



# Candidate Resource and Assessment

## BSBMGT403A

# Implement Continuous Improvement



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*



PRECISION  
GROUP

Precision Group (Australia) Pty Ltd  
9 Koppen Tce  
Mooroobool, QLD, 4870

Email – [info@precisiongroup.com.au](mailto:info@precisiongroup.com.au)

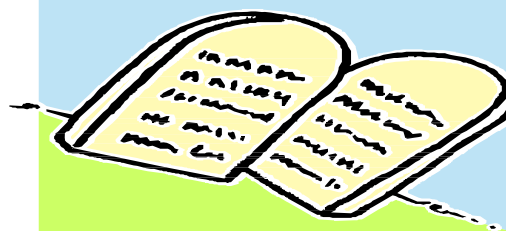
Website – [www.precisiongroup.com.au](http://www.precisiongroup.com.au)

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## Table of Contents



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

Eldridge Cleaver

<b>Focus</b>	<b>5</b>
<b>Qualification Pathways</b>	<b>6</b>
<b>Introduction</b>	<b>7</b>
<b>BSBMGT403A/01 Implement Continuous Improvement Systems and Processes</b>	<b>9</b>
Implement systems to ensure that individuals and teams are actively encouraged and supported to participate in decision making processes, assume responsibility and exercise initiative	9
Communicate the organisation's continuous improvement processes to individuals and teams, and obtain feedback	
Ensure effective mentoring and coaching allows individuals and teams to implement the organisation's continuous improvement processes	
<b>Key Points – BSBMGT403A/01</b>	18
<b>'True' or 'False' Quiz – BSBMGT403A/01</b>	19
<b>BSBMGT403A/02 Monitor and Review Performance</b>	<b>21</b>
Use the organisation's systems and technology to monitor and review progress and to identify ways in which planning and operations could be improved	21
Improve customer service through continuous improvement techniques and processes	
Formulate and communicate recommendations for adjustments to those who have a role in their development and implementation	
<b>Key Points – BSBMGT403A/02</b>	35
<b>'True' or 'False' Quiz – BSBMGT403A/02</b>	36
<b>BSBMGT403A/03 Provide Opportunities for Further Improvement</b>	<b>37</b>
Implement processes to ensure that team members are informed of savings and productivity/service improvements in achieving the business plan	37
Document work performance to aid the identification of further opportunities for improvement	
Manage records, reports and recommendations for improvement within the organisation's systems and processes	
<b>Key Points – BSBMGT403A/03</b>	42
<b>'True' or 'False' Quiz – BSBMGT403A/03</b>	43

<b>Summary</b>	<b>45</b>
<b>Bibliography</b>	<b>47</b>
<b>Handouts</b>	<b>49</b>
<b>Assessment Pack</b>	<b>57</b>




SAMPLE

## Focus on

### Your Area of Influence

Use considered risk taking in your 'grey' area

## And others will follow you!

<b>Legend</b>	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.
	<b>Activity:</b> 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

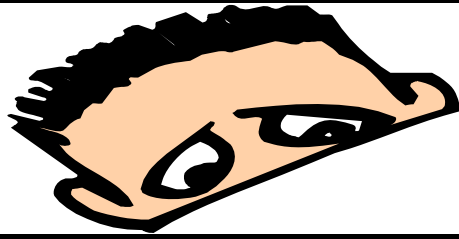
Qualification requirements include core and elective units. The unit mix is determined by specific unit of competency requirements which are stated in the qualification description. Registered Training Organisations then work with learners and business customers to select elective units relevant to the 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 implement continuous improvement practices within a work team you have been involved with. It will help you with the skills you need to demonstrate competency for the unit *BSBMGT403A Implement Continuous Improvement*. This is one of the units that make up the Certificates in Business.

This training is broken up into three distinct sections. They are:

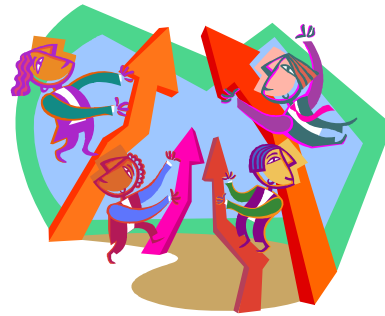
1. **Implement continuous improvement systems and processes:** We will begin this manual by examining quality management, and change processes and how these can be implemented in an organisation.
2. **Monitor and review performance:** Then we will examine how you go about monitoring and reviewing performance in an organisation.
3. **Provide opportunities for further improvement:** In this final section we will examine how to continually make improvements to practices.

When you have finished 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 conclusion of this unit of competency you will have demonstrated your ability to implement the organisation's continuous improvement systems and processes.

SAMPLE

**BSBMGT403A/01**  
**Implement Continuous Improvement Systems and Processes**



*"Knowing your purpose simplifies your life. It defines what you do and what you don't do. Your purpose becomes the standard you use to evaluate which activities are essential and which aren't."*

*Rick Warren*



**Implement systems to ensure that individuals and teams are actively encouraged and supported to participate in decision making processes, assume responsibility and exercise initiative**

**Communicate the organisation's continuous improvement processes to individuals and teams, and obtain feedback**

**Ensure effective mentoring and coaching allows individuals and teams to implement the organisation's continuous improvement processes**

Quality reflects the degree to which goods or services meet the demands and requirements of the marketplace. It is an elusive concept whose definition differs according to the type of organisation involved. To an appliance manufacturer, for example, quality might mean that a very high percentage of the appliances produced meet predetermined specifications. To an appliance repair business, quality might mean that products are repaired correctly within stated cost and deadline parameters. To a fast-food service firm such as McDonald's, quality applies to both the food itself (taste, freshness, and so on) and the service (length of time to be served, friendliness of the cashier, cleanliness of dining room, and so on).

In this first section, we will examine the system of quality improvement known as Total Quality Management and examine how this encourages individuals within the organisation to contribute to improvement management.

**Quality** = Meeting your customer's needs and desires

## Productivity and Quality

After companies determine customer needs, they must concentrate on meeting those needs by yielding high quality products at an efficient rate. Companies can improve quality and productivity by securing the commitments of all three levels of management and employees as follows:

Level Of Management	Role in Quality Improvement
<b>Top-level management</b>	Implement sound management practices, use research and development effectively, adopt modern manufacturing techniques, and improve time management.
<b>Middle management</b>	Plan and coordinate quality and productivity efforts.
<b>Low-level management</b>	Work with employees to improve productivity through acceptance of change, commitment to quality, and continually improving all facets of their work.

Productivity is the relationship between a given amount of output and the amount of input needed to produce it. Profitability results when money is left over from sales after costs are paid. The expenditures made to ensure that the product or service meets quality specifications affect the final or overall cost of the products and/or services involved. Efficiency of costs will be an important consideration in all stages of the market system from manufacturing to consumption. Quality affects productivity. Both affect profitability. The drive for any one of the three must not interfere with the drive for the others. Efforts at improvement need to be coordinated and integrated. The real cost of quality is the cost of avoiding non-conformance and failure. Another cost is the cost of not having quality - of losing customers and wasting resources. As long as companies continually interact with their customers and various partners, and develop learning relationships between all levels of management and employees, the levels of productivity and quality should remain high.

## Total Quality Management

**Total Quality Management (TQM)** is a philosophy that says that uniform commitment to quality in all areas of an organisation promotes an organisational culture that meets consumers' perceptions of quality.

The concept of TQM rests largely on five principles:

1. Produce quality work the first time.
2. Focus on the customer.
3. Have a strategic approach to improvement.
4. Improve continuously.
5. Encourage mutual respect and teamwork.

To be effective in improving quality, TQM must be supported at all levels of a firm, from the highest executive to the lowest-level hourly employee. TQM extends the definition of quality to all functional areas of the organisation, including production, marketing, finance, and information systems. The process begins by listening to customers' wants and needs and then delivering goods and services that fulfil these desires. TQM even expands the definition of customer to include any person inside or outside the company to whom an employee passes their work. In a restaurant, for example, the cooks' customers are the waiters and waitresses. This notion encourages each member of the organisation to stay focused on quality and remain fully aware of their contribution to it and responsibility for it.

The TQM philosophy focuses on teamwork, increasing customer satisfaction, and lowering costs. Organisations implement TQM by encouraging managers and employees to collaborate across functions and departments, as well as with customers and suppliers, to identify areas for improvement, no matter how small. Teams of workers are trained and empowered to make decisions that help their organisation achieve high standards of quality. Organisations shift responsibility for quality control from specialised departments to all employees. Thus, total quality management means a shift from a bureaucratic to a decentralised approach to control.

An effective TQM program has numerous benefits. Financial benefits include lower costs, higher returns on sales and investment, and the ability to charge higher rather than competitive prices. Other benefits include improved access to global markets, higher customer retention levels, less time required to develop new innovations, and a reputation as a quality firm. Only a small number of companies use TQM because implementing an effective program involves much time, effort, money, and patience. However, firms with the necessary resources may gain major competitive advantages in their industries by implementing TQM.

**But, TQM can only be built on improvement of an existing quality management system.**

### **The Implementation of TQM**

In developing TQM, companies need to understand how consumers define quality in both the goods and services offered. If a company pays more attention to quality in its production process, fewer problems will occur later when the product is in the consumer's hands. One way to measure product performance and quality is through customer surveys, which can help identify design or manufacturing problems.

TQM states that it is the end user who best defines quality, which means that quality is open to subjective interpretations. Consumer perceptions have to be changed if a company wants to change a product's quality image. Extended service programs and improved warranties can help accomplish this feat.



**Achieving quality standards can be like having a seal that you can use to display just how good your organisation is.**

## Commitment Throughout the Organisation

To be effective, the TQM philosophy must begin at the top. From the board of directors to the hourly line employees, TQM must be supported at all levels if the firm is to realise any real improvements in quality. In addition to commitment from the top, the organisation must meet these requirements if TQM is to succeed:

1. A change in corporate culture about the importance of quality.
2. Forging of internal team partnerships to achieve quality, process, and project improvements, and the creation of external partnerships with customers and suppliers.
3. Audits to assure quality techniques.
4. Removal of obstacles to successful implementation, such as lack of time or money in the short run.

## Agents for Improvement

Change agents are objects or people who cause or facilitate changes (and in this case those changes are related to improvement within an organisation). 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 natural disaster forces an organisation to change.

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

- Self-responsible and self-challenging
- Good listener
- Comfortable with discomfort
- Willing to take risks and make mistakes
- Good model for respect and partnership
- Non-defensive
- Continual learner
- Ability to clarify vision and concepts
- Consistent
- Pioneering spirit and long-term perspective
- Dialogues with colleagues
- Encourages others
- Facilitates involvement of others.

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.

## Other Factors to Improvement

There are a wide range of factors that can have a significant effect on the implementation of improvement within an organisation. Some of the most common are:

- **Organisation Culture and Values:** The culture and values of an organisation may assist improvement, but it also may hinder it. Sometimes an organisation can get so stuck in its own ways that improvement becomes hindered. It is the culture and values of the organisation that can have the most significant impact on organisational improvement. Resistance may be built from this strong culture; however it is not always bad. Sometimes the culture can be a helpful one, particularly in a learning organisation, where change may be welcome. Before beginning to make improvements within an organisation, it is important to ensure you gauge the culture to determine the level of resistance, and work on ways of overcoming this.
- **Environmental Pressures:** As we mentioned earlier, sometimes pressure to change comes from the environment itself. If a large amount of pressure is placed on the organisation, it may find that change needs to come about much faster than they would like. In these cases, managers should ensure that just because pressure is being placed that they do not skimp on the development of management systems for change.
- **Management Style and Participation:** The management style adopted within the organisation is also likely to be a significant influence, improvement processes require participation, and so without a strong participative culture and management style change is unlikely to occur. Authoritarian management will increase resistance to change, so involve staff as much as possible using participative methods.

## Employee Empowerment

There is no way that an organisation can achieve high quality results in a highly competitive marketplace without staff who are highly motivated towards achieving the overall goals of the organisation, your people are your biggest asset. The individuals who work in your organisation can be your biggest competitive advantage as they have all the knowledge of your organisation and are central to the success of the organisation as a whole. It is for this reason that empowering your staff is so critical to quality improvement.

Having staff who are well coached and able to make effective decisions themselves without having to go through layers and layers of management is more likely to result in staff who are dedicated to their work and the organisation as a whole. Quality improvement needs to be encouraged, and one of the most effective ways of encouraging it in your staff is to ensure that your staff are able to make decisions independently and feel that those decisions will be supported by management when made.

## The Tools for Improvement

There are a wide range of methodological tools that can be adopted during the change management process. In this section we will address four of the major ones: nominal group technique, process consultation, team building and the cross-impact matrix.

### Nominal Group Techniques

This technique is a possible alternative to brain storming. The technique is a structured variation of small group discussion methods. The process prevents the domination of discussion by a single person, encourages the more passive group members to participate, and results in a set of prioritised solutions or recommendations. The steps to follow in NGT are:

1. Divide the people present into small groups of 5 or 6 members, preferably seated around a table.
2. State an open-ended question (“What are some ways we could encourage participants to car pool?”).
3. Have each person spend several minutes in silence individually brainstorming all the possible ideas and jot these ideas down. (Silent Generation of Ideas).
4. Have the groups, collect the ideas by sharing them round robin fashion (one response per person each time), while all are recorded in key term, on a flipchart. No criticism is allowed, but clarification in response to questions is encouraged.
5. Have each person evaluate the ideas and individually and anonymously vote for the best ones (for example, the, best idea gets Points, next best 4 Points, etc.).
6. Share votes within the group and tabulate. A group report is prepared, showing the ideas receiving the most points.
7. Allow time for brief group presentations on their solutions.

This technique allows improved participation by group members in the change management process. And as we mentioned previously, participation is a means to improved acceptance. It also allows participants to be able to give their ideas on how change should come about.



#### Activity One – Attempting NGT

Using HO1 at the back of this material, attempt to use NGT to gain ideas.

## Team Building

This is the process of turning individuals within a group into a team. Essentially it involves the people working together towards a common goal. In change management if you can get individuals to work together, you are able to facilitate change at a faster pace than trying to get individuals working towards the goal.

## Process Consultation

Put simply, process consultation is the building of a helping relationship. Process consultation is the series of steps taken by a change agent to involve the organisation and individuals within it in:

- The definition of the problem.
- The development of possible solutions.
- The proposal for a final recommendation.

In this way, the people in the organisation take an active role in the solving of their own quality issue, rather than solely relying on the expert opinion. This direct involvement in the process will hopefully enable the person to be more independent of the consultant when facing future issues.

## Cross-Impact Matrix

A cross-impact matrix can provide a systematic way to evaluate various quality management programs according to defined goals. Use of this method can aid in determining the most effective program for your organisation. A matrix chart is utilised to list the change programs in the left column and various change goals across the top. For each program, a percentage rating is given to each goal based on how well that program would satisfy that goal. A program that satisfied a goal completely would get a rating of 100 (or 100 percent satisfaction). Most goals would only partially satisfy a goal, and a corresponding value would be inserted. (For further refinement, the goals can be 'weighted.' For example, a goal may be determined to be twice as important as other goals, and the matrix value for that goal should be multiplied by 2 for all programs.)

When the matrix boxes have been filled in, the numbers for each program are added together and the sum placed to the right of the matrix. These sums are compared, and the programs with the highest totals are assumed to offer the most overall benefit to the organisation.

## Always Strive for Improvement!

In quality management things are always changing. Therefore, it is important that you attempt to build continuous improvement into your change management processes. Some approaches to continuous improvement include:

### Kaizen

The Japanese word 'KAIZEN' means improvement, improvements without spending much money, involving everyone from managers to workers, and using much common sense. The Japanese way encourages small improvements day after day, continuously. The key aspect of KAIZEN is that it is an on-going, never-ending improvement process. It's a soft and gradual method opposed to more usual western habits to scrap everything and start with new.

## Theory of Constraints

The Theory of Constraints is the practical results of work on 'how to think'. It is the thinking processes and their applications. TOC is a verifiable philosophy. By knowing how to think, we can better understand the world around us; by better understanding we can improve.

Central to the concept of TOC is the acknowledgment of cause and effect. The thinking processes of TOC give us a series of steps which combine cause-effect and our experience and intuition to gain knowledge; starting with observation of the world around us. We now have the tools to understand why things happen and thus we can create a better future for ourselves. With knowledge, we can improve.

## Just-in-Time

JIT is a management philosophy that strives to eliminate sources of manufacturing waste by producing the right part in the right place at the right time. Waste results from any activity that adds cost without adding value, such as moving and storing. JIT (also known as lean production or stockless production) should improve profits and return on investment by reducing inventory levels (increasing the inventory turnover rate), improving product quality, reducing production and delivery lead times, and reducing other costs (such as those associated with machine setup and equipment breakdown).

In a JIT system, underutilised (excess) capacity is used instead of buffer inventories to hedge against problems that may arise. JIT applies primarily to repetitive manufacturing processes in which the same products and components are produced over and over again. The general idea is to establish flow processes (even when the facility uses a jobbing or batch process layout) by linking work centres so that there is an even, balanced flow of materials throughout the entire production process, similar to that found in an assembly line. To accomplish this, an attempt is made to reach the goals of driving all queues toward zero and achieving the ideal lot size of one unit.

## Business Process Re-Engineering

Business Process Reengineering is 'the analysis and design of workflow and processes within and between organisations'. It is the critical analysis and radical redesign of existing business processes to achieve breakthrough improvements in performance measures.

## Quality Circles

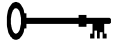
Quality Circle is a small group of 6 to 12 employees doing similar work who voluntarily meet together on a regular basis to identify improvements in their respective work areas using proven techniques for analysing and solving work related problems coming in the way of achieving and sustaining excellence leading to mutual upliftment of employees as well as the organisation. It is 'a way of capturing the creative and innovative power that lies within the work force'. This encourages creative thinking about work, and enables participation to be improved.



**Activity Two – Measuring performance and quality**

What aspects of your business do you feel could be measured using some of the TQM tools mentioned in this section – to provide feedback on your organisation’s performance?

Handwritten response area consisting of multiple horizontal lines. A large, diagonal watermark reading "SAMPLE" is overlaid across the entire page.



### **Key Points Section 1**

- An organisation should implement systems that ensure individuals and teams are actively encouraged and supported to participate in decision making processes, assume responsibility and exercise initiative.
- An organisation's continuous improvement processes must be communicated to individuals and teams, and feedback obtained if they are to be effective.
- Effective mentoring and coaching will ensure that individuals and teams are able to implement the organisation's continuous improvement processes.

SAMPLE



### Section 1 - 'True' or 'False' Quiz



<b>T</b>	<b>F</b>	Quality reflects the degree to which a good or service meets the demands and requirements of the marketplace.
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<b>T</b>	<b>F</b>	Quality requirements are the same for every organisation.
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<b>T</b>	<b>F</b>	Quality requires commitment.
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<b>T</b>	<b>F</b>	Productivity is the relationship between a given amount of output and the amount of input needed to produce it.
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<b>T</b>	<b>F</b>	TQM relies on having no commitment by management towards quality to be successful.
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<b>T</b>	<b>F</b>	Quality management should focus on staff needs.
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<b>T</b>	<b>F</b>	Quality should be defined by a company as being what a customer wants or needs.
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<b>T</b>	<b>F</b>	Change agents are objects or people who cause or facilitate changes.
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<b>T</b>	<b>F</b>	A cross-impact matrix can provide a systematic way to evaluate various programs according to defined goals.
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<b>T</b>	<b>F</b>	Just in time is not related to quality management.
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