model.
- **Reinforcing Change:** Assess the effectiveness of change management activities. Identify and overcome obstacles. Build buy-in and celebrate successes.

ADKAR Model of Change

A second model is the **ADKAR** model. The ADKAR model can be used to:

- Diagnose employee resistance;
- Help employees transition through the change process;
- Create a successful action plan for personal and professional advancement during change; and
- Develop a change management plan for your employees.

The ADKAR model has the ability to identify why changes are not working and help you take the necessary steps to make the change successful. You will be able to break down the change into parts, understand where the change is failing and address that impact point. This model is intended to be a coaching tool to help employees through the change process. The five steps in this change management model are:

- Awareness of the need for change;
- Desire to make the change happen;
- Knowledge about how to change;
- Ability to implement new skills and behaviours; and
- Reinforcement to retain the change once it has been made.

“Managed Change”

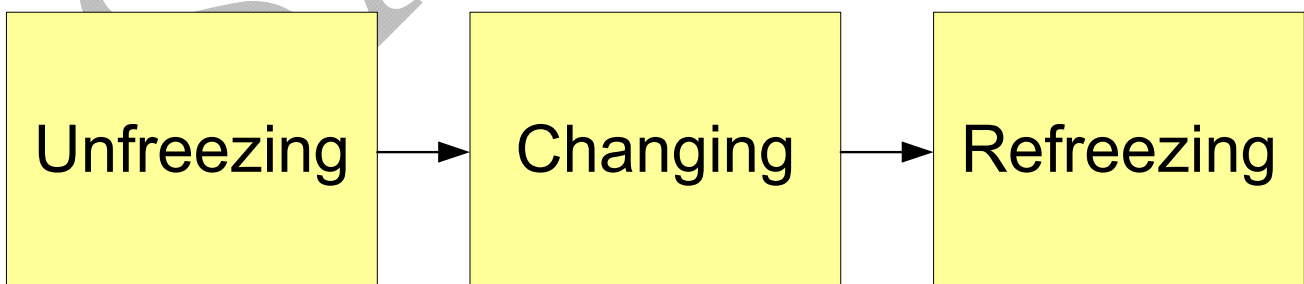
Lamarsh has developed a model called "Managed Change".

1. *Identify the Change:* Through articulating the business case for change in a manner that everyone will understand, fleshing out the desired outcome of the change project, and successfully accomplishing the significant events along the way.
2. *Planning the Change.*
3. *Preparing the Change:* Here sponsors, change agents and targets are given the understanding, skills, and assessment tools they need to effectively implement change projects on time and within budget. It focuses on partnering with change agents and change sponsors to impart the knowledge and garner the support needed for success. Potential resistance sources are gathered and assessed in this step.
4. *Implementing the Change:* Developing a communication system to ensure that each person involved in the change understands each element from his or her point of view. The learning system is designed to provide the right training for the right people at the right time. Rewards and reinforcements are set up to encourage behaviour toward the desired state and ensure alignment of performance measurements with the desired state of the change project.
5. *Sustain the Change:* This involves identifying metrics, assigning ownership, and developing a procedure for monitoring and addressing slippage back to the 'old' way.

Lewin's Model

In order to implement change, a manager must overcome resistance to it (we will cover this in much more detail in a later section) and ensure that the change is made by creating conditions in which the change is likely to be accepted. Behavioural scientist Kurt Lewin set forth a model for this process. Lewin's model indicates that in order to have successful change – you must go through three stages

1. *Unfreezing the status quo:* Recognising the need for change.
2. *Movement to a new state:* Trying to behave differently.
3. *Refreezing the new state:* Having the new behaviour become a part of the employee's regular behaviour.



Lewin's Model of Change

This model makes two major assumptions about the change process. First, before a change can occur, employees must see the status quo as being less than ideal. Second, when employees begin changing, the organisation must provide a way for the new behaviour to become an established practice.

Let's look at what happens at each stage:

Unfreezing: In the unfreezing stage, the manager responsible for implementing the change must spell out clearly why change is needed. In essence the unfreezing means overcoming resistance to any change.

Changing: When employees appreciate the need for change and have received any necessary training, they are ready to begin altering their behaviour. The key to implementing change is to build on successes. A supervisor should determine those aspects of the change over which he or she has control, then seek to carry them out successfully. A manager should point out each success the group achieves along the way. As employees see the change achieving desirable results, they are more likely to go along with it and even embrace it.

On a more practical level, building on successes generally entails starting with basic changes in behaviour, rather than beginning with an effort to change values. Values, by their very nature, are more resistant to change. To induce changes in behaviour, the change effort should include tangible or intangible rewards for the desired behaviour. As employees experience positive outcomes, their attitudes become more positive, and their values may shift as well.

Refreezing: The change process is complete only when employees make the new behaviour part of their day-to-day routine. However, because new procedures are less comfortable than the old and familiar ones, employees may revert to their old practices when the initial pressure for change eases. In organisations that do not manage change effectively, managers may assume a change effort has succeeded simply because employees modified their behaviour according to instructions. But if employees merely fulfil basic requirements of a change without adjusting their attitudes and if the organisation has not arranged to reinforce and reward the change, backsliding is likely.

This is a natural response among employees, but it can become a problem unless a supervisor acts to get everyone back on track. A supervisor should remind employees about what they have achieved so far and what is expected of them in the future.

Your organisation may use any of these, or may have developed its own model of how to manage change.

Organisational Readiness

The organisational readiness assessment focuses on determining the change an organisation is capable of handling. Based on the level of readiness of the organisation, the best approach to business reengineering will be identified. Organisational readiness is determined by analysing both the internal and external operating environments. The internal business environment review assesses management, employee, financial and technological readiness. The external business environment review assesses customer and supplier expectations, industry and process best practices, competitive situation and government impacts.

One useful means of conducting this analysis is through the use of surveys. An employees' willingness to change determines how quickly and thoroughly an organisation can manage those changes. The Change Readiness Assessment diagnoses willingness to accept new and different processes, customers, equipment, ideas and more. Following the introduction of your company's change initiatives, repeat administration of the survey will serve as a barometer of employees' perceptions of the experience. This survey should include:

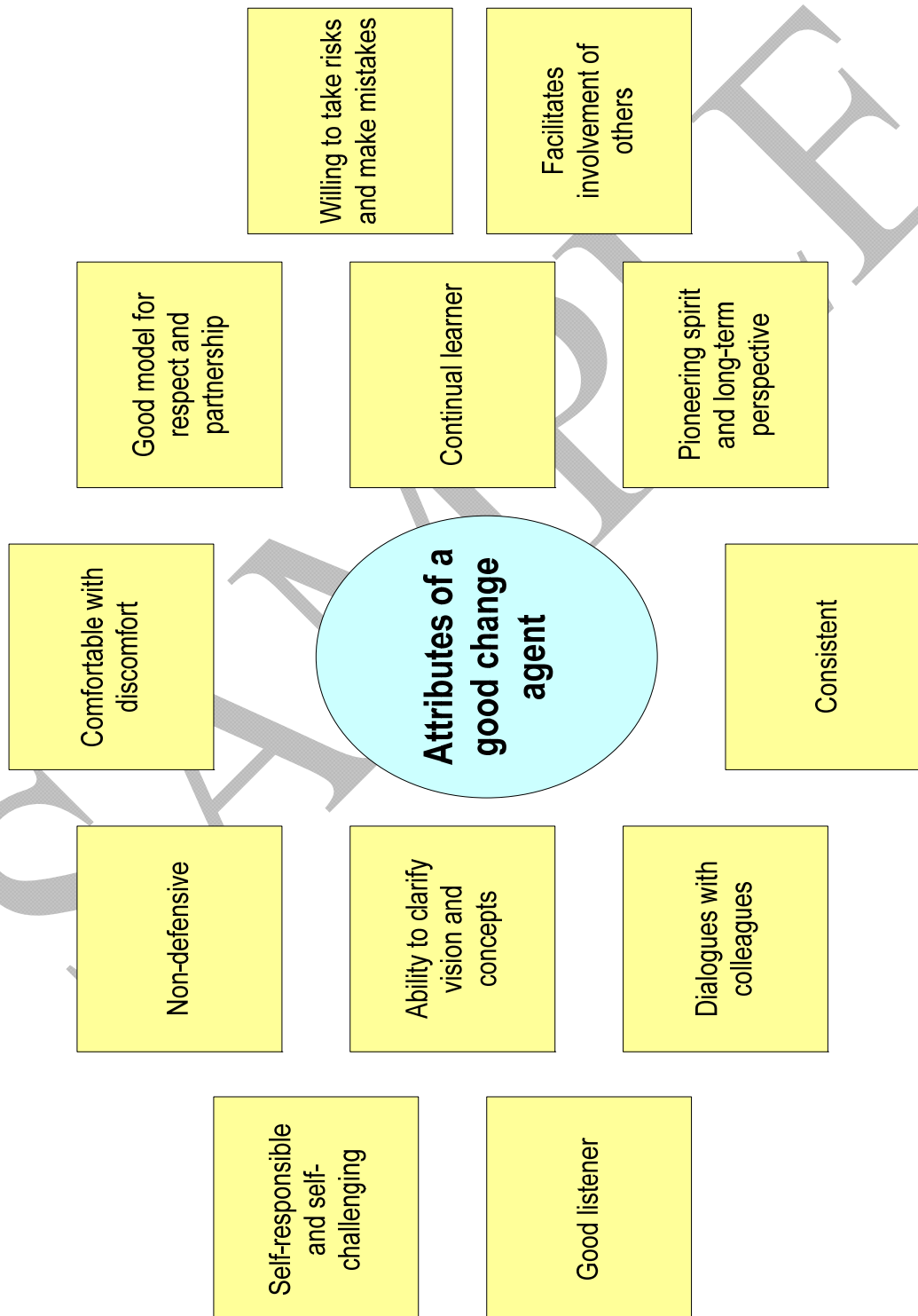
Communications/ Information Exchange	How well are you communicating purpose, details and goals of changes? This step helps to minimise false perceptions, which can undermine and slow the entire effort.
Keeping People Involved	Which groups report positive levels of job involvement? People with higher levels of job involvement report less concern regarding change than those with lower levels of involvement.
Preparation for Change	Adequate preparation raises confidence in the ability to use new processes or technology. It can be a very valuable tool in promoting acceptance of change.
Attitudes Towards Change	Previously acquired attitudes towards change are the background for new changes that your company introduces. They can have significant impact on the speed and thoroughness of acceptance.
Reaching the Goal	Are your change initiatives succeeding in the eyes of employees? Do they know what signs will tell them if they are succeeding at making the desired change?
Project Activities	What are the initial impressions specific to your change initiative? On follow-up administrations of the survey, what are later impressions?

You should assess organisational readiness by looking at the positive and negative forces that are in play. Ideally, an organisation is ready when the positive forces towards change overwhelm the negative forces. Although if positive forces outweigh the negative, this can be seen as being a time of readiness.

Agents for Change

Change agents are objects or people who cause or facilitate changes. Sometimes the change agent might be a new employee who brings fresh ideas, other times change can be mandated by top-level management. Sometimes an outside event such as a competitor or a hurricane forces an organisation to change.

When selecting change agents (either externally or internally) you should ensure that they possess the following attributes:



Internal change agents have the advantage of knowing the organisation well, and they can bring with them the ability to interact with those within the organisation more easily. External agents are more able to bring a fresh perspective. They are able to look at things differently and not be influenced by past experience within the organisation. However without a solid understanding of organisational dynamics, they may not be able to facilitate change as easily as internal change agents.

Involving Others in the Process

It is important to remember that you, as a manager, must ensure that you take into consideration how any changes that you propose are likely to impact on everyone in the organisation. Change doesn't just affect you – it affects a range of people in an organisation. The effect of change spreads to all areas of an organisation's operations.

When you are working on a change management process, it is important that you consider the stakeholders. Stakeholders are those people with an interest in the organisation. The table below summarises who are likely to be stakeholders in your organisation and what impact change may have on them.

Stakeholders and the Effect of Change	
Business owners, shareholders and investors	These individuals are likely to have a range of interests in an organisation – and in particular will look to see how any changes are likely to affect their financial interests in the organisation.
Unions	The unions are charged with representing your employees' rights. Often the changes that are implemented may affect hours of work, wages, or even employment in an organisation, therefore unions have a significant interest in how changes are made.
Suppliers	Suppliers are generally interested in your change processes if they are likely to have an effect directly or indirectly on them financially.
Employees	Employees will look at change from a number of points of view, they want to know if their job is likely to change, if their job is secure, whether they will face financial loss or whether it will affect the way they work.
Customers	An organisation's customers are likely to be most interested in how changes will affect service, product quality and price.

Ensuring that you keep everyone fully aware of the changes and involving them in the change process is crucial, as it allows you to ensure that their interests are being examined and that you are trying to take them into account as you develop your change processes. It is important that while consulting with them that you are able to measure the effect or impact of change constantly, and part of that measuring and assessing process should take into account the reaction of stakeholders.

Ensure that you work to create a positive environment for all the stakeholders in your organisation. In order for change to be most effective, those involved in it must be able to see how the change is positive for them. When there is a positive reward, your employees and all other stakeholders are more likely to be conducive to change – whereas if the change can only be seen in a negative light, then stakeholders will resist the change.

An excellent way of attempting to build positive views of the whole change management process is to include your stakeholders in the process itself. Meet with stakeholders; ask their opinions about your change processes or any suggestions that they may have themselves. If you are to achieve the objectives of the change process, then you need to ensure that the processes that you implement will allow your stakeholders to be happy and positive as much as possible. The support of your stakeholders is critical in turning plans and ideas into planned outcomes.

Ensuring Everyone Knows What You're Doing

Change management is all about meeting objectives – and in order for your organisation to meet all its objectives it is critical to ensure that your stakeholders understand what your objectives actually are. Such programs must be proposed, promoted and discussed with your stakeholders in order to ensure that everyone is kept fully aware of what is happening in the workplace.

This involves a program of communication strategies to ensure that there is commitment to change. This communication should start at the top – with your CEO or general manager. It is at this level of the organisation that strategy is developed. Strategy sets the direction and so change must come from the very top. There should be commitment from senior management to any type of change.

Change can bring about a multitude of feelings among your staff. This may range from happiness to anger, fear and confusion. Staff will always look at changes and wonder how will this affect me? Will this affect my job? What I do? The money I get? My family? My livelihood?

As you can imagine these fears will affect perceptions of any change – if there is a perception that there may be job losses or any detrimental change there will be strong negative opinions of the change! This will cause significant problems in terms of resistance to change and the longer this is left, the more difficult it will be to overcome. This resistance is much more likely to occur when change is not communicated to the staff and other stakeholders in an effective manner.

Communication between senior management and stakeholders must begin as soon as possible during the change management process. All communication must be completely honest and open – there is very little point to keeping facts back as this will simply serve to increase the level of resistance when they are announced.

Communicating with Those Inside the Organisation

Change that will affect those within your organisation needs to be dealt with as efficiently, honestly and openly as possible. You will be dealing with issues that will have a significant effect on your staff, and this means that there will be fear over change because staff will be concerned with their jobs and how secure they are.

In order to deal with this most effectively, work to get the support of your staff for any change programs. Openly explain what will be occurring – include all positive and negative details so that your staff can be fully informed from the beginning. Fear comes from the unknown. If all details are known from the beginning fear is unlikely to develop and staff will be more at ease and less likely to resist the changes being made.

Communicating with Those Outside the Organisation

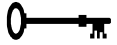
External stakeholders may react to change in a similar manner to those inside the organisation. There will be fear, apprehension and the unknown is once again a significant factor here. Your strategic direction is of more concern to many of your external stakeholders. The day-to-day details will be less important than where your organisation is likely to be heading in the future – so communication should be aimed at showing how committed the organisation is to change and in particular showing commitment to improving the organisation.

What Should Be Said?

Communicating with your staff and stakeholders involves you being as open and honest as possible. All communication should be based on your examination of the issues and there are certain aspects of any change management program that need to be examined in detail in order to ensure that your stakeholders will understand your message. Be sure that you consider the following when communicating change processes:

- What is the goal of the communication? What is it you need to communicate?
- Who will you communicate with? Who will produce the communication? Where will it come from and where will it go to?
- What potential issues are there that need to be overcome? Where are the likely areas of resistance and what can be said to help in overcoming these?
- What communication channels will you use? Will communication come from above? Will it originate from senior management or from supervisors? What methods will be used?

These questions should allow you to get started with your communication – they allow you to determine what the issues are, where they arise, and how you are going to deal with them. It is important that this strategy is developed as early as possible, preferably during the development of the change process – so that it can be issued as quickly as possible.



Key Points Section 1

- Planning is critical to any business process, change is no exception.
- Innovation within an organisation should be seen as an essential part of your leadership and management activities.
- As a manager it is your role to contribute effectively to your organisation's planning processes for bringing about change.
- In order to develop trust and mutual respect of your staff, as a leader ensure that you are receptive to new ideas and provide constructive advice on their suggestions.
- These plans should introduce change in consultation with your organisation's primary stakeholders.
- Taking calculated risks can help open up opportunities for change.
- The objectives and plans of your organisation must be communicated effectively to those stakeholders. If they are not, you will find there is confusion about what is being done, which can bring on fear of the unknown.

SAMPLE



Section 1 - 'True' or 'False' Quiz



T	F	Businesses follow through four major stages in their development.
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T	F	The business life cycle is a function of expenses and time.
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T	F	At the introductory stage there is generally very little competition.
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T	F	At the third stage of the business life cycle, sales fall off rapidly caused by either new technology or a social trend.
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T	F	Planned innovation results from a careful examination of the facts, problem solving and decision making.
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T	F	Structural innovation is not easy to bring about.
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T	F	Managers who are involved in the innovation management process usually define their own roles.
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T	F	A plan is a projected course of action aimed at achieving objectives.
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T	F	Change is only concerned with decisions at the operational level.
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T	F	Change can only originate internally.
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