



Ethiopian TVET-System



Irrigation and Drainage Design and Construction Supervision Level-IV

**Based on March 2017 G.C. Occupational
Standard**

**Module Title: Managing Micro, Small and
Medium Enterprises (MSMEs)**

TTLM Code: EIS IDC 4 TTLM 0920v2



This module includes the following Learning Guides

LG 71: Develop and Communicate Strategic Work Plan

LG Code: EIS IDC4 M15 0920LO1-LG-71

LG 72: Identify Daily Work Requirements and Develop Effective Work Habits

LG Code: EIS IDC4 M15 0920LO2-LG-72

LG 73: Manage Marketing of MSMEs

LG Code: EIS IDC4 M15 0920LO3-LG-73

LG 74: Manage Human Resources

LG Code: EIS IDC4 M15 0920LO4-LG-74

LG 75: Manage production and Operation

LG Code: EIS IDC4 M15 0920LO5-LG-75

LG 76: Maintain Financial Records and Use for Decision Making

LG Code: EIS IDC4 M15 0920LO6-LG-76

LG 77: Monitor, Manage and Evaluate Work Performance

LG Code: EIS IDC4 M15 0920LO7-LG-77

Instruction Sheet	Learning Guide 71: Develop and Communicate Strategic Work Plan
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This learning guide is developed to provide you the necessary information regarding the following content coverage and topics:

- Sensitizing the importance of planning
- Communicating the basics of planning and beginning with goal setting
- Addressing the achievement of measurable and realistic short-term business objective
- Developing realistic activities plans and schedule
- Introducing and understanding major components of work plan
- Understanding the importance of constant reviewing plans

This guide will also assist you to attain the learning outcome stated in the cover page.

Specifically, upon completion of this Learning Guide, you will be able to:

- Sensitize the importance of planning
- Communicate the basics of planning and beginning with goal setting
- Address the achievement of measurable and realistic short-term business objective
- Develop realistic activities plans and schedule
- Introduce and understanding major components of work plan
- Understand the importance of constant reviewing plans

Learning Instructions:

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below 3 to 6.
3. Read the information written in the information “Sheet 1, Sheet 2, Sheet 3, Sheet 4, Sheet 5 and Sheet 6” in page 3, 5, 10, 13, 16 and 20 respectively.
4. Accomplish the “Self-check 1, Self-check 2, Self-check 3, Self-check 4, Self-check 5 and Self-check 6” -” in page 4, 9, 12, 15, 19 and 22 respectively
5. If you earned a satisfactory evaluation from the “Self-check” proceed to “Operation Sheet 1 and Operation Sheet 2 in page 23
6. Do the “LAP test” in page 24

Information Sheet-1	Sensitizing the importance of planning
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1.1 Introduction to sensitization

Sensitization literally means making people ‘sensitive’ about an issue. This is the core of awareness rising and is what you ideally want to achieve that people become aware and react to certain issues.

There are different strategies to sensitize people:

- Improving knowledge: This means that you want to inform people about an issue and make sure that they have the correct information to truly understand the issue.
- Changing attitudes: This means that you want to change people’s behaviour or attitudes towards the issue.
- Focus on skills: Make sure people have the skills to go with their changed behavior and attitudes.
- Building social support: People you are sensitizing should know where they can get support, or give support, to other people facing the same issue.

Here are some practices used to sensitize peoples:

- Sensitize through interaction and discussion
- Sensitize by challenging myths and correcting misconceptions
- Sensitize with convincing arguments
- Sensitize through skills building activities, such as role play or other capacity building trainings
- Sensitize through encouraging your audience to build a social support network

1.2 Importance of planning

Now let's understand why planning is important for organization:

- Increases efficiency
- Reduces business-related risks
- Facilitates proper coordination
- Aids in Organizing
- Gives right direction
- Keeps good control

- Helps to achieve objectives
- Motivates personnel
- Encourages creativity and innovation
- Helps in decision-making

Self-Check -1	Written Test
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Directions: Match sensitizes strategies in column A with their definition in column B and write your answer on the space provided. (2 pts each)

A

- 1. Building social support
- 2. Focus on skills
- 3. Changing attitudes
- 4. Improving knowledge

B

- A. People s know where they can get support,
- B. Interaction and discussion
- C. Inform people about an issue
- D. Change people’s behavior
- E. Make sure people have the skills
- F. Convincing arguments
- G. Encouraging your audience

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Score = _____
Rating: _____

Name: _____

Date: _____

Answer Sheet

- 1. _____
- 2. _____
- 3. _____
- 4. _____

Information Sheet-2

Communicating the basics of planning and beginning with goal setting

2.1 Basics of goal setting

Goals are a way to measure your level of success they give you focus, direction and a sense of purpose while providing you a tangible benchmark to determine if you're actually succeeding. Entrepreneurs often set expectations incredibly high and the goals they set are designed to match those lofty expectations.

2.1.1 Set goals that motivate you

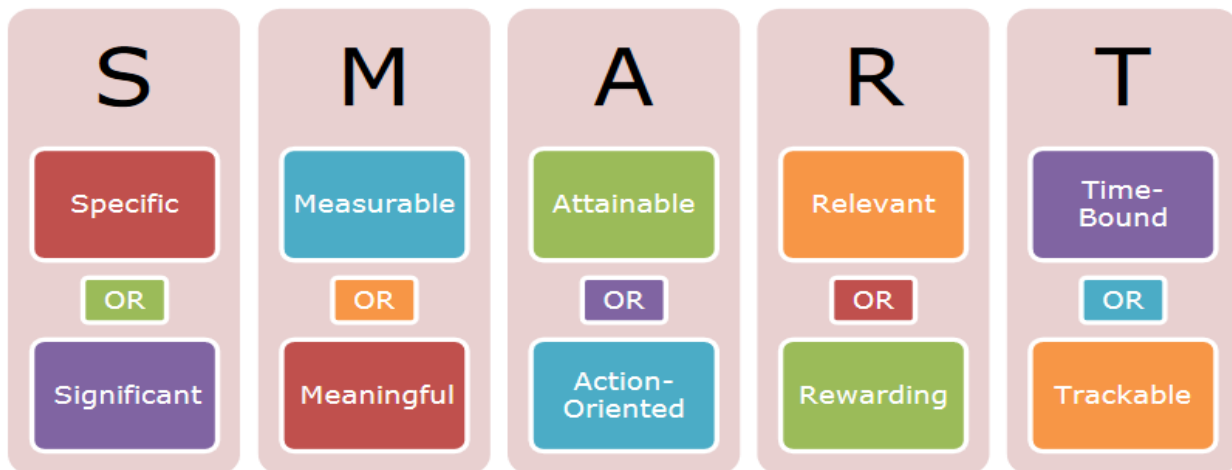
When you set a goal, it has to mean something, and there has to be a value to achieving it. If the outcome is of little to no importance to you, then the chances of your putting in the work are next to none.

Break down your goals into your top three, or top five, overall goals, the ones with the highest sense of urgency. If it helps, write down why they're valuable to you. I sometimes write these goals down because, a) the list becomes a tangible reminder of what needs to be done; and b) I need the visual aids to help me focus. As every entrepreneur knows, we have a lot of things on our minds, so there's nothing wrong with having a little help.

2.1.2 Set SMART goals

You may have heard of these already, but it's always useful to have a refresher. If you haven't heard about this acronym, here's what it stands for:

- Specific
- Measurable
- Attainable
- Relevant
- Time bound



2.1.2.1 SMART criteria

Table 1: SMART criteria

S	Specific	What will be accomplished? What actions will you take?
M	Measurable	What data will measure the goal? (How much? How well?
A	Achievable	Is the goal doable? Do you have the necessary skills and resources?
R	Relevant	How does the goal align with broader goals? Why is the result important?
T	Time-Bound	What is the time frame for accomplishing the goal?

2.1.2.2 Scope for SMART Goals

SMART goals are meant to address all of your major job responsibilities. Remember, goals are intended to focus attention and resources on what is most important so that you can be successful in achieving your priorities. SMART Goals are goals for your day-to-day job. Common types of goals are to:

- Increase something
- Make something
- Improve something
- Reduce something
- Save something
- Develop someone (yourself!)

2.1.2.3 S-M-A-R-T goal writing

S – Specific: When setting a goal, be specific about what you want to accomplish. Think about this as the mission statement for your goal. This isn't a detailed list of how you're going to meet a goal, but it should include an answer to the popular 'w' questions:

- Who – Consider who needs to be involved to achieve the goal.
- What – Think about exactly what you are trying to accomplish and don't be afraid to get very detailed.
- When –The "time-bound" section of defining S.M.A.R.T. goals, but you should at least set a time frame.
- Where – A location or relevant event, identify it here.
- Why – What is the reason for the goal?
- Note that this list does not include verbs like "improve," "reduce," or "increase" (e.g. "Improve customer service" or "reduce cost." These imply the direction that you want a result to move in, but don't do much to explain the role or specific action that you will take to accomplish this change.

M – Measurable: This makes a goal more tangible because it provides a way to measure progress. Milestones are a series of steps along the way that when added up will result in the completion of your main goal.

- States, there should be a source of information to measure or determine whether a goal has been achieved.
- The M is a direct (or possibly indirect) indicator of what success for a particular goal will look like.
- Identify the most relevant and feasible data sources and collection methods.
- Data collection efforts needed to measure a goal can be included in that goal's action plan.
- Some typical data types and data collection methods may include:

A – Achievable: This focuses on how important a goal is to you and what you can do to make it attainable and may require developing new skills and changing attitudes. The goal is meant to inspire motivation, not discouragement. Think about:

- how to accomplish the goal,
- if you have the tools/skills needed,
- if not, consider what it would take to attain them.

R – Relevant: Relevance refers focusing on something that makes sense with the broader business goals. For example, if the goal is to launch a new program or service, it should

be something that's in alignment with the overall business/department objectives. Your team may be able to launch a new program, but if your division is not prioritizing launching that type of new programs, then the goal wouldn't be relevant.

T – Time-Bound: Anyone can set goals, but if it lacks realistic timing, chances are you're not going to succeed. Providing a target date for deliverables is imperative. Ask specific questions about the goal deadline and what can be accomplished within that time period.

2.1.3 Write down your goals

I start every day writing down a list of "to-dos," as well as print out a calendar with my meetings for the day. I keep these daily goals visible at all times and cross check the things I've accomplished to gauge where I stand at the end of the day. This is a best practice for because it makes things tangible and me accountable. Use an active voice when writing them down; for example, say, "I *will* increase my marketing budget." Using more passive language such as "I would like..." gives you an excuse to get sidetracked.)

2.1.4 Put a plan in action

It's easy to get so focused on the outcome that you forget the steps needed to achieve the outcome. You might go from A through Z, giving little thought to B, C, D and everything in between. So, write down all of the individual steps. This is your road map to executing your plan as flawlessly as possible.

2.1.5 Work the plan

Having a plan in place makes you official. Working the plan makes you successful. If you take the time to draw up a good plan, why not use it? It's tempting to keep changing your mind or to draw new plans when things go awry, but variables aren't an excuse not to stick to the plan. Trust your instincts

Written Test

A

- B**

- Unsatisfactory - below 5 points**

Rating: _____

Date: _____

1. _____
2. _____
3. _____
4. _____

Information Sheet-3	Addressing the achievement of measurable and realistic short-term business objective
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3.1 Short term business objective

Here are some of the points which explain the importance of setting short-term goals:

Short-term goals let you create effective strategies: There are several strategies to achieve this year-end goal, such as; to invest in marketing budget, decrease the price per unit, run seasonal promotions, and discount offers.

Provides quick feedback: Setting short-term milestones assist you to align your other tasks to get to the bigger picture. Short term goals give you clear feedback in a quicker way to enable plan adjustment and make improvements to achieve your organizational goal.

Short-term Goals help kill procrastination: Setting short-term goals and combining it with some determination can do it for you. When your goals are small, clear and specific, the effort involved in accomplishing them drastically decreases lessening the need to constantly procrastinate.

Short-term Goals keep your focus: Achieving a long-term target will often seem unrealistic. You may easily lose focus while you work towards getting it done. However, if you have clearly defined your short-term goals that are measurable, realistic specific you will find yourself with a converged focus.

3.2 Importance of short-term business goals

Reduce business overheads: This is the short-term goal that fits the best with small and medium-sized businesses. If you want to make your business profitable then there are two ways to do this; either increase your revenue or reduce your overhead cost. The best short-term actions to reduce it are using technology, becoming paperless, and reducing debts.

Improve business productivity: It is always a good idea to set goals to improve your business and team productivity. It directly impacts your key business metrics and financial statements.

Incorporate social media marketing: Social media is a good channel for performing marketing activities for startups, professionals, and consultants.

Develop MVP (minimum viable product) Ahead of Time: It is a safe way to develop an MVP with minimum features and launch it as a beta version in a specific market. If your target market loves your MVP then it is okay to invest time and money to see it reshape into a usable final product.

Improve your customer service: You work out to make your customer service phenomenal by handling customer queries and complaints efficiently. If you lack good services to your customers and have an angry bunch of people, then improving your customer service standards should be your immediate short-term goal.

Know your competitors: This is an important short-term goal example to remain in business for the long term. You should regularly research your competitors on what they are doing currently in the market, what product they offer, their pricing strategy, the companies with which they collaborate, their content and marketing strategy.

Learn about market trends: If you want to grow your business's sales volume and revenue then you should become familiar with the current market trends. In the short term, it is a useful starting point to get benefits from other's research.

Develop a new product: It's the time that you diversify your business for its stability and growth. If you don't have multiple product lines then you should consider developing a new product and add to your portfolio of offerings.

Create an employee incentive program: To make your employees work hard for your business with full dedication you must incorporate an employee incentive program. The incentive program may include both tangible and intangible perks (especially for startups who have limited resources). Even a small appreciation helps in motivating your employees.

Look for the different employee incentive programs that you can adopt in your organization. It is necessary for productive teams that achieve their business goals timely.

Incorporate SMART goals: If your short-term goal is to increase the revenue, you can make it SMART by defining it more clearly like, increase the company revenue by 10% by the first quarter of the next year.

Self-Check -3	Written Test
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Directions 1: Choose the best answer for the following questions. Write the answer on the answer sheet provided. (2 pts each)

- One of the following is importance of setting short-term goals.
 - Often seem unrealistic People
 - Goal-achieving path vague
 - Lack the effectiveness
 - Provides quick feedback
- Which importance of short-term goals directly impacts key business metrics and financial statements?
 - Improve business productivity
 - Incorporate social media marketing
 - Reduce business overheads
 - Know your competitors
- One of the following is **not** the advantage of short-term goals.
 - Increase procrastination
 - Provides quick feedback
 - Improve business productivity
 - Reduce business overheads
- Which advantage of short-term business helps to improve your customer satisfaction?
 - Reduce business overheads
 - Improve your customer service
 - Learn about market trends
 - Know your competitors

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

You can ask you teacher for the copy of the correct answers.

Answer Sheet

Score = _____
Rating: _____

Name: _____

Date: _____

Answers

- _____
- _____
- _____
- _____

4.1 Developing a more realistic schedule

Scheduling can make or break activities. While the success of an organization management initiative depends greatly upon both adequate planning and efficient execution, realistic scheduling is sometimes underestimated. Some executives don't consider the development of a realistic schedule as sound to success as it really is. Meanwhile, adding more accuracy and explicitness to the project schedule lets align the entire work with stakeholder expectations and accounts for true risk exposure.

4.1.1 Criticize the schedule

The first activity was to criticize the schedule to ensure a more realistic forecast of how the work should be done. A sophisticated scoring algorithm consisting of multiple qualitative and quantitative metrics was used to analyze the schedule shortcomings against the constraints and float. The schedule was re-worked, corrected and improved by adding missing items, removing redundant logic, correcting irrelevant constraints, eliminating negative float, and converting delays into true tasks.

4.1.2 Schedule float comparison

Additionally, a deeper understanding of how schedule float varied over time was obtained. Before the schedule corrections had been made, the project team expected schedule flexibility, i.e. they thought there were high amounts of float in the early stages of the project life-cycle. The team considered this flexibility an opportunity to adjust their activity and compensate the previously lost time.

4.1.3 Analyze schedule risk exposure

Considering the new forecast, we decided that although we now had a much more realistic timeline with the new, later deadline, the opportunity for gaining back lost time without making significant schedule adjustments was no longer possible.

4.1.4 Team perception vs. True risk exposure

Our analysis proved that while the team considered most of the risks arising at the early project stages, in fact the risks got exposed in the schedule towards the latter end. Thanks to this, the team saw the true schedule aggressiveness and understood the knock-on impact of risk accumulation to final project stages.

4.2 Generate a schedule acceleration roadmap

In order to correct the given situation and fit the project schedule to the new forecast, we generated an acceleration roadmap that allowed moving project activities closer towards meeting the new deadline.

4.2.1 Developing a schedule

In order to meet the completion dates on your projects, it is wise to develop a project schedule. The five to developing a schedule are:

Define activities: All types are the inadequate identification of tasks. The level of detail shouldn't break down to more than 15 or so tasks per phase, or else it becomes too difficult to handle. If you need to break it down further, introduce a new phase (group of tasks) to keep it manageable.

Sequence activities: Ordering of the tasks and identification of dependencies.

Estimate resources: There are three types of resources:

- **Money:** Completion of the task requires an expenditure.
- **Time:** Completion of the task requires manpower.
- **Tools and Equipment:** Completion of the task requires the buy, rent, or lease of tools and equipment.

Estimate durations: Proceed through each task and estimate its duration.

Develop schedule: This can be done using a software product like Project Engineer, or one of the other project management products out there.

4.2.2 Keeping your schedule on track

Sometimes it will feel pointless to put something on paper that's almost guaranteed to change. Because this is an article about creating schedules, I would be remiss if I didn't point out the key parts of making sure the schedule results in a successful milestone, or more generally, a successful project.

- The schedule must be meaningful
- Modify it only by the authorization of the project sponsor.
- Hold regular progress meetings

Self-Check -4

Written Test

Directions: Match steps of schedule developing in column A with their functions in column B and write your answer on the space provided. (2 pts each)

A

- 1. Define Activities
- 2. Sequence Activities
- 3. Estimate Resources
- 4. Estimate Durations
- 5. Develop Schedule

B

- A. Estimate tasks duration
- B. Develop schedule by using a software product
- C. Identify types of resources
- D. Hold regular progress meeting
- E. Keeping your schedule on track
- F. Ordering the tasks and identification of dependencies
- G. Determining parameters before proceeding to detailed design

Score = _____
Rating: _____

Name: _____

Date: _____

Note: Satisfactory rating - 5 points

Unsatisfactory - below 5 points

Information Sheet-5	Introducing and understanding major components of work plan
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5.1 Introduction to work plan

A work plan is a written document designed to streamline a project. The goal is to create a visual reference for the goal, objectives, tasks and who is responsible for each area. Every member of your team should be included in the plan and should be updated based on progress and current status.

The plan includes:

- Setting goals and objectives
- Establishing team responsibilities
- Setting project timelines
- Establishing a budget

Work plans set out how a partnership will achieve its goals. They help convert big picture goals into smaller, more manageable outcomes and tasks. Work plans help ensure that the skills, experience and resources brought together by the partnership are used efficiently and sustainably.

A good work plan:

- gives brief summary of the background of the organization and its work, and the issues and/or challenges it is facing at present
- states the specific objectives to be achieved by the consultancy
- explains the consultant's "theory of practice" and/or methods to be used to achieve the project goals
- provides a timeline that (a) shows when major tasks will be undertaken and articulates clear achievement milestones, and (b) describes how time is allocated to the various activities described in the work plan
- lists major work products or deliverables, and incorporates a budget that keys payments to specific tasks, objectives, or deliverables
- specifies what the client's roles and responsibilities are during the project (in addition, of course, to the consultant's)
- states what will be different as a result of the consultancy, in terms of staff learning and the organization's effectiveness
- describes consultant's relevant experience and provides a list of clients and specific projects related to the proposed work

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5.2 Elements of a good consultant work plan

Key elements of a work plan include:

- Clearly defined goals and outcomes
- Activities
- Responsibilities
- Costs
- Evaluation

5.3 Identifying your work plan type

There are several works plans you can create, and the type can impact the specific details you include in the document. The common plans are:

Employee work plans: Individuals and small groups commonly use these plans to help with long-term strategic planning or launching projects. These plans could include:

- The goal of the project
- A projected budget
- Materials and expenses required for the project
- An estimated timeline for completion

Manager work plans: Similar to the employee plans, this work plan has a larger scope and may include:

- Benefits the plan would have to the business
- Detailed lists of costs and the budget associated with the project
- Statistics that show how the business will increase because of the project

Business owner work plans: Similar to a business plan, the work plan for a business owner could have many of the same elements as the plans for employees or managers.

5.4 Creating a work plan

Work plan can be created by the following procedures:

- Set goals and objectives
- Establish team responsibilities
- Set project timelines: Consider using the SMART guidelines to create your work plan goals and objectives.

5.5 Work plan template

The following is a work plan template you can use and adjust to organize your next project:

- **Introduction:** In paragraph form, include the following information:
 - ✓ Sentence 1: State the business problem or challenge
 - ✓ Sentence 2: State your goal for solving the problem
 - ✓ Sentence 3: State your project/solution
 - ✓ Sentence 4: Explain why the project/solution will solve the problem
- **Goal:** Concisely state your SMART goal (specific, measurable, achievable, realistic, timely).
- **Objectives:** List the specific tasks you will complete to achieve your goal. Keep this list short, preferably 3 to 5 main tasks.
- **Timeline:** State when the project will begin and end with any other deadlines or important milestone timelines.
- **Resources:** Include the people, money, tools and other resources the project requires.
- **Team Responsibilities:** Detail each team member's roles and responsibilities on the project. The more specific you are, the better you'll avoid confusion during the project.
- **Strategy:** List the sub-tasks you will need to achieve the objectives in the "Objectives" section.

Self-Check -5	Written Test
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Directions 1: Choose the best answer for the following questions. Write the answer on the answer sheet provided (2 pts each).

- Which elements of a work plan lists what tasks will be used to achieve the outcome?
 - Costs
 - Evaluation
 - Activities
 - Responsibilities
- Which part of work plan template list the specific tasks you will complete to achieve your goal?
 - Resources
 - Objectives
 - Introduction
 - Timeline
- The first step to creating a work plan is -----
 - Set goals and objectives
 - Establish team responsibilities
 - Set project timelines
 - Establishing a budget
- Which type of work plan include market research and long-term projections?
 - Manager work plans
 - Business owner work plans
 - Individuals work plan
 - Employee work plans

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Answer Sheet

Score = _____
Rating: _____

Name: _____

Date: _____

Answers

- _____
- _____
- _____
- _____

Information Sheet-6	Understanding the importance of constant reviewing plans
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6.1 Reviewing plans

Planning is used to measure the health and position of the organization; It is also its guiding force as it moves towards the future. Due to its importance over time, planning should be revised and updated at planned intervals.

6.1.1 Ways reviewing plans

Most of us have a before-action orientation to planning; i.e., planning is something you do before you start the work or activity. While it's true that the planning process is great for ensuring that you get off to a great start, the true benefit of a plan is that it helps you make sure you stay on the right track. Just as it's easy to start moving with no clear destination, it's easy to get caught up in projects and lose sight of where you were trying to go in the first place. Both scenarios have the same outcome: a heaping plate of wasted time and effort, with two side dishes of frustration and de motivation.

6.1.2 Importance of reviewing plans

Reviewing of plans has the following importance:

- Reviewing your plans helps limit decision fatigue
- Reviewing your plans helps reveal assumptions that need to be adjusted
- Reviewing your plans helps you proactively problem-solve and coordinate
- Reviewing your plans helps you keep momentum on Big Projects

6.2 Reviewing and updating strategic plan

A strategic plan is a living document. Don't spend the time to create a strategic plan and then put it on the shelf to collect dust. Live by it. And regularly update your strategic plan. How often you should update your strategic plan depends on how your business works. Some organizations review their strategic planning every year, while others do so every three or five years there is no standard time, each company will realize what the best

periodicity is. Review and update the strategic plan can be conducted every six months or annually.

A. Review and update the strategic planning every six months

The budget is one of the areas that require semiannual review. Leaders need to monitor expenses and ensure that they are decreasing. Or, the changes implemented in the plan to reduce expenses or increase revenue need to be monitored to see if they are meeting the established goals. Other areas that may be considered necessary for the semiannual review include those where dramatic changes were made in the tactics used or if the entire department was revised and a new mission was attributed. This review process does not have to turn into a new planning.

B. Review and update strategic planning annually

The annual assessment is usually designed for the organization's leadership to take stock of progress. As a minimum, leadership should consider the following points:

- Were the immediate objectives fulfilled in the plan?
- Are resources allocated to meet demands or are there deficits?
- Are there important changes in the organization not covered in the plan?
- Is there any legal change made (or ongoing) that cancels any part of the planning?
- Is the plan's budget within the programmed expectations?
- Have the planned tactical improvements reached expectations?

Self-Check -6

Written Test

Directions: Write short and precise answers for the following questions and write your answer on the space provided.

1. Write the five importance of reviewing plans (5 pts)

- A. -----
- B. -----
- C. -----
- D. -----
- E. -----

2. Assume yourself as leadership, list at least three points that you will consider when you review and updating strategic planning annually. (3 pts)

- A. -----
- B. -----
- C. -----
- D. -----

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Score = _____

Rating: _____

Operation Sheet 1	Procedures for developing realistic activities plans and schedule
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Steps for developing schedule:

Step1: Identify appropriate tools and materials

Step2: Define activities

Step3: Sequence activities

Step4: Estimate resources such as: money, time and tools and equipment

Step5: Estimate durations for each task

Step6: Develop schedule

Operation Sheet 2	Procedures for understanding major components of work plan
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Create the work plan by using the following procedures:

Step 1: Select appropriate tools and materials

Step 2: Set goals and objectives

Step 3: Establish team responsibilities

Step 4: Set project timelines: Consider using the SMART guidelines to create your work plan goals and objectives.

Step 5: Establishing a budget

LAP Test	Practical Demonstration
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Name: _____ Date: _____

Time started: _____ Time finished: _____

Instructions: Given necessary templates, tools and materials you are required to perform the following tasks within 6 hours.

Task 1. Developing schedule

Task 2. Create the work plan

Instruction Sheet

Learning Guide 72: Identify daily work requirements and Develop effective work habits

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics:

- Discussing and understanding effect working culture
- Developing and understanding different approaches of work culture
- Identifying work requirements for a given time period
- Prioritizing work activities
- Allocating work is to relevant staff or contractors
- Identifying work and personal priorities and achieving balance
- Sougning input is from internal and external sources
- Responding business or inquiries
- Presenting information in appropriate format

This guide will also assist you to attain the learning outcome stated in the cover page.

Specifically, upon completion of this Learning Guide, you will be able to:

- Discuss and understand effect working culture
- Develop and understand different approaches of work culture
- Identify work requirements for a given time period
- Prioritize work activities
- Allocate work is to relevant staff or contractors
- Identify work and personal priorities and achieving balance
- Sought input is from internal and external sources
- Respond business or inquiries
- Present information in appropriate format

Learning Instructions:

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below 3 to 6.
3. Read the information written in the information “Sheet 1, Sheet 2, Sheet 3, Sheet 4, Sheet 5, Sheet 6, Sheet 7, Sheet 8 and Sheet 9” in page 26, 32, 37, 41, 44, 46, 51, 54 and 57 respectively.

4. Accomplish the “Self-check 1, Self-check 2, Self-check 3, Self-check 4, Self-check 5, Self-check 6, Self-check 7, Self-check 8 and Self-check 9” -” in page 31, 36, 40, 43, 45, 50, 53, 56 and 58 respectively
5. If you earned a satisfactory evaluation from the “Self-check” proceed to “Operation Sheet 1 in page 59.
6. Do the “LAP test” in page 60

1.1 Introduction to workplace culture

Workplace culture is the environment that you create for your employees. It plays a powerful role in determining their work satisfaction, relationships and progression. It is the mix of your organization's leadership, values, traditions, beliefs, interactions, behaviors and attitudes that contribute to the emotional and relational environment of your workplace. These factors are generally unspoken and unwritten rules that help to form bonds between your colleagues. In layman's language work culture refers to the mentality of the employees which further decides the ambience of the organization.

Work culture is a concept which deals in the study of:

- Beliefs, thought processes, attitudes of the employees.
- Ideologies and principles of the organization.

It is the work culture which decides the way employees interact with each other and how an organization functions. Work culture plays an important role in extracting the best out of employees and making them stick to the organization for a longer duration. The organization must offer a positive ambience to the employees for them to concentrate on their work rather than interfering in each other's work.

An organization is said to have a strong work culture when the employees follow the organization's rules and regulations and adhere to the existing guidelines. However, there are certain organizations where employees are reluctant to follow the instructions and are made to work only by strict procedures. Such organizations have a weak culture.

1.2 Common types of work cultures

The four most common types of work cultures are: hierarchal cultures, market driven cultures, clan cultures and adaptable/flexible cultures. Each culture has its own attributes.

Hierarchal culture

- Rational analysis and decision making
- Policies and procedures
- Accuracy and precision in work details

- Consistent processes to ensure quality, service and cost management
- Measurement systems with regular reporting

Market driven culture

- Competitiveness and success over competition
- Strong customer relationships
- Speed of responsiveness
- Intensity for world-class performance
- Results focused to drive high performance

Clan culture

- Teamwork
- Strong relationships based on trust and openness
- People development through coaching, feedback, learning and development
- Collaboration with colleagues and the community at large
- Caring for others in a compassionate and empathic way

Adaptable/flexible culture

- Innovation
- Creativity in new ideas and problem solving
- Entrepreneurial spirit
- Future-focused vision
- Change and continuous improvements
- Flexibility and agility to changing priorities and business needs

1.3 Creating an open culture

While work cultures are different in each organization, it is important that leaders focus within their teams to create a culture that is as open, engaging and high performing as possible.

Excellent communication skills will underpin all actions. Communication should be transparent and frequent enough to motivate, inform and inspire employees. By being aware of your current organizational culture you can identify areas you would like to improve and influence change within your team.

1.4 Characteristics of a healthy work culture

The following are some of the characteristics of healthy work culture:

- A healthy work culture leads to satisfied employees and an increased productivity.
- Employees must be cordial with each other
- Each employee should be treated as one
- Appreciating the top performers is important
- Encourage discussions at the workplace
- Organization must have employee friendly policies and practical guidelines
- The “Hitler approach” does not fit in the current scenario.
- Promote team building activities to bind the employees together

1.5 Influence of culture on the workplace

Workplace culture is an important factor to all workplaces. It determines how pleasant or toxic your work environment is. It has a direct influence on how your employee fits into the organization and your organization’s ability to attract and retain employees because it shapes the environment that they work in.

1.6 Importance of good workplace culture

A good workplace culture has the following importance:

- It attracts and keeps talented staff
- It drives engagement and retention
- It creates an environment for healthy development
- It creates satisfied employees and increases productivity
- It drives financial performance

1.7 Creating a healthy workplace culture

There is no shortcut to creating the best culture. Each culture is unique to the individual business needs. But, to get you started, we have five proven methods on how to improve your workplace culture.

- Cultivate employee relationships
- Build universal traits employees seek from employers
- A comfortable workplace

- Career development training
- Be mindful of burnout

1.8 Building blocks of an ethical workplace

Shaping an ethical workplace cultures requires disciplined attention to four ingredients in every ethical workplace: compliance, fairness, trust and a working ethical self-concept.

- **Compliance:** Compliance refers to the norms, values and ethical expectations set by the organization and its management practices.
- **Fairness:** Fairness refers to the perceived justice of the policies and practices that affect employees and their work.
- **Motive-based trust:** Motive-based trust refers to the assessment employees make regarding the ethical character of those with whom they interact at work.
- **Ethical working self-concept:** Ethical working self-concept refers to the degree to which employees make the ethical values of the organization part of their concept of who they are and what is expected of them as members of that organization.

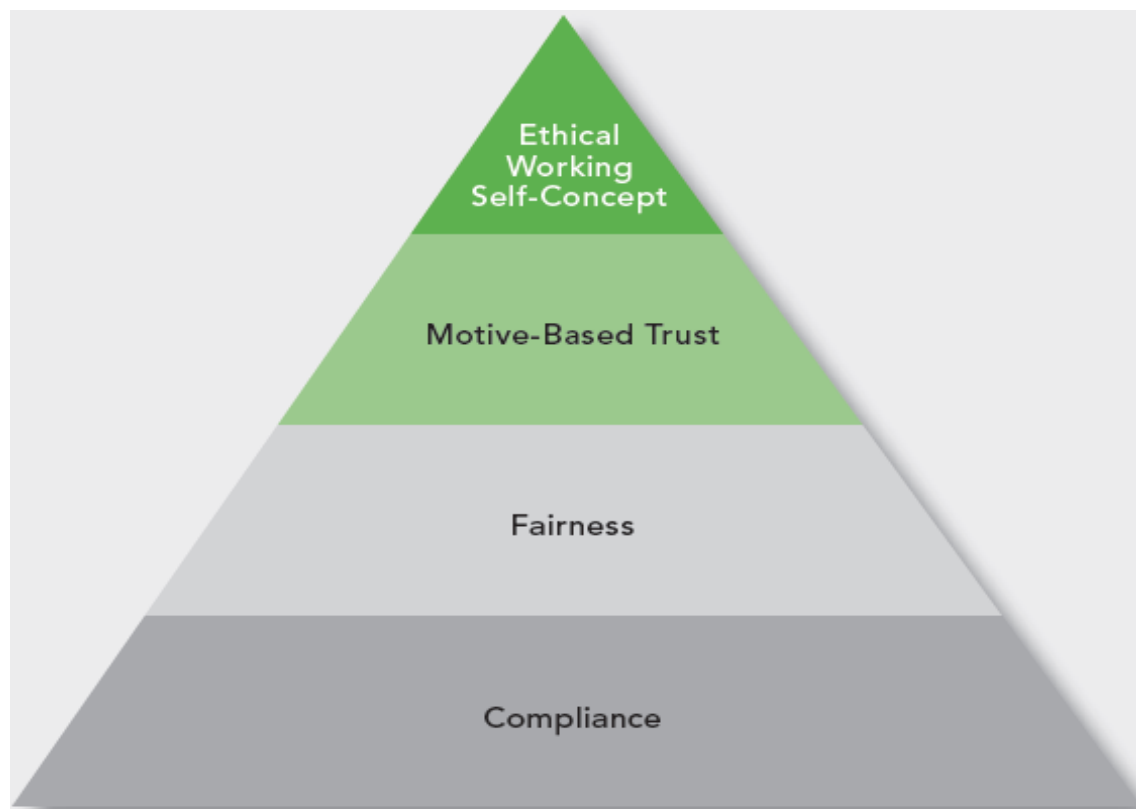


Figure 1: The four building blocks of ethical culture

1.9 Ethical work place culture: three models

The ethical culture of most organizations falls into one of three models:

- **Compliant ethical workplace cultures:** promote the minimum ethical standards required by law, regulation and social convention.
- **Positive ethical workplace cultures:** go beyond the legal bare minimum by ensuring that self-transcending values and expectations are clearly communicated to all managers and employees and by ensuring that all employees adhere to the highest levels of justice and fairness.
- **Virtuous ethical workplace cultures:** pursue the highest standards and levels of compliance and justice and make adherence to self-transcending values a priority.

Self-Check -1	Written Test
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Directions: Choose the best answer for the following questions and write your answer on the answer sheet provided (2 pts each).

- Which one of the following is the attributes of hierarchal work culture?
 - Future-focused vision
 - Speed of responsiveness
 - Policies and procedures
 - Entrepreneurial spirit
- Which type of work culture used to attribute strong customer relationships?
 - Hierarchal culture
 - Market driven culture
 - Clan culture
 - Adaptable/flexible culture
- One of the following is importance of work culture.
 - It decreases financial performance
 - Discourage discussions at the workplace
 - It attracts and keeps talented staff
 - Create work load on employees
- Which one of the following methods used to improve your healthy workplace culture?
 - Cultivate employee relationships
 - Discouraging employees to leave on-time
 - Work in a toxic environment
 - Overworked and stressed

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Answer Sheet

Score = _____
Rating: _____

Name: _____

Date: _____

Answers

- _____
- _____
- _____
- _____

Information Sheet-2	Developing and understanding approaches of work culture
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2.1 Approaches of work culture

Various approaches to organizational culture and the cultural values of the excellent firms while discussing the relationship between the culture and performance. We learnt that participative and humanistic culture leads to higher performance. Now, most of us get a nagging doubt that how employees learn such organizational culture. The following are some of the approaches for organizational work culture:

Leadership journeys: Leaders today need highly developed competencies in collaboration, empathy, intuition, and rapid decision-making. These are not the skills of middle managers focused on execution and they are not developed in most business schools. Leading organizations is not for the faint of heart. It requires an unwavering commitment to the vision, while continually adapting to change. It requires a deep knowledge of self and a willingness to up-level around your own reactivity and personal mastery.

Top-team alignment: When high-performing top teams work collaboratively, they achieve the best results for the organization. Too many top teams' function as sole business owners reporting out performance metrics that aligns only with the strategy, not with other teams around them. Organizations need a clear and powerful vision and mission/purpose that span across and integrate teams, with everyone moving in the same direction. They should strike a chord, hit you in the gut.

Cultural development plan: A cultural development plan begins with a baseline measurement. You need to know where you are and how your initiatives impact the culture over time.

- The culture plan should be developed in alignment with the organizational strategy.
- The culture plan should be owned at the executive level with support from a culture or HR team.
- Pick three to five key areas to focus on with clear, measurable objectives. Make clear assignments of the tactics.

- Communicate about the key initiatives weekly.
- Involve people throughout the organization.
- Celebrate quick wins and communicate progress toward stretch goals that take longer to achieve.

Workflow transformation interaction mapping: One of our publicly traded clients shared that, while their performance was high, they had horrendous attrition rates. HR was committed to providing the right resources if they were identified, but leaders weren't coming forward to ask for resources. The work is all about training people to be impeccable in their agreements, which starts with a thorough negotiation, truly considering the implications of each decision, and ends with a review of how the process and execution went.

Emergent design and prototyping: They popularized design thinking, a process for ideation and rapid prototyping focused on human-centered design. In short, it's designing for the people you are serving. Emergent group process means tapping the knowledge, wisdom, and experience of the collective to create something truly new. The following approaches may be also helpful in assessing and understanding the culture of an organization, but also illustrate its inherent complexity. Observers should recognize that an organization's culture can be viewed from multiple angles, and that its characteristics can be reflected in a number of overlapping dimensions.

Edgar Schein: believed that culture is the most difficult organizational attribute to change and that it can outlast products, services, founders and leaders. Schein's model looks at culture from the standpoint of the observer and describes organizational culture at three levels:

- **Artefacts-organizational** attributes that can be seen, felt and heard by the uninitiated observer, including the facilities, offices, décor, furnishings, dress, and how people visibly interact with others and with organizational outsiders
- **Espoused values**-the professed culture of an organization's members. Company slogans, mission statements and other operational creeds are useful examples
- **Basic underlying assumptions**-which are unseen and not consciously identified in everyday interactions between organizational members. Even people with the

experience to understand this deepest level of organizational culture can become accustomed to its attributes, reinforcing the invisibility of its existence.

Geert Hofstede: is well-known for his work exploring the national and regional cultural influences which affect the behavior of organizations (see Related Models and Thinkers). He also collaborated with Bob Waisfiszto develop an Organizational Culture Model, based on empirical research and featuring six dimensions. These are:

- **Means oriented vs goal oriented**-the extent to which goals (the 'what') or the means (the 'how') of conducting work tasks are prioritized. This may affect attitudes to taking risks or contributing discretionary effort
- **Internally driven vs externally driven**-externally driven cultures will be more pragmatic, focusing primarily on meeting the customer's requirements, while internally driven cultures may exhibit stronger values
- **Easygoing vs strict**-stricter cultures run on a high level of discipline and control, while easygoing cultures tend towards more improvisation
- **Local vs professional**-the extent to which people identify with their immediate colleagues and conform to the norms of this environment, or associate themselves with a wider group of people and practices based on their role
- **Open system vs closed system**-the extent to which newcomers are accepted and the differences they bring are welcomed
- **Employee-oriented vs work-oriented**-the extent to which the employee's well-being is prioritized at the expense of the task, or vice versa.

Charles Handy links organizational structure to organizational culture. Handy describes:

- **Power Culture**-power is concentrated among a few with control and communications emanating from the center. Power cultures have few rules and little bureaucracy; decision making can be swift
- **Role Culture**-authority is clearly delegated within a highly defined structure. Such organizations typically form hierarchical bureaucracies where power derives from a person's position and little opportunity exists for expert power
- **Task Culture**-teams are formed to solve particular problems with power deriving from expertise
- **Person Culture**-here, all individuals believe themselves superior to the organization. As the concept of an organization suggests that a group of like-minded individuals pursues common organizational goals, survival can become

difficult for this type of organization. However, looser networks or contractual relationships may thrive with this culture.

Gerry Johnson and Kevan Scholes developed the Cultural Web in 1992. It is a representation of the taken-for-granted assumptions of an organization which helps management to focus on the key factors of culture and their impact on strategic issues. This can identify blockages to and facilitators of change in order to improve performance and competitive advantage.

The Cultural Web contains six inter-related elements:

- **Stories**-the past and present events and people talked about inside and outside the company
- **Rituals and routines**-the daily behaviour and actions of people that signal acceptable behaviour
- **Symbols**-the visual representations of the company including logos, office decor and formal or informal dress codes
- **Organizational structure**-includes structures defined by the organization chart, and the unwritten lines of power and influence that indicate whose contributions are most valued
- **Control systems**-the ways that the organization is controlled including financial systems, quality systems, and rewards
- **Power structures**-Power in the company may lie, for example, with one or two executives, with a group of executives or a department, or it may be more evenly distributed in a 'flat' organizational structure. These people have the greatest amount of influence on decisions, operations, and strategic direction.

Self-Check -2	Written Test
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Directions: Match Geert Hofstede approaches of work culture in column A with their definitions in column B and write your answer on the space provided. (2 pts each)

A

-----1. Means oriented vs goal oriented

-----2. Internally driven vs externally driven

-----3. Easygoing vs strict

-----4. Open system vs closed system

-----5. Local vs professional

-----6. Employee-oriented vs work-oriented

B

A. Externally driven cultures will be more pragmatic

B. The extent to which goals of conducting work tasks are prioritized

C. Stricter cultures run on a high level of discipline and control

D. The extent to which people identify with their immediate colleagues

E. Stricter cultures run on a high level of discipline and control

F. The extent to which the employee's well-being is prioritized

G. The daily behaviour and actions of people

H. Includes structures defined by the organization chart

Note: Satisfactory rating – 6 points

Unsatisfactory - below 6 points

You can ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Name: _____

Date: _____

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

Information Sheet-3

Identifying work requirements with resources and constraints

3.1 Identifying work requirement

If we are going to assign a simple and easy to understand definition for “work requirements”, it would be the “qualities or qualifications that an individual must have in order to be considered suitable for a specific job”.

The most common job requirements mentioned are the specific skills, educational requirements, personal qualities and attributes, types and amounts of work experience, as well as the professional certifications and accreditations that the employee must have to his name.

3.1.1 Identifying factors affecting work requirements

Some examples of the types of factors that may affect your work requirements include:

- competing demands
- time constraints
- equipment breakdown
- lack of resources
- changes in procedures
- environmental factors

These factors will have different impacts on your work requirements. You can address them by:

- changing your schedule
- requesting additional resources
- asking your supervisor or more experienced colleagues for help
- learning new skills. If you have difficulty in assessing the impact of factors that arise in your workplace, ask for advice from your supervisor.

3.1.2 Purpose and importance of work requirements

Work requirements have the following purposes:

- To improve the accuracy of the recruitment process
- To reduce the number of potential applicants
- To assist applicants in making decisions on whether to apply for the job or not

3.1.3 Components of job requirements

The requirements that employers focus on throughout the recruitment process are:

Skill and knowledge requirements: There are jobs that require specific and, often, technical skills and knowledge that are unique to the job.

- **Years of work experience:** Employers often pay attention to two aspects of work experience: the quality of work experience, and the amount or duration of the work experience.
 - ✓ **Quality of work experience.** The relevance of the experience will be taken into account.
 - ✓ **Amount of work experience.** This refers to the number of years of work experience of the candidate.
- **Educational requirements:** There are jobs that require candidates to have obtained a certain level of education, and that fact will be emphasized in the job posting.
- **Equivalent experience:** “Equivalent experience” is what employers accept in lieu of some or all educational requirements, or even direct and paid work experience.
- **Professional certification:** There are jobs that require the jobholder to be licensed or certified as a professional. For instance, an Accountant position requires the jobholder to be a Certified Public Accountant.
- **Specific knowledge:** Specific knowledge is the information a candidate needs to know that cannot be included in other categories. Specific knowledge is often highly specialized and is developed through extensive research, practical experience and personal curiosity.
- **Personal traits and attributes:** Personality traits and attributes describe the kind of person who is best suited for the position and the company.
- **Languages:** Some job postings specify that candidates must be bilingual or have a specific level of proficiency in a language.

- **Physical ability:** Most job listings include what physical activities candidates are expected to be able to accomplish with or without accommodations.

3.2 Constraints

The three primary constraints that project managers should be familiar with are time, scope and cost. These are frequently known as the triple constraints or the project management triangle. Each constraint is connected to the other two; so, for example, increasing the scope of the project will likely require more time and money, while speeding up the timeline for the project may cut costs, but also diminish the scope.



Figure 2: Areas of possible constraints

Time constraint: The following steps should be taken for effective time management:

- Planning
- Scheduling
- Monitoring
- Control

Scope constraint: Defined upfront, the scope of the project should be clearly and regularly communicated to all stakeholders.

Cost constraint: A project's budget includes both fixed and variable costs, including materials, permits, labor and the financial impact of team members working on the project.

A few of the ways to estimate the cost of a project include:

- **Historical data:** Looking at what similar projects cost in the recent past

- Resources: Estimating the rate of cost for goods and labor.
- Parametric: Comparing historical data with updated, relevant variables
- Vendor bid: Averaging the total charge of several solid vendor bids

Self-Check -3	Written Test
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Directions: Match components of job requirements in column A with their definitions in column B and write your answer on the space provided. (2 pts each)

A	B
-----1.Skill and knowledge requirements	A. Licensed or certified as a professional
-----2. Years of work experience	B. All educational requirements
-----3. Equivalent experience	C. Certain level of education
-----4. Professional certification	D. Best suited for the position
-----5. Specific knowledge	E. The amount or duration of the work experience
-----6. Personal traits and attributes	F. Able to do the work environment.
-----7. Languages	G.A specific level of proficiency in a language
-----8. Physical ability	H. Technical skills and knowledge that are unique to the job
-----9. Educational requirements	I. The information a candidate needs to know
	J. Duties and responsibilities of the job
	K. Context of the job
	L. Responsibility levels

Note: Satisfactory rating – 9 points

Unsatisfactory - below 9 points

Score = _____
Rating: _____

Name: _____

Date: _____

- | | | |
|----------|----------|----------|
| 1. _____ | 5. _____ | 8. _____ |
| 2. _____ | 4. _____ | 9. _____ |
| 3. _____ | 6. _____ | |
| 4. _____ | 7. _____ | |

Information Sheet-4	Prioritizing work activities based on business needs, requirements and deadlines
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4.1 Prioritizing work

Time is one of the most significant things that we have in the world. It is a necessary yet tragically limited resource. In this exceedingly frantic and fast-paced world, the ability to manage time properly is a must. Time management is essential in achieving your goals and getting your work done. With time management comes organizing, planning, and prioritizing. The company is interested in how well you manage your time because they want to see if you do your work in an organized way, they want to know your strategies for completing a given task in a short span of time, and they want to determine what your priorities are.

Prioritizing your work is not that easy. You have to identify which things need to be done first. It is a crucial process, but once you get used to it, organizing and planning will be less difficult. If you know how to effectively organize and prioritize your workload, you will learn how to be more efficient and productive.

4.2 Guidelines for prioritizing work

There are some guidelines that can help you in prioritizing your work and answering questions about your time management skills.

- Make your to-do list: Listing on paper what you want to accomplish for the day is an effective way to remember the things you need to do. It can be a weekly to-do list, but daily ones are more effective.
- Rank your to-do list: After writing your tasks on a notepad, rank them from the most important to the least.
- Post your to-do list: Put your to-do list somewhere you can always see it
- Note your responsibilities: Type or write in bullet points some notes about your reminder.
- Avoid unnecessary tasks: Try to analyze the less important task/s in terms of whether you really need to do it/them.

- Set realistic deadlines: When you're working on something and a deadline was set by your boss, set your own deadline ahead of the deadline that your boss gave you.
- Set your break time: Working all day with no break is not fun. If you're already tired, take a break.
- Put away distractions: In this modern world, a lot of things can distract us from doing our work. These include camera phones, mobile devices, gadgets, the World Wide Web (especially Face book and Twitter), and many more. Put away the things that distract you. Don't check your inbox every minute; you can do this during your breaks from work or schedule time slots in your day to check.

Self-Check -4	Written Test
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Directions: Write short and precise answers for the following question and write your answer on the space provided.

1. Write the eight guidelines for prioritizing work. (8 pts)

- A. -----
- B. -----
- C. -----
- D. -----
- E. -----
- F. -----
- G. -----
- H. -----

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

You can ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Information Sheet-5

Allocating work to relevant staff or contractors

5.1 Allocating work

One of the frequent problems that new (and often experienced) managers have is allocating work to a team. It might sound like an easy task however it is not as straightforward as simply calling a quick meeting and giving everyone something to do. While new managers may struggle to take on an authoritative role, experienced managers can also make mistakes when it comes to assigning jobs and specific tasks to employees. We have come up with a few things you need to take into account so that you can successfully allocate work to your team.

5.2 Successfully allocating work to team

There are several aspects you need to ponder before you allocate work. There are five criteria to think about as you think about distributing work:

- **Priority:** Consider the work's priority. Priority needs to drive everything.
- **Skill Sets:** Evaluate the skill set of the people who you're thinking about distributing the work to. If they have the right skill set, you're going to get a high-quality result.
- **Availability:** The next consideration for allocating work is a person's availability. All things being equal in terms of priority and skill set, who is free to do the work? You should not be shifting resources from one project to another when you have available resources to pick up that new project.
- **Development:** You should be constantly upgrading your team's skill set. A way to do that is to give them new work where they're going to learn new skills.
- **Interest:** If someone is really interested and passionate about a project, you should let them take it on. They're going to be motivated, excited to do it, and hopefully their performance will follow.

Self-Check -5	Written Test
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Directions: Write short and precise answers for the following question and write your answer on the space provided.

1. Write the five criteria to think about when you distributing work to staff. (5 pts)

- A. -----
- B. -----
- C. -----
- D. -----
- E. -----

Note: Satisfactory rating - 3 points

Unsatisfactory - below 3 points

You can ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Name: _____

Date: _____

Information Sheet 6	Identifying work and personal priorities using appropriate time management strategies
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6.1 Identifying work and personal priorities

Managing your personal work priorities is at the core of being effective in the workplace.

6.1.1 Work and personal priorities

Work and personal priorities may include:

- **Work/life balance and other commitments, including:**
 - ✓ Managing time
 - ✓ Prioritizing tasks
 - ✓ Completing tasks on time
 - ✓ Family
 - ✓ Hobbies
 - ✓ Rest/ relaxation
- **Time management:** Balancing all of your tasks can be difficult; time management strategies can help to keep a balance. Time management is the process of arranging and controlling your time in and out of work. The appropriate time management depends on:
 - ✓ Personality
 - ✓ Ability to self-motivate
 - ✓ Level of self-discipline.

6.1.2 Ways for mastering time management

- Step back and look at the bigger picture: Good managers are required to step out of detail and look at the bigger picture.
- Establish your priorities: Categorize your tasks by Importance and Urgency. Importance is the first factor of establishing priorities. Urgency is second.
- Allocate your time to the tasks that matter: Before you begin a task ask yourself the question, “What will the outcome be?”. Then you can try and avoid the time wasters.
- Plan your weeks and daily task lists: Effective time management starts with good planning, Daily tasks should be planned the evening prior to avoid distractions which often occur first thing in the morning.

- **Manage your emails:** Effective management of emails can have a big impact on freeing up your time.
- **Minimize distractions and interruptions:** Avoid unnecessary meetings and set boundaries for staff so you're not being continually interrupted
- **Don't procrastinate:** For your most important tasks, allocate these to be done first thing in the morning, and complete them prior to checking email to avoid distractions.
- **Keep your work space clean and organized:** If your files and desk are well organized, it's going to be much quicker to find what you need and will save you time in the long run.

6.2 Time management strategies

The term time management is a misnomer. You cannot manage time; you manage the events in your life in relation to time. You may often wish for more time but you only get 24 hours, 1,440 minutes or 86,400 seconds each day. How you use that time depends on skills learned through self-analysis, planning, evaluation, and self-control.

Incorporate the ten strategies below for more effectively manage your time:

Know how you spend your time: Identifying your most time-consuming tasks and determining whether you are investing your time in the most important activities can help you to determine a course of action.

Set priorities: Managing your time effectively requires a distinction between what is important and what is urgent. Categorize our activities into four quadrants in their Time Management Matrix: urgent, not urgent, important and not important.

Use a planning tool: Writing down your tasks, schedules, and memory joggers can free your mind to focus on your priorities. The key is to find one planning tool that works for you and use that tool consistently. Some reminders when using a planning tool are:

- Always record your information on the tool itself.
- Review your planning tool daily.
- Carry your planning tool with you.
- Remember to keep a list of your priorities in your planning tool and refer to it often.
- Synchronize electronic planners with your computer and recharge the batteries in your planner on a regular basis.
- Keep a back-up system.

Get organized: Implement a system that allows you to handle information only once. Most people find that disorganization results in poor time management.

Schedule your time appropriately: Block out time for your high priority activities first and protect that time from interruptions.

Delegate: Get help from others: Delegation means assigning responsibility for a task to someone else, freeing up some of your time for tasks that require your expertise. Delegation begins by identifying tasks that others can do and then selecting the appropriate person(s) to do them. You need to select someone with the appropriate skills, experience, interest, and authority needed to accomplish the task.

Stop procrastinating: You may be putting off tasks for a variety of reasons. Try breaking down the task into smaller segments that require less time commitment and result in specific, realistic deadlines.

Manage external time wasters: Your time may be impacted by external factors imposed by other people and things. You can decrease or eliminate time spent in these activities by implementing some simple tips listed below.

Telephone

- Use voice mail and set aside time to return calls.
- Avoid small talk. Stay focused on the reason for the call.
- Stand up while you talk on the phone. You are more likely to keep the conversation brief.
- Take any necessary action immediately following the call.
- Set aside times of the day for receiving calls and let others know when you are available.
- Keep phone numbers readily available near the telephone.

Unexpected Visitors

- Establish blocks of time when you are available for visits.
- Tell the visitor politely that you cannot meet with them at this time and schedule the visit for a more convenient time.
- Set a mutually agreeable time limit for the visit.
- When someone comes to the door, stand up and have your meeting standing.

Meetings

- Know the purpose of the meeting in advance.
- Arrive on time.
- Start and end the meeting on time.

- Prepare an agenda and stick to it. Use a timed agenda, if necessary.
- Don't schedule meetings unless they are necessary and have a specific purpose or agenda.

Mail and E-mail

- Set aside a specific time to view and respond to your mail and e-mail, but don't let it accumulate to the point that it becomes overwhelming to sort.
- Turn off instant messaging features on e-mail.
- Handle each item only once, if possible. Practice the options for dealing with clutter listed earlier.
- Sort mail near a garbage can and delete junk e-mail immediately from your electronic mailbox.
- Answer written messages by responding on the margins or bottom of the page.

Family obligations

- Establish a master calendar for each family member to post their time commitments.
- Make each family member responsible for consulting the master calendar for potential conflicts.
- Create a central area for posting communications such as appointment reminders, announcements, and messages.

Avoid multi-tasking: You lose time when switching from one task to another, resulting in a loss of productivity.

Stay Healthy: Scheduling time to relax can help you rejuvenate both physically and mentally.

Self-Check -6	Written Test
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Directions: Choose the best answer for the following questions. Use the Answer sheet provided (2 pts each)

- is assigning responsibility for a task to someone else.
 - Delegate
 - Stay Healthy
 - Procrastinating
 - Avoid multi-tasking
- One of the following is used to manage time.
 - Use multi-tasking
 - Set priorities
 - Increase small talking
 - Procrastinating
- Which one of the following is an external factor that affects time management?
 - Get organized
 - Use a planning tool
 - Family obligations
 - Get help from others
- Spent of time in a meeting can be managed by-----
 - Schedule meetings every time
 - No need of agenda
 - Take unlimited time
 - Arrive on time

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

You can ask you teacher for the copy of the correct answers.

Score = _____
Rating: _____

Name: _____

Date: _____

Answers

-
-
-
-

Information Sheet 7

Sourcing input from internal and external sources and to develop and refine new ideas and approaches

7.1 Input from internal and external sources

Business information comes in general surveys, data, articles, books, references, search-engines, and internal records that a business can use to guide its planning, operations, and the evaluation of its activities. Such information also comes from friends, customers, associates, and vendors. Published sources may be daily newspapers; financial, trade, and association magazines; databases, government statistics, directories, technical manuals, and much else. In effect, since "information" is defined more by context than by content, business information is whatever information helps a business know its environment.

7.1.1 Internal information

All organizations generate a substantial amount of information relating to their operation. This internal information is vital to the successful management of the organization. The information may be available from a number of sources within the organization, for example:

- Marketing and sales information on performance, revenues, markets shares, distribution channels, etc.
- Production and operational information on assets, quality, standards, etc.
- Financial information on profits, costs, margins, cash flows, investments, etc.
- Internal documentation such as order forms, invoices, credit notes, procedural manuals.

7.1.2 External information

An external source of information is concerned with what is happening beyond the boundaries of the organization. This covers any documentation relating to a subject area produced as a summary or detailed report by an agency external to an organization. Such

information may be obtainable from government agencies or private information providers.

Examples might include:

- census figures
- telephone directories
- judgments on court cases
- computer users' yearbook
- legislation, for example
- Gallup polls the Data Protection Act
- national opinion polls
- trade journals
- Ordnance Survey maps
- professional publications
- financial services agencies such
- industry standards as Dunn and Bradstreet
- the Internet

External information comes in a variety of forms from printed material to broadcast reports to online dissemination.

Self-Check -7	Written Test
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Directions: Write short and precise answers for the following question and write your answer on the space provided.

- What are the two type of business information? (2 pts)
 -
 -
- Write at least four external sources of business information. (4 pts)
 -
 -
 -
 -

Note: Satisfactory rating - 3 points

Unsatisfactory - below 3 points

You can ask you teacher for the copy of the correct answers.

Score = _____
Rating: _____

Information Sheet-8	Responding business or inquiries to promptly and effectively
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8.1 Responding business

Responding to a customer in a prompt and professional manner is very important for many reasons.

Companies rely on their customers to keep a business running smoothly and profitable. In order to keep customers satisfied, they expect their concerns to be handled professionally, effectively and swiftly. This is why it is very important to respond to customers request in a prompt and professional manner. If a customer feels disrespected or like their problem was not resolved effectively then they may spread a bad word about your business or file complaint with other agencies. This leads to a bad reputation for the company.

8.2 Handling customer complaints

At some stage your business is likely to receive a customer complaint. Dealing with it in a positive and constructive manner will help to keep your customers. In general customers who are unhappy with your product or service will not complain to you but they will complain to others and take their business elsewhere. Managing customer complaints and resolving them quickly will result in improved business processes and repeat business.

8.2.1 Complaints handling policy

Develop a complaints handling policy. It should include reassuring customers that you value their feedback and you are committed to resolving their issues in a fair, timely and efficient manner. It should also:

- explain how customers can make a formal complaint
- identify the steps you will take in discussing, addressing and resolving complaints
- indicate some of the solutions you offer to resolve complaints
- inform customers about your commitment to continuous improvement

8.2.2 Complaints handling procedure

Once you have developed a policy you can create a procedure for handling complaints. A procedure will ensure complaints are dealt with the same way, every time. The procedure should be easy to understand and follow by all your staff. Your procedure could include the following steps.

- Listen to the complaint
- Record details of the complaint
- Get all the facts
- Discuss options for fixing the problem
- Act quickly
- Keep your promises
- Follow up

8.2.3 Respond to customer complaints

5 tips on responding to customer complaints:

1. listen to the customer's experience in its entirety
2. apologize
3. focus on the solution
4. don't rush the customer
5. find complaints before they find you

Self-Check -1	Written Test
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Directions: Write short and precise answers for the following question and write your answer on the space provided.

1. Write complaints handling procedure. (7 pts)

- A. -----
- B. -----
- C. -----
- D. -----
- E. -----
- F. -----
- G. -----

2. List five methods for responding to customer complaints.(5pts)

- A. -----
- B. -----
- C. -----
- D. -----
- E. -----

Note: Satisfactory rating - 6 points

Unsatisfactory - below 6 points

You can ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Name: _____

Date: _____

Information Sheet-9

Presenting information in appropriate format

9.1 Presenting information

Information needs to be presented clearly and in the most appropriate way possible. The layout, design and format must suit the purpose and audience. The following are all possible formats:

- essay
- leaflet
- poster
- website
- presentation (slideshow)

In each of the above you could include one or all of these:

- text
- image and photo
- graph or chart
- audio
- video
- animation

An effective industry-oriented presentation has many aspects, and one of the key ones involves design and organization. Some practical recommendations include:

- Know the audience
- Identify your purpose and their purpose in listening to you
- Design the presentation to lead *from* your main points, not to them
- Determine what level of supporting detail and methodology will be relevant
- Prepare and practice timing your presentation

9.2 Appropriate formats for data presentation

Different formats that can be used to represent data.

- Pie charts can be created to show parts of the whole data and are suitable for emphasizing general findings.

- Bar graphs can display non-continuous (discrete) data and are a great tool for direct comparisons.
- Line graphs are commonly used to display time series data.
- Scatter plots are used to show the correlations between two sets of data
- Tables are the best way to present data for reference purposes and can include very complex information.

Self-Check -9	Written Test
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Directions: Match the data presenting formats in column **A** with their functions in column **B** and write your answer on the space provided. (2 pts each)

A	B
-----1. Tables	A. Present data for reference purposes
-----2. Scatter plots	B. Show the correlations between two sets of data
-----3. Line graphs	C. Put a summary slide
-----4. Bar graphs	D. Show parts of the whole data
-----5. Pie charts	E. Add a slide indicating
	F. Display time series data
	G. Display non-continuous (discrete) data

Note: Satisfactory rating - 5 points

Unsatisfactory - below 5 points

You can ask you teacher for the copy of the correct answers.

Score = _____
Rating: _____

Name: _____

Date: _____

- 1.
- 2.
- 3.
- 4.
- 5.

Operation Sheet 1	Procedures for identifying work requirements with resources and constraints
-------------------	---

The following steps are used to set work requirements:

Step 1. Select appropriate tools and materials

Step 2. Make a list of the factors that will be used as a guide in gathering information.

The factors that information will be collected on include:

- Duties and responsibilities of the job.
- Skills and knowledge required for performance of the activities.
- Attitudes and behaviors of the jobholder in performing his functions
- Context of the job
- Responsibility levels

Step 3. Identify your sources of information

Some of the identified best sources of information include:

- A former employee who actually held the job.
- The immediate supervisor, or the employee that is directly responsible for supervising the job.
- The division, team or work group where the job will belong to, and where it will be performed.

Step 4. Collect or gather information.

There are several methods employed by analysts to gather or collect the information needed. The most commonly used methods are:

- On-site observation
- One-on-one interviews
- Panel or group interviews
- Questionnaires
- Existing records related to the job

LAP Test	Practical Demonstration
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Name: _____ Date: _____

Time started: _____ Time finished: _____

Instructions: Given necessary templates, tools and materials you are required to perform the following tasks within 6 hours.

Task 1. **Set work requirements**

Instruction Sheet

Learning Guide 73: Manage Marketing of MSMEs

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics:

- Analyzing information on market and business needs and identifying market opportunities
- Evaluating marketing mix and components
- Determining marketing mix for specific target market
- Monitoring and continual adjusting marketing mix

This guide will also assist you to attain the learning outcome stated in the cover page.

Specifically, upon completion of this Learning Guide, you will be able to:

- Analyze information on market and business needs and identifying market opportunities
- Evaluate marketing mix and components
- Determine marketing mix for specific target market
- Monitor and continual adjusting marketing mix

Learning Instructions:

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below 3 to 6.
3. Read the information written in the information “Sheet 1, 2, 3 and 4” in **page 62, 66, 71 and 75** respectively.
4. Accomplish the “Self-check 1, 2, 3 and 4” -” in **page 65, 70, 74 and 78** respectively
5. If you earned a satisfactory evaluation from the “Self-check” proceed to “Operation Sheet 1 in page 79.
6. Do the “LAP test” in page 80

Information Sheet-1	Analyzing Information on market and business needs and identifying market opportunities
---------------------	---

1.1 Analyzing Information on market and business needs

A market analysis is a thorough assessment of the current market. Once completed you'll have a better understanding of the volume and value of the market, potential customer segments, and their buying patterns, the competition, barriers to entry, and industry regulations.

The market analysis is one of the most important parts of any startup strategy. It can actually help reduce risk because if you really understand your potential customers and market conditions, you'll have a better chance of developing a viable product or service.

Ultimately, your market analysis should enable you to:

- Avoid putting a lot of resources and time into creating a product or service before you've determined that your solution is needed.
- Determine that the need for your product or service is big enough that people will pay for it.

The market analysis isn't just one part of a successful business plan it's one of the best reasons to write one.

If you do need banks to lend you money or investors to jump on board, a market analysis section is required, as savvy lenders or investors will need to know that the business, you're pitching has viable market appeal.

The target market section of your business plan should include the following:

- **User persona and characteristics:** You'll want to include demographics such as age, income, and location here.
- **Market size:** This is where you want to get real, both with the potential readers of your business plan and with yourself.

1.2 Identifying market opportunities

1.2.1 Ways to identify market opportunities

There are different ways to identify market opportunities:

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- **Consumer segmentation:** To understand your demand, you must identify consumer segments that share common characteristics. These characteristics can be “hard” variables such as age, gender, place of residence, educational level, occupation and level of income or “soft” variables such as lifestyle, attitude, values and purchasing motivations.
- **Purchase situation analysis:** Purchase situations must also be examined to uncover expansion opportunities.
- **Direct competition analysis:** Knowing the existing players in the market where you are competing or going to compete is important when evaluating opportunities.
- **Indirect competition analysis:** Opportunities can also be found by analysing substitute industries. This type of analysis helps establish competitive advantages against indirect competitors and provide insight on additional opportunities for growth.
- **Analysis of complementary products and services:** Companies should monitor the performance of other companies’ products, which are complementary to their own.
- **Analysis of other industries:** In any case, to enter a new industry it is important to learn about competition first: market sizes, market shares, growth rates, unit prices, per capita sales and brands positioning.
- **Foreign markets analysis:** Markets in different countries grow at different paces for several reasons, including disparities in the level of economic development and local habits. Knowing the evolution of per capita consumption of a given product in a given country can serve as an indicator of the maturity of the product’s life cycle. Having information on the size of the market and competitors in other countries will help to estimate the business potential.
- **Environment analysis:** Market opportunities can also be identified by analysing changes in the environment with technological and scientific developments generating new business opportunities.

1.2.2 Evaluate market opportunity

Follow these five steps to evaluate the attractiveness of a new market opportunity and start prioritizing your business growth initiatives.

- **Research your customers and competition:** This will help you evaluate whether the demand for a product/service is real, and whether expanding into a potential new market is worthwhile for your company. Identify consumers segments. Also consider consumer motivation.
- **Get a high-level view of the market:** However, assessing your customers and competitors is not enough. You also need to obtain a broader understanding of the market as a whole and what the potential of success is in the market.
- **Explore adjacent opportunities:** The companies with the most sustained profitable growth have used a systematic, disciplined approach to expand the boundaries of their core business into an adjacent space.
- **Understand the business environment factors:** which can have a profound impact on company performance and the ways industries operate. The business environment includes factors such as:
 - ✓ Technological developments
 - ✓ Government regulations
 - ✓ Geopolitical shifts
 - ✓ Economic indicators
 - ✓ Trade policies
 - ✓ Social and cultural norms
- **Find the market research you need fast:** Gathering and synthesizing information about all these categories can take significant time, effort, and expertise, but market research reports can give you a helpful leg up. “In these reports, you’ll find information on market size, market share, market forecasts, information on regulations, consumer demographics, and much more.

Self-Check -1	Written Test
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Directions: Choose the best answer for the following questions. Use the Answer sheet provided (2 pts each).

- The companies are offering similar products and services are -----
 - Competitor strengths
 - Indirect competitors
 - Direct competitors
 - The window of opportunity
- In which section of market analysis, you dissect your competitors?
 - Target market
 - Competitive analysis
 - Projections
 - Industry description and outlook
- Which one of the following ways used to identify market opportunities by analyzing changes in the environment with technological and scientific developments?
 - Direct competition analysis
 - Analysis of other industries
 - Foreign markets analysis
 - Environment analysis
- The method of identify market opportunities by identifying consumer hard” variables is -----
 - Consumer segmentation
 - Purchase situation analysis
 - Foreign markets analysis
 - Analysis of other industries

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

You can ask you teacher for the copy of the correct answers.
Answer Sheet

Score = _____
Rating: _____

Name: _____

Date: _____

Answers

-
-
-
-

2.1 Evaluating marketing mix

Marketing is simplistically defined as ‘putting the right product in the right place, at the right price, at the right time.’ Marketing mix is a group of marketing variables that the firm combines and controls, to produce the desired response in the target market. It is an important marketing tool that comprises of all the elements which influence the demand for the products offered by the firm. Marketing mix refers to the combination of elements that shape how a business delivers value to its customers.

The marketing mix can be evaluated by using the following evaluation factors:

- **Cost per lead.** It's impossible to evaluate your marketing mix on performance alone. A marketing mix can be a high performer when it comes to leads, but if it eats up an inordinate percentage of your budget, you'll have to make adjustments to make it more sustainable.
- **Cost per customer acquisition.** Cost per lead is a valuable evaluation metric. But a cost per customer acquisition metric tells you how effective your marketing components are at generating qualified, convertible leads.
- **Market share.** Is your company gaining or losing market share? Either way, your marketing mix could be to blame. In a declining market share scenario in which price isn't the problem, start by evaluating your place (distribution) decisions before moving on to an analysis of your promotional efforts and product offerings.
- **Component ranking.** The trickiest part of evaluating the success of a marketing mix is determining which component(s) are working and which aren't. Sometimes it makes sense to construct a matrix that ranks your mix components from most effective to least effective and identifies areas where improvement is needed.
- **Competitive analysis.** If you are at a total loss about how to evaluate the effectiveness of your marketing mix, start by comparing your mix to a competitor who is gaining market share. There may be solid reasons for you to differentiate, but at least you'll have a baseline from which you can launch your evaluation.

2.2 Components of marketing mix

The elements of marketing mix are called the 7Ps: Product, Price, Promotion, Place, People, Process, and Physical evidence.

- **Product:** The product must do what consumers expect it to do.
- **Price:** This will depend on factors including market share and competition.
- **Place:** Knowing the best channels to promote your content means knowing where and how they spend their time.
- **Promotion:** This is all about developing the messaging. 'Promotion' is closely tied with the point above, and in fact, one cannot be effective without the other.
- **People:** It comprises of all the human beings that play an active role in offering the product or service to the customer such as the employees.
- **Process:** The complete procedure and the flow of activities through which the product reaches the final consumer.
- **Physical Environment:** As the name suggests, it refers to the marketing environment wherein the interaction between customer and firm takes place.



Figure 3: Components of marketing mix

2.3 Marketing tools

The different marketing activities are categorized by **McCarthy** into marketing mix tools, of four types, which are commonly known as 'four Ps of marketing'. Each of the four Ps has its own tools to contribute to the marketing mix:

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- **Product:** Product refers to the goods and services that are offered to the customers for sale and are capable of satisfying their wants.
- **Price:** Price is described as the amount which a customer pays to get the desired product or service.
- **Place:** Place refers to the easy availability of the product in the target market.
- **Promotion:** Promotion implies marketing communication, as in publicizing the product to convey product features. It aims at grabbing the attention of customers and instigating them to buy it.



Figure 4: Marketing tools

The four Ps of the marketing mix can be reinterpreted as the four Cs. They put the customer's interests (the buyer) ahead of the marketer's interests (the seller).

- Customer solutions, **not products:** Customers want to buy value or a solution to their problems.
- Customer cost, **not price:** Customers want to know the total cost of acquiring, using and disposing of a product.
- Convenience, **not place:** Customers want products and services to be as convenient to purchase as possible.
- Communication, **not promotion:** Customers want two-way communication with the companies that make the product.

2.4 The marketing mix in marketing strategy

The marketing mix is the set of controllable, tactical marketing tools that a company uses to produce a desired response from its target market. It consists of everything that a company can do to influence demand for its product. It is also a tool to help marketing planning and execution.

An effective marketing strategy combines the 4 Ps of the marketing mix. It is designed to meet the company's marketing objectives by providing its customers with value. The 4 Ps of the marketing mix are related, and combine to establish the product's position within its target markets.

2.5 Importance of the marketing mix

The use of a marketing mix is an excellent way to help ensure that 'putting the right product in the right place,' will happen. The marketing mix is a crucial tool to help understand what the product or service can offer and how to plan for a successful product offering. The marketing mix is most commonly executed through the 4 P's of marketing: Price, Product, Promotion, and Place.

2.6 Weaknesses of the marketing mix

The four Ps of the marketing mix have a number of weaknesses. For example, services are not explicitly mentioned, although they can be categorized as products (that is, service products). As well, other important marketing activities (such as packaging) are not specifically addressed but are placed within one of the four P groups. Another key problem is that the four Ps focus on the seller's view of the market. The buyer's view should be marketing's main concern.

Self-Check -2

Written Test

Directions: Match the 7s of marketing mix in column “A” with their definition in column “B” and write the answer on the space provided. (2 pts each)

A

- 1. Product
- 2. Price
- 3. Place
- 4. Promotion
- 5. People
- 6. Processes
- 7. Physical Environment

B

- A. Marketing communication
- B. Goods and services
- C. Marketing environment
- D. Human beings that play an active role in product or service
- E. The amount which a customer pays
- F. Availability of the product in the target market
- G. Complete procedure and the flow of activities
- H. Component ranking
- I. Cost per lead
- J. Customer solutions

Note: Satisfactory rating - 7 points

Unsatisfactory - below 7 points

You can ask your teacher for the copy of the correct answers.

Score = _____
Rating: _____

Name: _____

Date: _____

- | | |
|----------|----------|
| 1. _____ | 5. _____ |
| 2. _____ | 6. _____ |
| 3. _____ | 7. _____ |
| 4. _____ | |

3.1 Specific target market

A target market is a group of customers within a business's serviceable available market at which a business aims its marketing efforts and resources. A target market is a subset of the total market for a product or service. The target market typically consists of consumers who exhibit similar characteristics (such as age, location, income or lifestyle) and are considered most likely to buy a business's market offerings or are likely to be the most profitable segments for the business to service. The choice of a suitable target market is one of the final steps in the market segmentation process. The choice of a target market relies heavily on the marketer's judgment, after carrying out basic research to identify those segments with the greatest potential for the business.

Occasionally a business may select more than one segment as the focus of its activities, in which case, it would normally identify a primary target and a secondary target.

- Primary target markets are those market segments to which marketing efforts are primarily directed and where more of the business's resources are allocated
- Secondary markets are often smaller segments or less vital to a product's success.

Selecting the "right" target market is a complex and difficult decision. However, a number of heuristics have been developed to assist with making this decision. Targeting in marketing is a strategy that breaks a large market into smaller segments to concentrate on a specific group of customers within that audience. It defines a segment of customers based on their unique characteristics and focuses solely on serving them. Instead of trying to reach an entire market, a brand uses target marketing to put their energy into connecting with a specific, defined group within that market.

The four main types of market segmentation are:

- Demographic segmentation: age, gender, education, marital status, race, religion, etc.
- Psychographic segmentation: values, beliefs, interests, personality, lifestyle, etc.
- Behavioral segmentation: purchasing or spending habits, user status, brand interactions, etc.

- Geographic areas: neighborhood, area code, city, region, country, etc.

A brand might also leverage business segmentation, taking into consideration things like industry, company size, or annual revenue. Through market segmentation, brands get more specific about their target market. They can focus on a small group of customers who will be most likely to benefit from and enjoy their products.

For example, a brand that sells day planners may decide to focus on a smaller, specific target market. Instead of marketing to the masses, they may focus solely on selling planners to female business owners. Or they could choose to exclusively market to high school teachers. Both examples are smaller, more specific segments of the day planner's potential market.

3.2 Important targeting marketing

Targeting in marketing is important because it's a part of a holistic marketing strategy. It impacts advertising, as well as customer experience, branding, and business operations. When your company focuses on target market segmentation, you can do the following:

Speak directly to a defined audience. Marketing messages resonate more deeply with audiences when readers can relate directly to the information.

Attract and convert high-quality leads. When you speak directly to the people you want to target, you are more likely to attract the right people.

Differentiate your brand from competitors. When customers can clearly identify with your brand and your unique selling propositions, they will choose you over a competitor that isn't specifically speaking to or targeting them. You can use your positioning in marketing to make your brand more well-known and unique.

Build deeper customer loyalty. The ability to stand out from competitors by reaching your customers on a more personal, human level also creates longer-lasting relationships.

Improve products and services. Knowing your customers more intimately also helps you look at your products and services in a new way. You can see what features you can add to better serve your customers.

Stay focused. Finally, the benefit of using targeting in marketing is that it also serves to help your brand and team. Target marketing allows you to get more specific about your marketing strategies, initiatives, and direction of your brand. It helps you clarify your vision and get everyone in the organization on the same page.

Self-Check -3

Written Test

Directions: Write short and precise answers for the following questions and write your answer on the space provided.

1. Write the two types of market target. (2 pts)
 - A. -----
 - B. -----
2. Write the criteria that you follow when you write deviation reports. (4pts each)
 - A. -----
 - B. -----
 - C. -----
 - D. -----

Note: Satisfactory rating - 3 points

Unsatisfactory - below 3 points

You can ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Information Sheet-4

Monitoring and continual adjusting marketing mix against marketing performance

4.1 Evaluating marketing performance

Evaluating marketing performance guides future marketing initiatives and helps a company achieve its goals. The goals that are set should be both measurable and applicable to every marketing role within an organization. Companies employ various methodologies to measure marketing performance and ensure they meet those performance goals. When we evaluate marketing performance, the following points should be taken in to consideration:

Analytical Tools: Quantitative metrics and analysis help marketers make more accurate decisions and predict risks associated with decisions. By collecting and analyzing marketing metrics, brands can build their marketing performance in the following ways:

- Increasing competitive intelligence and anticipating competitor reactions to new marketing strategies
- More accurately assessing company marketing assets such as brand equity and its level of effectiveness among target audiences
- Building a knowledge base of current and historic data that help drive marketing mix decisions and steer the company through rapidly changing market conditions

Marketing Performance: Using an established methodology to evaluate marketing effectiveness helps companies measure performance and assess business needs.

In order for marketing key performance indicators KPIs to be integrated within the business and management of the enterprise, and ensure consistency and reliability across the marketing mix, they must meet these minimum requirements:

- Measure marketing outcomes from the consumers' points of view
- Include all marketing activities
- Be repeated over time
- Meet statistical and technical criteria required of all measurement systems

Consistency is Key: Marketing materials can be designed to inform, portray products and services attractively, and influence purchasing behavior.

There are reasons why companies evaluate marketing performance include:

- Monitoring marketing's progress towards its annual goals

- Determining what areas of the marketing mix – product, price, place, and promotion – need modification or improvement to increase some aspect of performance
- Assessing whether company goods, services, and ideas meet customer and stakeholder needs

4.2 Marketing performance metrics

Marketing metrics are numeric data that allow marketers to evaluate their performance against organizational goals. As companies seek to run leaner and more efficient businesses, more marketing professionals are tasked to demonstrate how marketing generates revenue and contributes to companies' business goals. Marketing metrics provide frameworks that public relations specialists, brand managers and marketing directors can use to evaluate marketing performance, as well as back their marketing plans and strategies.

4.2.1 Return on marketing investment (ROMI)

Return on marketing investment is one of the most difficult organizational aspects to measure. ROMI, a relatively new metric, is marketing contribution attributable to marketing (net of marketing spending), divided by the marketing “invested” or risked. ROMI is based on the calculation:

$$[\text{Incremental Revenue Attributable to Marketing} * \text{Contribution Margin (\%)} - \text{Marketing Spending}] / \text{Marketing Spending (\$)}$$

There are two forms of the ROMI metric:

Short-term ROMI: measures revenue such as market share, contribution margin or other desired outputs for every marketing dollar spent. This metric is best used to determine marketing effectiveness and steer investments from less productive to more productive activities.

Long-term ROMI: can be used to determine other less tangible aspects of marketing effectiveness such as increased brand awareness or consumer motives. However, long-term ROMI is often criticized as a “silo-in-the-making”. Long-term ROMI creates a challenge for brands unfamiliar with using business analytics together with marketing analytics to determine resource allocation decisions. Despite this challenge, long-term

ROMI can be a sophisticated measure for prioritizing investments and allocating marketing and other resources within an established framework.

4.2.2 Importance of marketing performance metrics

Marketing performance metrics or key performance indicators (KPIs) are useful not only for marketing professionals, but also for non-marketing executives. From the chief executive officer to the vice president of sales, the senior management team needs marketing KPIs to gauge how marketing activities and spending impact the company's bottom line. This is particularly important since companies are prone to reduce marketing budgets during economic downturns, downsizing, and mergers.

As marketers face more and more pressure to show a return on investment (ROI) on their activities, marketing performance metrics help measure the degree to which marketing spending contributes to profits. It also highlights how marketing contributes to, and complements, initiatives in other areas of the organization, such as sales and customer service.

Establishing marketing performance metrics is integral to helping brands satisfy customers, establishing a clear company image, being proactive in the market, and fully incorporating marketing into the company's overall business strategy.

Entities such as the Marketing Accountability Standards Board have developed formal processes for connecting marketing activities to the financial performance of organizations. Moreover, industry experts have developed various metrics – notably, return on marketing investment (ROMI) – to help marketers measure the performance of activities across the marketing mix. The purpose of metrics such as ROMI is to measure the degree to which marketing spending contributes to profits.

Self-Check -4

Written Test

Directions: Write short and precise answers for the following questions and write your answer on the space provided.

3. Write the two forms of the ROMI metric. (2 pts)

A. -----

B. -----

4. Write the three reasons why companies evaluate marketing performance. (2 pts each)

A. -----

B. -----

C. -----

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

You can ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Operation Sheet 1	Procedures for analyzing Information on market and business needs and identifying market opportunities
-------------------	--

The following procedures used to conduct a market analysis:

Step1: Select appropriate tools and materials

Step2: Industry description and outlook

Relevant industry metrics like size, trends, life cycle, and projected growth should all be included here.

Step3: Target market: It's important to establish a clear understanding of your target market early on.

Step4: Competitive analysis: The competitive analysis should contain the following components:

- **Direct competitors:** What other companies are offering similar products and services? What companies are your potential customers currently buying from instead of you?
- **Indirect competitors:** If your company is creating a new product category, perhaps you aren't competing with similar companies, but instead competing with alternate solutions.
- **Competitor strengths and weaknesses:** What is your competition good at? Where do they fall behind? Get imaginative to spot opportunities to excel where others are falling short.
- **Barriers to entry:** What are the potential pitfalls of entering your particular market? What's the cost of entry is it prohibitively high, or can anyone enter?
- **The window of opportunity:** Does your entry into the market rely on time-sensitive technology? Do you need to get in early to take advantage of an emerging market?

Step5: Projections

At this point, your projections are educated guesses, so don't worry about absolute accuracy. However, it pays to be thoughtful and avoid hockey-stick forecasting.

Step6: Regulations

Are there any specific governmental regulations or restrictions on your market? If so, you'll need to bring them up here and discuss how you're going to comply with them.

LAP Test	Practical Demonstration
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Name: _____ Date: _____

Time started: _____ Time finished: _____

Instructions: Given necessary templates, tools and materials you are required to perform the following tasks within 6 hours.

Task 1: **Conduct a market analysis**

Instruction Sheet	Learning Guide 74: Manage Human Resources
--------------------------	--

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics:

- Identifying and determining human resource rules, regulations law and procedures
- Auditing, and identifying gaps for existing human resource
- Conducting recruitment and selection
- Orienting and placed selecting candidates for appropriate position
- Conducting appraisal of employees' performance
- Using appraisal result for training and development, promotion, compensation, disciplinary measures and other purposes
- Maintaining employee relations

This guide will also assist you to attain the learning outcome stated in the cover page.

Specifically, upon completion of this Learning Guide, you will be able to:

- Identify and determine human resource rules, regulations law and procedures
- Audit, and identify gaps for existing human resource
- Conduct recruitment and selection
- Orient and place selecting candidates for appropriate position
- Conduct appraisal of employees' performance
- Use appraisal result for training and development, promotion, compensation, disciplinary measures and other purposes
- Maintain employee relations

Learning Instructions:

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below 3 to 6.
3. Read the information written in the information "Sheet 1, 2, 3, 4, 5, 6 and 7" in **page 82, 88, 92, 98, 101, 105 and 107** respectively.
4. Accomplish the "Self-check 1, 2, 3, 4, 5, 6 and 7" - " in **page 87, 91, 97, 100, 104, 106 and 111** respectively

Information Sheet-1	Identifying and determining human resource rules, regulations law and procedures
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1.1 Identifying human resource rules and regulations

1.1.1 Human resources policies and procedures

The human resources policies and procedures are regarded as the backbone of any organization. These documents consist of all the details regarding the treatment, which needs to be given to the employees in the organization and make provision of assistance to the employees in acquiring an efficient understanding of the organizational culture.

The HR policies and procedures manual is compiled first and thereafter an employee handbook is prepared in conjunction with the prevailing policies and procedures as laid down in the earlier document. Such documents make provision of clear description in terms of the benefits and incentives that need to be given to the employees. Within the organization, it is necessary to ensure employees implement their job duties in accordance to rules and policies and proper standards need to be recognised within the working environment.

When compiling the HR policies and procedures manual, an HR consultant needs to be trained, taking into account various factors. These include:

- Organizational culture,
- Legal rules and regulations and
- Market trends.

On the other hand, when the individuals are preparing employee handbooks, they need to take into consideration various aspects. These include:

- HR policies and procedures manual of the organization,
- Present rules and regulations related to employees within the organization,
- Legal compliances and
- Industry norms.

Human resources policies and procedures serve four basic functions.

- Compliance: Ensure that managers will be able to comply with these rules as well.

- Risk management: Documented rules foster an effective system of internal controls.
- Operations: Human resources policies and procedures promote effective communication and practices which will allow employers and employees to meet their objectives.
- Process improvement: Reviewing our human resources policies and procedures will help managers develop sound practices which ensure the rights of employers and employees.

1.1.2 Types of human resources policies

The various types of human resources policies have been stated as follows:

- At-will employment: This statement reiterates that either the employer or the employee has the right to terminate the employment relationship at any time.
- Anti-harassment and non-discrimination: These are the policies that prohibit harassment and discrimination within the working environmental conditions. These include caste, creed, race, religion, gender, age, ethnicity, educational qualifications, competencies and socio-economic background.
- Employment classifications: The employment classifications are defined as jobs, which are full-time and part-time.
- Leave and time off benefits: These policies address the rules and procedures of the organization in terms of holidays, vacations, sick leaves, bereavement leaves, leaves due to personal problems, family issues and other time off benefits.
- Meals and breaks: The meal timings and breaks within the organizations also takes place in accordance to laws and policies. When the employees are going for lunch, in some cases, they are allowed one hour and in some half an hour.
- Timekeeping and pay: A timekeeping policy makes provision of information to the employees in terms of the methods for recording of the time worked and the significance of recording their time in an accurate manner.
- Safety and health: Safety policies are related to the safety procedures. It is essential for them to generate awareness in terms of safety and health procedures that are necessary to generate the desired outcomes.

- Employee conduct, attendance and punctuality: Policies related to attendance and punctuality make provision of information to the employees that they need to maintain their attendance and depict punctuality.
- Hiring forms: These hiring forms include, job application and candidate evaluation form. When recruitment and selection of candidates takes place, it is vital to make sure they possess the essential skills and abilities.
- Use of technologies and materials: There is formulation of certain policies as well in terms of usage of technologies and materials. For instance, excessive printing should be avoided.
- Hand book acknowledgements: The employers are required to obtain the signed acknowledgements, when one first issues the handbook.
- Performance and discipline: These policies make provision of information to the employees regarding how they need to conduct themselves within the organization.
- Management of resources: There are three important resources within the organization, financial, human resources and technical. There is formulation of policies in terms of management of these resources.
- Conflict resolution methods: In such cases, there is formulation of policies that they need to be implemented in a peaceful manner.
- Organizational expenses: There are organizations, which possess sufficient financial resources, and there are organizations, which possess limited financial resources.

1.1.3 Areas for implementing human resources policies and procedures

Within different types of organizations, there are number of areas in which HR policies and procedures are implemented. Some of these have been stated as follows:

- Recruitment and selection: The employers and hiring authorities need to take into consideration various factors. These include educational qualifications, skills, abilities, demographic factors and so forth.
- Employment: These include, minimum hiring qualifications and experience, sources which would facilitate recruitment and selection, reservation for different groups, maintenance of effective terms and relationships among the members of the

organization, reliance on various selection devices such as, tests, reference checks and interviews, placement of new employees and orientation of new employees.

- **Training and Development:** The employees are able to generate sufficient awareness in terms of organization as well as in the implementation of job duties.
- **Labour welfare:** The main objective of labour welfare policy is to put into operation the areas, which would facilitate up-gradation of employees.
- **Transfer and Promotion:** Transfer and promotion of members are an integral part of organization. It is apparent that all employees aspire to attain promotional opportunities, but it is not necessary that they would require transfer.
- **Worker's compensation:** Worker's compensation is a publicly sponsored system that pays monetary benefits to the workers, who suffer from accidents and injuries within the course of their jobs.
- **Integration and human relations:** Integration and human relations with the organizations are referred to as the processes of bringing about improvements in motivation by encouraging proper working environmental conditions, training programs, timely payment of wages and so forth. Human relations are referred to an integrated approach derived from various disciplines such as psychology, sociology, economics and management.
- **Work management:** The work management policies are referred to as the set of guidelines that structure the plan of the organization for dealing with an issue. Work management policies are the sources of communication between the employers and the employees.
- **Performance appraisal:** Performance appraisal is referred to as the systematic process in which the job performance of the employees is evaluated. The important factors include, rate of absenteeism, amount of work, efficiency, resourcefulness, conscientiousness and so forth.
- **Administration:** The administrative management theory makes an attempt to find a way to design an organization on the whole. This theory calls for an organised management structure, a clear division of labour and delegation of power and authority to the individuals, pertinent to their areas of job duties and responsibilities.

1.2 Human resources (HR) law

Human resource law is related to Labor and Employment law and encompasses the various laws and regulations specific to HR professionals. It deals with the issues that HR professionals must contend with in the majority of their work functions, predominantly in overseeing and managing duties related to hiring, firing, employee benefits, wages, paychecks, and overtime. It may also pertain to workplace safety, privacy; and preventing discrimination and harassment.

Local, state, and federal employment laws all play a role in human resources, and HR professionals must be familiar with a wide array of different statutory and regulatory authorities in order to effectively and lawfully deal with company personnel. Common matters of concern to HR managers include employee handbooks/manuals, establishing policies and procedures, affirmative action programs and policies, government contract and wage laws, human resources compliance audits, non-competition and confidentiality agreements, plant closing laws, substance abuse and drug testing laws, and unemployment compensation.

Self-Check -1	Written Test
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Directions: Match the type of human resource policies in column A with their functions in column B and write your answer on the space provided (2pts each).

A

- 1. At-will employment
- 2. Anti-harassment and non-discrimination
- 3. Employment classifications
- 4. Leave and time off benefits
- 5. Meals and breaks
- 6. Timekeeping and pay
- 7. Safety and health
- 8. Employee conduct, attendance and punctuality
- 9. Performance and discipline
- 10. Management of resources

B

- A. Necessary to grant them leave
- B. Make provision of equal rights and opportunities to all individuals
- C. Jobs, which are full-time and part-time
- D. The right to terminate the employment relationship at any time
- E. Provision of information time worked
- F. Allow to take a ten-minute break, after they have worked for 3 to 4 hours
- G. Need to be put into operation in a peaceful manner
- H. Provide information to employees how they conduct themselves within the organization
- I. Employers required to obtain the signed acknowledgements
- J. Employees need to make use of technologies and materials
- K. Maintain good relationships with each other
- L. Related to the safety procedures

Note: Satisfactory rating - 10 points

Unsatisfactory - below 10 points

Score = _____
Rating: _____

Information Sheet-2	Auditing existing human resource, and identifying gaps
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2.1 Human resource auditing

Human Resource Audit means the systematic verification of job analysis and design, recruitment and selection, orientation and placement, training and development, performance appraisal and job evaluation, employee and executive remuneration, motivation and morale, participative management, communication, welfare and social security, safety and health, industrial relations, trade unionism, and disputes and their resolution. HR audit is very much useful to achieve the organizational goal and also is a vital tool which helps to assess the effectiveness of HR functions of an organization.

Human Resource auditing is something that many companies do annually, just as they audit their financial information. This gives them an accounting of their workforce and the efficiency with which the organization as an entity deals with its people, from recruiting to firing. Human Resource auditing can be likened to a person going to the doctor for a general check-up to stay well. The process allows a company to get a general idea of where it stands so it can better correct any potential problems and plan for the future.

2.1.1 Need and purpose of human resource auditing

It is necessary to take a look at these and other questions. Human Resource audit is highly useful for the purpose

- Does the organization regularly forecast the supply of and demand for employees in various categories?
- Do job analyses exist for all positions in the organization?
- Are all potential sources of recruitment identified and evaluated?
- Are measurable selection criteria developed and used while filling up jobs?
- Do effective training and development programmes exist?
- Is there a performance evaluation system that helps assess past and potential performance?
- Is the remuneration programme designed to motivate employees?
- Is the plant unionized?

- Does a grievance procedure exist?
- Does the organization have high quality of work life?
- Does the HRM practice contribute to organizational effectiveness?
- Does the management underestimate the capacity of HRM to contribute to organizational effectiveness?

2.1.2 Approaches to human resources audit

The following approaches are adopted for purpose of evaluation:

- Comparative approach: In this, the auditors identify Competitor Company as the model. The results of their organization are compared with that Company/ industry.
- Outside authority approach: In this, the auditors use standards set by an outside consultant as benchmark for comparison of own results.
- Statistical approach: In this, Statistical measures are performance is developed considering the company's existing information.
- Compliance approach: In this, auditors review past actions to calculate whether those activities comply with legal requirements and industry policies and procedures.
- Management by objectives (MBO) approach: This approach creates specific goals, against which performance can be measured, to arrive at final decision about organization's actual performance with the set objectives.

2.2 Gap analysis for human resources

A gap analysis is a tool used to assess the current performance of a business function relative to standards or expectations. Human resources is a critical strategic function in many companies. An HR gap analysis, especially one performed by an outside firm or consultant, can provide insights on improvements and resource needs. The challenges for many small businesses are the costs and time involved in hiring outside help and participating in HR modifications.

2.2.1 Company perspective

A core purpose of a gap analysis is to assess company HR goals and whether systems and practices in place are up to par in achieving them. A gaps auditor would typically outline organizational HR strengths and weaknesses that contribute or detract from the abilities of employees to operate effectively.

The assessor would also provide recommendations for needed improvements in the human resource system, organizational culture and other HR-related practices. He might recommend, for instance, that your small insurance agency invest more time in training and orientation for new employees.

2.2.2 Talent perspective

The other key perspective in a gaps analysis is the discrepancy between current talent and skills available in a company's workforce and its needs. A key aspect of strategic HR is outlining talent needs that align with near-term and long-term company objectives. The audit helps reveal shortfalls in departments or roles within the company. The gaps analysis also provides details on current skills commonly held by employees in certain roles and the skills necessary by industry standards for success. This assessment includes a recommendation for hiring plans and training needs of current employees. If you plan to add new retail shop locations to your local chain, the assessor might help in work force planning.

2.2.3 Digging in

Whether you perform an external analysis or hire a firm to do the gaps analysis, a thorough review of company policies, procedures and HR documents is important. Evaluators will dig into your employee handbook to see whether basic HR policies are sound, clear and beneficial. They will also assess how well employee evaluations and other HR practices comply with policies. Record-keeping reviews also help to see whether HR professionals meet the legal and ethical standards of their roles. This is especially key in small businesses where one employee lawsuit can ruin the company financially. The analysis also normally includes review of hiring and firing practices, which are essential to talent management.

2.2.4 Program implementation

Once the analysis is complete, which can take several weeks or even months, the evaluators make recommendations for improvement. Company leaders can simply take the report and work to implement changes themselves, or continue to employ an external firm or consultant to help with that process. The implementation process may involve weeks or months of mentoring, training of HR staff and managers and changes to manuals, documents, policies and procedures throughout the HR system. Though significant changes potentially might be too expensive for a small business to implement all at once, an overhaul could improve your practices and reduce exposure to employee-related lawsuits.

Self-Check -2	Written Test
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Directions: Match approaches to human resources audit in column “A” with purpose of evaluation in column “B” and write your answer on the space provided (2pts each).

A

- 1. Comparative approach
- 2. Outside authority approach
- 3. Statistical approach
- 4. Compliance approach
- 5. Management by objectives (MBO) approach

B

- A. Performance is developed considering the company’s existing information
- B. The auditors use standards set by an outside consultant as benchmark
- C. The auditors identify Competitor Company as the model
- D. Creates specific goals, against which performance can be measured
- E. auditors review past actions to calculate activities legal requirements
- F. Maintain good relationships with each other
- G. Employers required to obtain the signed acknowledgements

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Score = _____
Rating: _____

Information Sheet-3	Conducting recruitment and selection based on the organizational requirements
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3.1 Introduction to recruitment and selection process

3.1.1 Recruitment

Recruitment is the process of identifying, screening, short listing and hiring of the potential human resources for the purpose of filling up the positions within the organizations. It is the central function of human resource management. It is the process of selecting the right person, for the right position at the right time. The educational qualifications, experience, abilities and skills of the individuals need to be taken into consideration when recruitment takes place. It is the process of attracting, selecting and appointing potential candidates to meet the needs and requirements of the organizations.

Recruitment is broadly classified into two different categories. These are the internal sources and the external sources. Internal sources of recruitment refer to the hiring of employees within the organization internally. In this case, applicants are seeking different positions and are those who are currently employed within the same organization. This is an important source of recruitment, which provides the opportunities for progress and use of the existing resources within the organization.

Internal sources of recruitment are the finest and the stress-free way of selecting human resources as their work performance and other qualities are already known to the organization. The internal sources have been stated as follows:

- Promotions
- Transfers
- Recruitment of former employees
- Internal advertisements or job postings
- Employee referrals
- Previous applicants

External sources of recruitment refer to hiring of the employees outside the organization externally. In other words, the applicants seeking job opportunities in this case are those, who are external to the organization. External employees bring innovativeness, resourcefulness, creativity and new thoughts and ideas to the organization.

The external sources have been stated as follows:

- Direct recruitment
- Employment exchanges
- Employment agencies
- Advertisements
- Professional associations
- Campus recruitment
- Word of mouth advertising

3.1.2 Selection

Selection is the process of picking or choosing the right candidate, who is most suitable for the job. It is the process of interviewing the candidates and evaluating their qualities, which are necessary for a specific job and then selection of the candidates is made for the right positions.

The selection of right candidates for the right positions will help the organization to achieve its desired goals and objectives. When selection of the employees takes place, it is vital to ensure that they possess the desired qualifications, skills and abilities that are required to perform the job duties in a well-organized manner.

3.2 Significance of recruitment and selection

In any kind of organization, recruitment and selection processes are considered useful, because they help in finding the most suitable candidates for the jobs. Recruitment and selection are important operations in human resource management, designed to make best use of employee strength in order to meet the strategic goals and objectives of the employers and of the organization as a whole. It is a process of screening, sourcing, short

listing, and selecting the right candidates for the vacant positions. The areas that highlight the significance of recruitment and selection have been stated as follows.

3.2.1 Significance of recruitment

The significance of recruitment is recognized by the fact that organization gets satisfied with more productive employees.

- It not only enhances productivity and profitability, but also encourages good relationships among the employers and the employees.
- It contributes towards growth and development of the organization.
- It determines the current and future job requirements.
- It helps in increasing the success rate of selecting the right candidates, who are able to make efficient use of their skills and abilities in leading to growth and development.
- It helps in evaluating the effectiveness of various recruitment methods.
- It determines the present future requirements of the organizations and formulate plans accordingly.

3.2.2 Significance of selection

The significance of selection is recognized, because it helps in choosing the most suitable and qualified candidates, who can meet the requirements of the jobs within an organization. For meeting the goals and objectives of the organization, it is vital to evaluate the various attributes of each candidate, such as their qualifications, skills, abilities, experiences, personality, nature and overall attitude. The other candidates, who have not found to be suitable to carry out the job duties are eliminated. The organization is required to follow appropriate selection processes, the reason being, if the selection is not carried out in an appropriate manner, then it would impose unfavorable effects upon the organization and loss would be incurred to the employer in terms of money, time, and efforts.

3.3 Factors affecting recruitment and selection

3.3.1 Internal factors

The internal factors affecting recruitment and selection have been stated as follows:

- Size of the organization
- Recruitment policy
- Image of the organizations
- Image of jobs

3.3.2 External factors

The external factors affecting recruitment and selection have been stated as follows:

- Demographic factors
- Labor market
- Unemployment rate
- Labor laws
- Legal considerations
- Competitors
- Equal opportunity

3.4 Posting vacancies

Job posting refers to the practice of publicizing and displaying advertisements of an open job to the employees. In most cases, internet, newspapers, notices and bulletin boards are the areas where job postings are found. These include, listing of the attributes, such as, designation, criteria of knowledge, qualifications, skills and experience. In some cases, they also specify the salary package. The purpose of posting vacancies is to bring to the attention of the interested persons; they may be internal or external to the organization and the jobs that are to be filled.

3.5 Types of Interview

An interview is a determined exchange of notions, the answering of questions and communication between two or more persons. Normally, an interview is a process of private conversation between people, where questions are asked and answers are obtained. The main purpose of the interviews is to acquire information about qualities, attitudes, prospectus and so forth. In various types of interviews, interviewers examine the behavior and communication abilities of the candidates.

The ten different types of interviews have been stated as follows:

- **Structured interview** - In this type, the interview is planned, designed and detailed in advance. A structured interview is pre-planned, precise, and reliable in hiring the candidates.
- **Unstructured interview** - This type of interview is an unexpected one, where the interview questionnaire is not prepared. The interviewers are not well prepared regarding the questions that are to be asked and in obtaining accurate answers.
- **Group interview** - In this type of interview, all the candidates or a group of candidates are interviewed together. Group interviews are conducted to save time, when there are large number of applications received for limited job vacancies.
- **Depth interview** - Depth interview is a semi-structured interview, where the candidates have to give detailed information about their educational qualifications, work experience, special interests, skills, aptitude and so forth.
- **Stress interview** - Stress interviews are conducted to ascertain how a candidate would react during the time of stress and cope up with problems.
- **Individual interview** - In an individual interview, the interview takes place on a one to one basis. In this case, there will be a verbal and a visual interaction between two people, an interviewer and a candidate. This is a two-way communication interview, which helps in finding the right candidate for a vacant job position.
- **Informal interview** - Such interviews are conducted in an informal way, i.e., the interview will be stable without any written communication and can be arranged at any place. There are not any proper procedures of asking questions in this type of interview and it is not adequately structured.

- Formal interview - A formal interview is organized in an informal manner, i.e., the candidate will be aware about the dates and timings of the interview well in advance and the interviewer plans and prepares the questions for the interview. This is also called as a planned interview.
- Panel interview - Panel interview, as the name indicates, is being conducted by a group of people. In this type of interview, three to five members of the selection committee will be asking questions to the candidates on various concepts. The final decision of selection of the candidates will be taken by all the members of the panel collectively.
- Exit interview - Exit interviews are conducted for those employees, who want to leave the organization. The significance of the exit interview is to ascertain the reasons behind leaving the job. There are several reasons for which the employees leave jobs, such as, transfer to another location, health problems, promotional opportunities in other organizations, availability of rewards and incentives in other organizations, family issues and so forth.

Self-Check -3	Written Test
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Directions: Choose the best answer for the following questions. Use the Answer sheet provided (2pts each).

- The advancement of the employees by evaluating their job performance is called-----
 - Transfers
 - Promotions
 - Employee referrals
 - Recruitment of former employees
- Which one of the following is internal sources of recruitment?
 - Employment exchanges
 - Direct recruitment
 - Employee referrals
 - Advertisements
- Which external factor of affecting recruitment related to the characteristics of potential employees?
 - Equal opportunity
 - Labor laws
 - Demographic factors
 - Labor market
- One of the following is external sources of recruitment.
 - Promotions
 - Employment exchanges
 - Previous applicants
 - Employee referrals

Answer Sheet

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Score = _____
Rating: _____

Name: _____

Date: _____

Answers

- 1.
- 2.
- 3.
- 4.

Information Sheet-4	Orienting and placing selected candidates for the appropriate position
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4.1 Job orientation for selected candidates

A job orientation is a process for giving new employees important information about their workspace, equipment, pay, benefits, and dress code. New hires are also introduced to their coworkers during an orientation, which sets them up for success and integrates them into the company culture. There are certain factors that should be considered and included when writing a job description. These include:

- Interviewing employees that are currently placed in the position to determine what tasks they perform
- Determining the knowledge, skills, and abilities that are required to perform the position, such as physical and educational requirements
- Distinguishing between essential and non-essential job tasks
- Providing the title of the position, whether it is exempt or not, and the salary range
- Including as much detail as possible about the organization, highlighting benefits, and providing the location

To prepare for a job orientation:

- Know who they need to meet:
- Tell them what to wear
- Tell them what to bring
- Know how the job supports the company mission
- Do paperwork outside of the orientation.

Here are some additional suggestions for writing an effective job description:

- List the job requirements in bullet form so that job seekers can scan the posting quickly.
- Use common industry terms, which speak to knowledgeable job seekers.
- Include information about the organization, such as a short summary and links to more detailed information.
- Highlight special intangibles and unusual benefits of the job and workplace (e.g., flextime, travel, etc.).

- Specify the job's location (and nearest large city) and provide links to local community pages (to entice job seekers with quality-of-life information).

4.2 Placing selected candidates for the appropriate position

Once a job description has been developed, the process of selecting the right employee and placing them in a particular position can begin. This process may involve:

- Conducting candidate interviews, which can be done in person or over the phone to determine whether there is a good match between the candidate and the position
- Testing candidates, which, depending upon the position, can range from psychological testing to a typing test
- Medical evaluations, which can range from requiring comprehensive physicals to drug testing

4.2.1 Internal employee placement

Sometimes it becomes necessary for an organization to place employees already working for an organization into different positions. This is referred to as job reassignment. In these cases, the knowledge, skills, and abilities of the employee should be considered and matched to a different position within the organization. Internal placement initiatives can help both the employee and the organization by avoiding terminations and layoffs.

4.2.2 Legal compliance

It is extremely important during the employee selection and placement process to ensure compliance with different legal requirements. This includes practices based on:

- Race
- Age
- Sex
- Sexual orientation
- Birth origin
- Physical ability
- Religion

Self-Check -4	Written Test
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Directions: Write short and precise answers for the following questions and write the answer on the space provided.

1. List the five activities that will be done when you prepare job orientation. (5 pts)

A.-----

B. -----

C. -----

D. -----

E. -----

2. Write the three process of selecting the right employee and placing them in a particular position. (3 pts)

A. -----

B. -----

C. -----

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Score = _____

Rating: _____

Information Sheet-5

Conducting appraisal of employees' performance

5.1 Introduction to performance appraisal

Performance appraisal defines as a means of evaluating employees work performance over a given period of time. It is any procedure that involves setting work standards, assessing employee`s actual performance relative to standards set, providing feedback with the aim of motivating, eliminating performance deficits and reinforcing exceptional performance.

The most important performance appraisal issue faced by organizations is the perceived fairness of the performance review and the performance appraisal system. Employee performance appraisal enables person to identify, evaluate and develop an individual's performance. It is a tool to encourage strong performers to maintain their high level of performance and to motivate poor performance to do better.

Effective performance appraisals have the following benefits by line managers:

- Benefits to the organization:
 - ✓ Facilitates the achievement of organization goals and strategies.
 - ✓ Contributes to improved staff morale.
 - ✓ Facilitates continuous performance improvement, organization development and culture change.
 - ✓ Assists in establishing a performance culture - of quality, efficiency and achievement.
 - ✓ Provides a formal means of discussing competency gaps and how to address these - leading to a more competent work force.
 - ✓ Helps build a climate of openness and trust.
 - ✓ Adds to a participative work culture.
 - ✓ Forms part of the legal process in addressing persistent poor performance.
 - ✓ Provides the basis for fair remuneration based on actual performance, so employees can see and experience a clear link between their performance and the financial rewards they receive.
- Benefits to employees:

- ✓ An opportunity to get formal feedback from line managers on how their performance is viewed - so that they can learn what they do well and what needs to improve.
- ✓ Ensures clarity regarding work expectations and standards, reducing anxiety/stress and conflict with line managers.
- ✓ An opportunity to discuss their job competencies (or lack thereof) - leading to targeted training and development - helping them to realize their full potential.
- ✓ Provides a forum to share new ideas and to air views.

5.2 Guidelines to conduct employee performance appraisals

Performance appraisals are primarily used to improve an employee's performance. It can also be used to justify an employee's compensation and their potential for promotion. An effective employee performance appraisal process can drive performance, reduce dissatisfaction, identify training opportunities and boost company culture.

The following activities are conducted for employee appraisals:

- Design a legally valid performance review process
- Design a standard form for performance appraisals:
- Schedule the first performance review for six months after the employee starts employment
- Initiate the performance review process and upcoming meeting
- Have the employee suggest any updates to the job description and provide written input to the appraisal
- Document your input -- reference the job description and performance goals
- Hold the performance appraisal meeting
- Update and finalize the performance appraisal form
- Nothing should be surprising to the employee during the appraisal meeting.

As you conduct performance appraisal sessions as a manager or supervisor, use the following guidelines to help you increase the likelihood of having a positive and productive exchange with your employees.

- Open on an upbeat note.
- Lay out the framework.
- Ask for questions

- Focus on performance.
- Discuss the evaluations.
- Listen actively.
- Clarify the overall ratings
- End the sessions positively

Here are some common reasons why employees may consider performance appraisals ineffective:

- No input from employee
- Does not assess actual performance
- Can be highly subjective.
- Managers are not prepared
- Too infrequent.

5.3 Performance appraisal and development

While the term performance appraisal has meaning for most small business owners, it might be helpful to consider the goals of an appraisal system. They are as follows:

- To improve the company's productivity
- To make informed personnel decisions regarding promotion, job changes, and termination
- To identify what is required to perform a job (goals and responsibilities of the job)
- To assess an employee's performance against these goals.

In developing an appraisal system for a small business, an entrepreneur needs to consider the following:

- Size of staff
- Employees on an alternative work schedule
- Goals of company and desired employee behaviors to help achieve goals
- Measuring performance/work
- Pay increases and promotions
- Communication of appraisal system and individual performance
- Performance planning

Self-Check -5	Written Test
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Directions: Choose the best answer for the following questions. Use the Answer sheet provided (2pts each).

- The advancement of the employees by evaluating their job performance is called-----
 - Transfers
 - Promotions
 - Employee referrals
 - Recruitment of former employees
- Which one of the following are effective performance appraisals benefits to the organization?
 - Build a climate of openness and trust
 - Get formal feedback from line managers
 - Ensures clarity regarding work expectations
 - Provides a forum to share new ideas
- One of the following is included in design a standard form for performance appraisals.
 - Veteran status
 - Name of the employee
 - Nationality
 - Religion
- Which one of the following is the reasons why employees consider performance appraisals ineffective?
 - There is input from employee
 - Assess actual performance
 - Can be highly subjective
 - Managers are prepared

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Answer Sheet You may request a copy from your teacher for the copy of the correct answers.

Score = _____
Rating: _____

Name: _____

Date: _____

Answers

- 1.
- 2.
- 3.
- 4.

Information Sheet-6

Using appraisal result for training and development, promotion, compensation, disciplinary measures

6.1 Training and development

After an employee is selected, placed and introduced in an organization he/she must be provided with training facilities in order to adjust him to the job. Training is the act of increasing the knowledge, skill and attitude of an employee for doing a particular job. Training defines as the systematic development of attitudes, knowledge, skills, and behavior patterns required by an individual in order to perform adequately a given job or task. It is the acquisition of skills, concepts or attitude that results in improved performance in an on-job situation.

Development refers to developing an employee in the areas of principles and techniques of management, administration, organization and allied areas. The most significant direct benefits of training and development are clarity in job duties and responsibility as well as increases in employee's competence among others. Training enables an employee to produce efficiently sooner, prepares him for a higher position (advancement), enhances his self-respect and increases his feeling of security and economic independence among others.

6.2 Importance of training and development

The following are some of the importance of training and development:

- Optimize utilization of human resources
- Development of human resources
- Development of skills of employees
- Productivity
- Team spirit
- Organizational culture
- Organizational climate
- Quality
- Healthy work environment

Self-Check -6	Written Test
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Directions: Write short and precise answers for the following questions and write the answer on the space provided.

1. List at least five importance of training and development. (5 pts)

- A.-----
- B. -----
- C. -----
- D. -----
- E. -----

2. Creating a positive relationship with employees regarding performance improvement builds-----, ----- and ----- . (3 pts)

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Score = _____

Rating: _____

Information Sheet-7

Maintaining employee relations

7.1 Employee relations

Employee relations are a term given to the relationship employees have with other employees in the organization. It refers to the measures taken by a company to manage the relationships between managers and employees. This is usually undertaken by the HR department. The ideal relationship between a manager and an employee is one rooted in mutual respect, appreciation, and trust. If any of these three ingredients is missing, then something is wrong.

Healthy employee relations need to be formed and maintained because human resources include the mental and physical talents and skills of employees that combine the factors of production losing a skilled employee to a poor working environment due to unhealthy employee relations is a situation that needs to be avoided at all costs.

A good employee relations initiative builds and maintains the bonds between employees and managers, and helps to solve the conflict that arise between them in an amicable manner with plenty of learning opportunities. Employee relations can be improved in an organization by taking the following measures:

- Fostering friendly but respectful personal bonds between managers and employees;
- Keeping employees in the loop about the company's goals, policies and priorities;
- Treating all employees fairly and equally, with no special treatment for any individuals;
- Encouraging open communication such that employees easily share honest feedback;
- Compensating employees adequately for the talents and skills they bring to the job;
- Assigning employees adequately challenging tasks to keep their jobs interesting, and;
- Recognizing and rewarding employees whenever they meet or exceed expectations.

7.2 Types of employee relations

7.2.1 Vertical relationships

As a manager, you want to know where you stand with your team and you're open to receiving feedback. But, sometimes, having a team member disagree with an action you took might put a knot in your neck/keyboard. It's human nature to have all these emotions interfere with our rational interaction rules. There's no such thing as a perfect manager. You need to act and come off as an involved manager, who does his very best and trusts his team.

Some key points:

- Get to know your team, on an individual level
- Keep communication channels always open
- Ask for their opinion
- Listen to their arguments
- Encourage them to stand their ground
- Build these relations on common rules and values
- Don't keep your distance, be part of the team

7.2.2 Horizontal relationships

It may not seem like this is within a manager's responsibilities, but fostering work relations depends on management as well. Employee interactions in the office are strongly influenced by the workplace atmosphere, company values and management actions. Having good relationships with coworkers is one of the top 3 happiness drivers. Here's how you can help them thrive:

- Build a company culture of trust and honesty
- Encourage social interactions
- Don't be an office tyrant
- Create opportunities for people to connect
- Work in dynamic teams
- Have at least one team communication channel

7.3 Importance of employee relations

Employee relations are the foundation of building a company's culture which in turn greatly influences its success. Below we explore five key reasons why employee relations are so important in an organization:

- It helps with decision making
- It increases work satisfaction
- It helps employees focus
- It helps with sharing work loads
- It reduces and mitigates conflict

7.4 Employee relationship management

Employee relationship management is essential in today's competitive business world. Building and maintaining healthy employee relations is a key requirement for your business to succeed. Here are some advantages of employee relationships are managed well:

- Sound employee relationship management maintains a harmonious atmosphere at the workplace:
- Happy employees are more confident and productive.
- A stronger employee relationship leads to better employee morale and job satisfaction.
- Improved communication channels lead to conflict reduction, reduced staff turnover rates, and absenteeism levels.
- Companies that nurture employee relations enhance an employee's motivation to be creative.

A workplace that promotes great employee relationship management usually demonstrates:

- Equality
- Effective and open communication
- Effective employee relationship management requires a shared vision
- Motivate employees
- Inspirational leadership is essential for effective employee relationship management

7.5 Maintain positive employee relations

Good employee relations promote loyalty and increase productivity; the way management interacts with staff directly affects your company's bottom line. Here are a few tips to ensure success in this endeavor.

- **Set the tone:** The best way to establish great employee relations is by taking a preemptive strike. Set the tone you want. Management should be friendly, open, upbeat and, above all else, positive.
- **Be inclusive:** The quickest way to sabotage any kind of relationship is by making it feel like “us” and “them.”
- **Explain the ‘why’:** Laying down the law to keep everyone on the same page might seem like a great strategy, but if you're not careful, it can actually have a detrimental effect on workplace relations.
- **Provide regular, positive feedback:** Formal reviews at scheduled intervals are often too little, too late; and frequently, the emphasis is placed on workplace deficiencies.
- **Offer training and incentives:** It's not beneficial to anyone if your staff works on autopilot. Have a system in place that allows them to continually learn and advance.
- **End every day on a positive note:** To keep a marriage strong, never go to bed angry. The same principle applies to the workplace.
- **Way to manage employee relations:** Managing a team is a double challenge. You manage people and you manage objectives.

7.6 Strategies to improve employee relations

There are ways that you can help to improve employee relations and satisfaction within your company.

- Promote dialogue and communication
- Focus on company missions and values
- Help employees to feel valuable
- Inspire and reward
- Offer career development.
- Promote healthy work/life balance

Self-Check -7	Written Test
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Directions: Choose the best answer for the following questions and write the answer on the answer sheet (2 pts each).

- The best way to establish great employee relations by taking a preemptive strike is----.
 - Explain the 'why'
 - Be inclusive
 - Set the tone
 - Provide positive feedback
- Which one of the following is the importance of employ relations?
 - Helps with decision making
 - Increase conflict
 - Personal work loads
 - Decreases work satisfaction
- Which strategies to improve employee relations helps to avoid employee confusion and unnecessary stress?
 - Focus on company missions and values
 - Promote dialogue and communication
 - Offer career development
 - Inspire and reward
- The way of maintain positive employee relations in which management share the company's vision with the rest of the staff is -----.
 - Offer training
 - Explain the 'why'
 - Set the tone
 - Be inclusive

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Name: _____ Date: _____

Answer sheet

Answers

-
-
-
-

Score = _____

Rating: _____

Instruction Sheet

Learning Guide 75: Manage production and operation

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics:

- Developing and implementing production /operation plan
- Purchasing required inputs and maintaining adequate inventories
- Checking and controlling production /operation process
- Applying and maintaining quality control

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to:

- Develop and implementing production /operation plan
- Purchase required inputs and maintaining adequate inventories
- Check and controlling production /operation process
- Apply and maintaining quality control

Learning Instructions:

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below 3 to 6.
3. Read the information written in the information “Sheet 1, 2, 3 and 4” in **page 113, 117, 122 and 127** respectively.
4. Accomplish the “Self-check 1, 2, 3 and 4” -” in **page 116, 121, 126 and 129** respectively

1.1 Developing production /operation plan

Most organizations are familiar with strategic plans, outlining strategy over a three to five-year period and establishing a stable long-term vision. But these same organizations often lack operations plans. An operations plan is meant to define how human, financial, and physical resources will be allocated to achieve short-term goals that support your larger strategic objectives. On a day-to-day basis, your operations plan will answer questions like:

- Who should be working on what?
- How will we allocate resources on a given task?
- What risks do we face at present?
- How can we mitigate those risks?

Put simply, your operations plan is a manual for operating your organization designed to ensure that you accomplish your goals. It's a key piece of the puzzle for any goal-oriented team. So, steps can you take to develop a strong operations plan are as follows:

Step1: Start with your strategic plan.

Ultimately, an operation plan is a tool for carrying out your strategic plan. It's important, then, to make sure that you have a strong strategic plan already in place, and that everyone involved in your efforts understands it. Without this guidance, writing an operations plan will be like trying to plan a vacation without knowing where you're going.

If you can't identify how an element of your operations plan helps you achieve a specific strategic objective, then it shouldn't be part of your plan.

Step2: Focus on your most important goals.

There's a simple rule when it comes to operations plans – the more complex they are, the less likely it is that a team will follow them successfully.

In order to avoid writing a tangled tome of a plan, focus on the goals that truly matter. Before you even set down to create your operations plan, break your strategic plan down into one-year objectives. Then determine the key initiatives that will help you achieve those goals. They might be:

- New organizational structures
- Quality control measures
- Faster delivery times

Choose between three and five initiatives that will drive success in your long-term goals, and then identify metrics that will help you measure your progress. These key performance indicators (or KPIs) will be among your most powerful tools for success.

Step3: Use leading – not lagging – indicators.

Your KPIs will play an important role in your operations plan's success – so it's critical to choose the right ones. The most effective metrics are leading indicators: predictive measures that show you what to expect in the future and allow you to adjust course accordingly. By contrast, lagging indicators show you that your progress is falling short only after it's too late.

If your goal is to reach a certain sales threshold, for example, sales meetings or calls-per-week might be a strong leading indicator. Based on your past experience, you may be able to calculate how many calls it takes, on average, to complete a sale. This will allow you to use calls to determine whether you're on track to meet sales goals. If you were to simply measure sales, however, you wouldn't know where you stood relative to goals and projections until you were already there.

Step4: Don't develop your KPIs in a vacuum.

The KPIs you choose will guide the work of everyone in your organization for the next year. With this in mind, you should draw on a wide variety of perspectives within your team as you develop those KPIs.

If your organization is made up of 15 people or less, you may want to hold an annual planning session where everyone collaborates to craft the KPIs for the coming year. Larger organizations may wish to restrict participation to their leadership teams. In either case, the key is to include a range of perspectives in the planning process – but not so many that effective decision-making becomes difficult.

Step5: Communication is paramount.

At the beginning of the year, set aside time to share and discuss your KPIs with your entire organization. It's essential for everyone to understand why you've chosen these specific metrics, why they matter, how they will help your organization achieve its goals, and what each individual's role may be in working toward success.

The importance of buy-in and communication among your team is hard to overstate. Hold regular meetings – ideally weekly – to communicate organizational progress on your KPIs and discuss any issues that may have emerged. Whether through meetings, dashboards, or some other means, team members should be able to track their personal progress and performance on a weekly basis.

1.2 Importance of operational plan

An Operational Plan ensures you can successfully implement your Action and Monitoring plans by getting your team to:

- Prepare your project to raise funds, being clear about how you will get the resources and arming you with a convincing plan to review with existing and potential donors.
- Use resources efficiently, to help allocate scarce resources to the most critical gaps and needs.
- Clearly define your capacity gaps and most critical resource requirements.
- Reduce risks where possible, and prepare contingency plans where necessary.
- Think about the long-term future of the project, including how you will ensure sustainability of your project's targets and impacts.

Self-Check -1	Written Test
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Directions: Write short and precise answers for the following questions and write the answer on the space provided.

1. Write the five steps for operational plan. (5 pts)

- A.-----
- B. -----
- C. -----
- D. -----
- E. -----

2. Write at least three importance of operational plan. (3 pts)

- A. -----
- B. -----
- C. -----

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Score = _____

Rating: _____

Information Sheet-2	Purchasing required inputs and maintaining adequate inventories
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2.1 Purchasing required inputs

Purchasing is the formal process of buying goods and services. The purchasing process can vary from one organization to another, but there are some common key elements. The process usually starts with a demand or requirements this could be for a physical part (inventory) or a service. A requisition is generated, which details the requirements (in some cases providing a requirements specification) which actions the procurement department. Purchase orders (PO) can be of various types, including:

- standard - a onetime buy
- planned - an agreement on a specific item at an approximate date
- blanket - an agreement on specific terms and conditions: date and quantity and amount are not specified.

2.2 Types of purchases

Depending on what type of purchase you are going to make, then the process concerned is not the same. The following examples show the different processes that take place concerning the different purchase types.

- **Personal purchases:** The consumer purchases for the consumption of themselves, then they fall into this very important category class. They are ultimately driving the economy through the purchase of it is products. Therefore, the economy becomes dependent on them.
- **Mercantile purchasing:** Facilitated by middlemen for the intention of re-sale to meet others requirements. Agents, wholesalers and retailers come under this category providing their own channels of distribution to the consumer. it is vital to organization
- **Industrial purchasing:** The purchaser is buying to convert material into finished goods and product. It entails buying raw materials. Components, supplies and consumable stores, spares and tools, machines and equipment and office appliance.

- **Institutionalized or government purchasing:** Government agencies or institutions are very important, critical, they purchase in bulk for public utilities.

2.3 Methods of purchasing

Some of the methods of purchasing are discussed as follows:

- **Purchasing by requirement:** This method refers to those goods which are purchased only when needed and in required quantity. On the other hand, it refers to the purchase of emergency goods.
- **Market purchasing:** Market purchasing refers to buying goods for taking advantages of favorable market situations. Purchases are not made to meet immediate needs but are acquired as per the future requirements.
- **Speculative purchasing:** Speculative purchasing refers to purchases at lower prices with a view to sell them at higher prices in future. The attention in this method is to earn profits out of price rises later on.
- **Purchasing for specific future period:** This method is used for the purchase of those goods which are regularly required. These goods are needed in small quantity and chances of price fluctuations are negligible.
- **Contract purchasing:** Under this method a specific quantity of materials is contracted to be purchased and delivery is taken in future.
- **Scheduled purchasing:** Under this method the suppliers are supplied a probable time schedule for material requirements so that they are in a position to arrange these in time.
- **Group purchasing of small items:** Sometimes a number of small items are required to be purchased. The prices of these items are so small that costs of placing orders may be more than prices.
- **Co-operative purchasing:** Small industrial units may join to pool their requirements and then place bulk orders with dealers. It helps small units in availing the benefits of bulk purchasing.

2.4 Purchasing objectives

To require all nominated personnel for all budget centers/grant holders, irrespective of the source of funds, to obtain supplies, services and equipment at the lowest possible cost

consistent with quality and delivery requirements and in accordance with sound business practice. Factors to be considered in determining whether value for money is being obtained must, where appropriate, include:

- Purchase costs
- Fitness for purpose
- Firmness of price (e.g. fixed or otherwise)
- Foreign exchange risks and costs
- Terms of payment
- Length of warranty or period of free maintenance
- Running costs (e.g. spares, consumable items, fuel, water, electricity)
- The cost of any required building or services alterations
- The likely sale or scrap value or other disposal charges

2.5 Purchasing procedures

2.5.1 Authorization of the requisition

In cases where a written requisition is raised in order to generate an official purchase order, the requisition must be approved by a member of staff to whom the responsibility for authorization has been delegated. It is the duty of each department or section to ensure that all personnel within the unit are aware who can initiate a purchasing requisition. It is important that the initiator involves the relevant Purchasing personnel at an early stage in this process to ensure optimum value for money in terms of price, quality and specification in addition to optimum service in terms of delivery.

2.5.2 Order processing

Control of purchase requisitions: It is the responsibility of each authorizing officer to ensure that:

- Requisitions do not contain policy violations, prohibited items or improper authorizations which contravene Financial Regulations in any manner. Such requisitions, if located, should be returned to the originator without action.
- The status of each requisition is easily identifiable up to the point of the purchase order being dispatched.

- The requisitions are processed in as speedy and efficient manner as possible with due regard given to urgent requirements.

Supplier selection: Purchases to be made for goods or services will be subject to formal sourcing exercises according to standing orders relating to contract.

2.6 Maintaining correct inventory levels

In simplistic terms, inventory is described as raw materials, work-in-progress and finished goods. Yet the need to manage inventory is not solely the domain of retail and manufacturing businesses. In reality, inventory management is far more complex and can also include items used for the output of services, such as health providers. Getting your inventory levels right is fundamental to managing business operations, controlling costs and is a good measure of your company's overall health.

Maintaining inventory has the following benefits:

- Improved productivity
- Cost reduction
- Customer service

Inventory is an integral part of most business and necessary for effective day-to-day operations. The importance of correct inventory levels cannot be overstated. There are many reasons to maintain correct inventory levels and every reason will have a cost associated with it, whether it is shortage, productivity or customer service.

Self-Check -2	Written Test
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Directions: Match methods of purchasing in column “A” with their definition in column “B” and write your answer on the space provided (2pts each).

A	B
-----1. Purchasing by requirement	A. A specific quantity of materials is contracted to be purchased and delivery is taken in future
-----2. Market purchasing	B. Used for the purchase of those goods which are regularly required
-----3. Speculative purchasing	C. Suppliers are supplied a probable time schedule for material requirements
-----4. Purchasing for specific future period	D. Refers to buying goods for taking advantages of favorable market situations
-----5. Contract purchasing	E. Refers to those goods which are purchased only when needed and in required quantity
-----6. Scheduled purchasing	F. Refers to purchases at lower prices with a view to sell them at higher prices in future
-----7. Group purchasing of small items	G. Small industrial units may join to pool their requirements and then place bulk orders with dealers
-----8. Co-operative purchasing	H. A number of small items are required to be purchased
	I. The consumer purchases for the consumption of themselves
	J. Convert material into finished goods and product

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Score = _____
Rating: _____

3.1 Checking and controlling production /operation process

Production is necessary for consumer satisfaction and enhancement of firms in competitive business climate. It is defined as actions involved in handling materials, parts, assemblies, and subassemblies, from their initial stage to the finished product stage in a structured and efficient way. It may also consist of activities such as planning, scheduling, routing, dispatching, storage. The production controller directly reports to the works manager but in small scale unit, all the three functions namely material control, planning and control are often performed by the industrialist himself. Production control starts with dispatching and ends up with remedial actions.

3.2 The objectives of production control

The major objective of production control is to gain maximum output from minimum input of resources. Production control regulates the orderly flow of material from raw stage to finish stage. It highlights control mechanism on the basis of flow of material throughout the organization. Another objective of Production control is proper tooling and plant layout. A sequential arrangement of plant and machinery leads to minimum delays and less wastage due to transfer of material from one place to another. It has an objective of routing a work with in factory. Production control also regulates inventory management and organizes the production schedules.

3.3 Importance of production control

Production control ensures the best utilization of human and physical resources.

- It helps in coordination
- It also helps in minimizing cost and improving quality.
- It helps in inventory control.

Production control in organization is highly important activity as it checks various undesirable activities such as theft, corruption, delays, and non-cooperation.

Consequently, the production is safe, timely delivery and wastage is reduced. Production control also gives advantage of psychological pressure on all the persons concerned.

3.4 Techniques of production control in an organization

Production control ensures usual and smooth flow of material and synchronizes different manufacturing operations through the methods of programming, Scheduling, dispatching, and progressing and inventory control.

Programming: Production programming controls the supply of finished product in desired amount at the due date according with the production plan. Programming guarantees most efficient use of labor, equipment and capital. In production programming, three main decisions are taken:

- Nature of the product to be manufactured.
- Amount of Quantities to be produced.
- When to produce:

Objectives of Production Programming:

- Reliable delivery to the customer:
- Even loading of plant by ensuring production at an even rate throughout the year.
- Even loading of labor in total man-hours per week
- Well-organized use of capital

To prepare production programme some problems can be solved:

- Smoothing of seasonal sales demand.
- Choice of batch quantity and batch frequency for products required in small quantities at irregular intervals,
- The constant revision of the production programme to keep it in line with revision of the sales programme.

Scheduling: It refers to set time table for output indicating when each activity in proper sequence should take place. The purpose of preparing time table is to determine the time to be taken by each process of production.

There are different types of schedules that include:

- master schedule,
- operation schedule, and
- daily operation schedule.

Dispatching: Dispatching is the practice of setting production activities in action through the discharge of order and instructions according to previously planned times and sequence embodied in route sheets and schedule charts. It considers each processing department one by one and plans the output from machines, tools and other work centers so as to complete the orders by due date.

There are various functions of Dispatching:

- checking the immediate availability of materials.
- collate jobs, operation layouts, routine etc. with the design, processing information
- inspection schedule, assign the work to definite machine, work place and men, to issue necessary materials, tools etc.
- correct points for use, to issue production order note stating the start and finish times,
- inform the progress section about the start of the work, give instruction to start the production,

The dispatching function is significantly affected by machine breakdowns, tooling breakdowns, material delays and absenteeism.

Progressing or follow-up: Follow-up is the measurement of output against plan, analysis of performance for deficits and following up the line management to apply corrective action for excessive underperformance. It is significant step of production control. It determines causes of delay which may be loss-making lot sizes; schedule beyond the capacity of the machine, underestimation of material, tools and manpower, errors in processing and inspection. Progressing is the function by which one can give an early warning when actual production diverges from planned production and thus makes it possible to take remedial action. The need of progressing arises due to:

- Failure to deliver materials on time.
- Machines/power breaks down.
- Workers absenteeism.
- Faults of design, planning or human activity,
- Unnecessary delays/bottlenecks.

The following are the steps in Progressing or Follow-up:

- Flowcharts indicating the planned sequence of operations
- Production schedules to compare targets with performances
- Machine loading charts indicating different operations performed by each machine.

- Inspection schedules to establish a programme for inspection

Progressing can perform following tasks:

- Recording actual production.
- Compare it with planned production.
- Measure the variability in production.
- Reporting the excessive variance to the authority responsible for execution of the production plan.

Self-Check -3	Written Test
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Directions: Match techniques of production control in an organization in column A with their function in column B and write your answer on the space provided (2 pts each).

A

- 1. Programming
- 2. Scheduling
- 3. Dispatching
- 4. Progressing
- 5. Follow-up

B

- A. Set time table for output
- B. One can give an early warning
- C. Failure to deliver materials
- D. Measurement of output against plan
- E. Setting production activities in action
- F. Unnecessary delays
- G. Controls the supply of finished product

Note: Satisfactory rating - 5 points

Unsatisfactory - below 5 points

Score = _____

Rating: _____

4.1 Applying quality control

Quality control is a key component of a well-run business. A quality control program helps to ensure your small business is delivering a consistent product, service and customer experience.

4.1.1 Techniques of quality control

There are several methods of measuring the performance of quality control but we will see only the two methods:

A quality control chart: is a graphic that depicts whether sampled products or processes are meeting their intended specifications and, if not, the degree by which they vary from those specifications. When each chart analyzes a specific attribute of the product it is called a univariate chart. When a chart measures variance in several product attributes, it is called a multivariate chart. A common form of a quality control chart is the X-Bar Chart, where the y-axis on the chart tracks the degree to which the variance of the tested attribute is acceptable. The x-axis tracks the samples tested. Analyzing the pattern of variance depicted by a quality control chart can help determine if defects are occurring randomly or systematically.

Taguchi method of quality control: emphasizes the roles of research and development, product design, and product development in reducing the occurrence of defects and failures in products. The Taguchi Method considers design to be more important than the manufacturing process in quality control and tries to eliminate variances in production before they can occur.

4.1.2 Quality control inspectors

Quality control inspectors protect the consumer from defective products and the company from damage to its reputation due to inferior manufacturing processes. If the testing process reveals issues with the product, the inspector has the option of fixing the problem himself, returning the product for repairs or tagging the product for rejection. When issues arise, the inspector notifies supervisors and works with them to correct the problem.

4.2 Developing quality control process

Developing quality control processes allows your business to operate without you, making it easier to expand into new locations, delegate duties and even sell your business when the time comes. To develop a quality control process:

- Set your quality standards
- Decide which quality standards to focus on
- Create operational processes to deliver quality
- Review your results
- Get feedback
- Make improvement

Self-Check -4	Written Test
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Directions: Write short and precise answers for the following questions and write your answer on the space provided.

- Write the two techniques of quality control. (2 pts)
 -
 -
- Write the procedures of business quality procedures. (6 pts)
 -
 -
 -
 -
 -
 -

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

an ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Instruction Sheet

Learning Guide 76: Maintain financial records and use for decision making

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics:

- Discussing and understanding objective and benefits of financial records
- Identifying and recording asset, liabilities and capital
- Discussing balance sheet and different journals
- Discussing, analyzing, classifying and recording business transactions
- Maintaining daily financial records
- Preparing and distributing invoices and payments
- Collecting or following-up outstanding accounts
- Identifying and discussing revenue, expense and costs
- Discussing and maintaining different ledgers and subsidiary ledgers
- Preparing profit and loss report
- Conducting financial interpretation
- Preparing financial manual

This guide will also assist you to attain the learning outcome stated in the cover page.

Specifically, upon completion of this Learning Guide, you will be able to:

- Discuss and understand objective and benefits of financial records
- Identify and record asset, liabilities and capital
- Discuss balance sheet and different journals
- Discuss, analyze, classify and record business transactions
- Maintain daily financial records
- Prepare and distribute invoices and payments
- Collect or follow-up outstanding accounts
- Identify and discuss revenue, expense and costs
- Discuss and maintain different ledgers and subsidiary ledgers
- Prepare profit and loss report
- Conduct financial interpretation
- Prepare financial manual

Learning Instructions:

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below 3 to 6.
3. Read the information written in the information “Sheet 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12” **in page** 132, 135, 142, 149, 155, 158, 161, 164, 168, 172, 175 and 181 respectively.
4. Accomplish the “Self-check 1, 2, 3 4, 5, 6, 7, 8, 9, 10, 11 and 12” **in page 134, 141, 148, 154, 157, 160, 163, 167, 171, 174, 180 and 184** respectively
5. If you earned a satisfactory evaluation from the “Self-check” proceed to “Operation Sheet 1, 2 and 3 in page 185 and 4 in page 186.
6. Do the “LAP test” in page 187

Information Sheet-1	Discussing and understanding the objective and benefits of financial records
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1.1 Financial records

Everyone in business must keep financial records. Keeping good financial records is very important to your business. Good financial records will help you do the following:

- Monitor the progress of your business:
- Prepare your financial statements: These include income (profit and loss) statements and balance sheets. These statements can help you in dealing with your bank or creditors and help you manage your business.
 - ✓ An income statement shows the income and expenses of the business for a given period of time.
 - ✓ A balance sheet shows the assets, liabilities, and your equity in the business on a given date.
- Identify sources of your income
- Keep track of your deductible expenses: Unless you record them when they occur, you may forget expenses when you prepare your tax return.
- Keep track of your basis in property: You will use the basis to figure the gain or loss on the sale, exchange, or other disposition of property, as well as deductions for depreciation, amortization, depletion, and casualty losses.
- Prepare your tax return:
- Support items reported on your tax returns: You must keep your business records available at all times for inspection. A complete set of records will speed up the examination.

1.2 Financial reporting

Financial reporting should depict an accurate position of a company's finances; these are sometimes referred to as Management Accounts and will include revenue, cost of sales, expenses, and overheads. Financial reporting is a way of following standard accounting practices to give an accurate depiction of a company's finances, including:

- Revenues

- Expenses
- Profits
- Capital
- Cash flow

1.2.1 Benefits of financial reporting

Financial reporting has the following benefits:

- Managing your liquidity
- Sales trends
- Access real-time
- Government compliance
- Creating your own reports

Here are also few reasons why financial reporting is important to your business:

- Tax purposes:
- Showing financial condition
- Evaluating operations.
- Examining cash flow
- Sharing shareholder equity
- Decision-making, planning and forecasting
- Mitigate errors.

1.2.2 Goals of financial reporting

There are three main goals of financial reporting:

- Provide information to investors
- Track cash flow
- Analyze assets, liabilities and owner's equity

Self-Check -1

Written Test

Directions: Write short and precise answers for the following questions and write your answer on the space provided.

1. Write at least four importance good financial records. (4 pts)

A. -----

B. -----

C. -----

D. -----

2. What are three main goals of financial reporting? (3 pts)

A. -----

B. -----

C. -----

3. List at least three reasons why financial report is important. (3 pts)

A. -----

B. -----

C. -----

Note: Satisfactory rating - 5 points

Unsatisfactory - below 5 points

an ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Name: _____

Date: _____

Information Sheet-2	Identifying and recording asset, liabilities and capital
---------------------	--

2.1 Identifying asset, liabilities and capital

In accounting, an *account* is a descriptive storage unit used to collect and store information of similar nature. Now, let's take a look at the accounting elements. There are five account types.

2.1.1 Assets

Assets refer to resources owned and controlled by the entity as a result of past transactions and events, from which future economic benefits are expected to flow to the entity. In simple terms, assets are properties or rights owned by the business. They may be classified as current or non-current.

A. Current assets – Assets are considered current if they are held for the purpose of being traded, expected to be realized or consumed within twelve months after the end of the period or its normal operating cycle (whichever is longer), or if it is cash. Examples of current asset accounts are:

- Cash and Cash Equivalents – bills, coins, funds for current purposes, checks, cash in bank, etc.
- Receivables – Accounts Receivable (receivable from customers), Notes Receivable (receivables supported by promissory notes), Rent Receivable, Interest Receivable,
- Inventories – assets held *for sale* in the ordinary course of business
- Prepaid expenses – expenses paid in advance, such as, Prepaid Rent, Prepaid Insurance, Prepaid Advertising, and Office Supplies

B. Non-current assets – Assets that do not meet the criteria to be classified as current. Hence, they are long-term in nature – useful for a period longer than 12 months or the company's normal operating cycle. Examples of non-current asset accounts include:

- Long-term investments – investments for long-term purposes such as investment in stocks, bonds, and properties; and funds set up for long-term purposes
- Land – land area owned for business operations (*not for sale*)
- Building – such as office building, factory, warehouse, or store

- Equipment – Machinery, Furniture and Fixtures (shelves, tables, chairs, etc.), Office Equipment, Computer Equipment, Delivery Equipment, and others
- Intangibles – long-term assets with no physical substance, such as goodwill, patent, copyright, trademark, etc.
- Other long-term assets

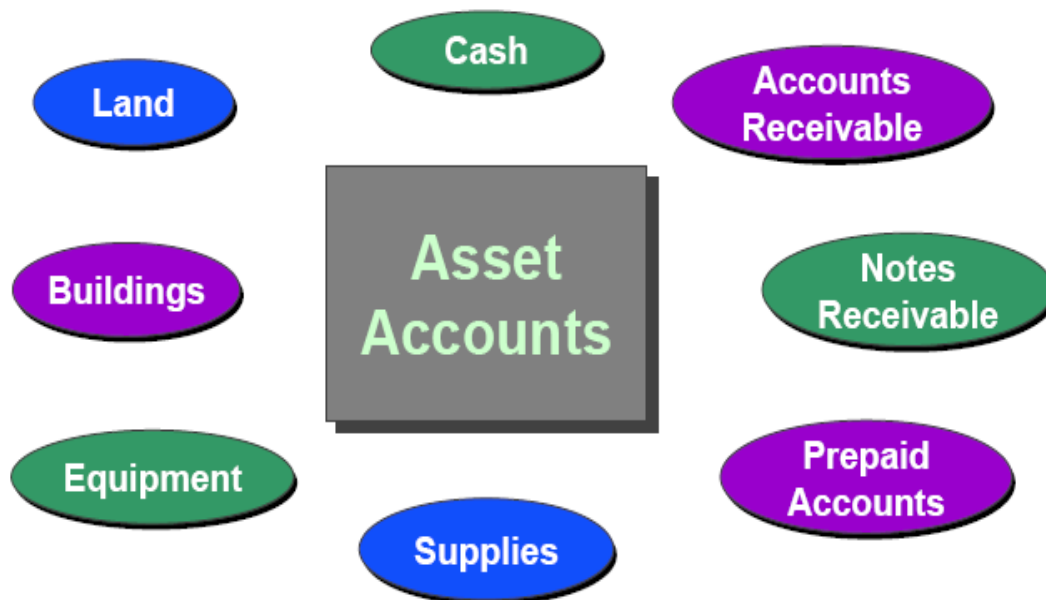


Figure 6: Asset accounts

2.1.2 Liabilities

Liabilities are economic obligations or payables of the business. Company assets come from two major sources – borrowings from lenders or creditors, and contributions by the owners. The first refers to liabilities; the second to capital. Liabilities represent claims by other parties aside from the owners against the assets of a company. Like assets, liabilities may be classified as either current or non-current.

A. Current liabilities – A liability is considered current if it is due within 12 months after the end of the balance sheet date. In other words, they are expected to be paid in the next year. If the company's normal operating cycle is longer than 12 months, a liability is considered current if it is due within the operating cycle. Current liabilities include:

- Trade and other payables – such as Accounts Payable, Notes Payable, Interest Payable, Rent Payable, Accrued Expenses, etc.

- Current provisions – estimated short-term liabilities that are probable and can be measured reliably
- Short-term borrowings – financing arrangements, credit arrangements or loans that are short-term in nature
- Current-portion of a long-term liability – the portion of a long-term borrowing that is currently due.

Example: For long-term loans that are to be paid in annual installments, the *portion* to be paid next year is considered current liability; the rest, non-current.

- Current tax liabilities – taxes for the period and are currently payable

B. Non-current liabilities – Liabilities are considered non-current if they are not currently payable, i.e. they are not due within the next 12 months after the end of the accounting period or the company's normal operating cycle, whichever is shorter.

In other words, non-current liabilities are those that do not meet the criteria to be considered current. Non-current liabilities include:

- Long-term notes, bonds, and mortgage payables;
- Deferred tax liabilities; and
- Other long-term obligations

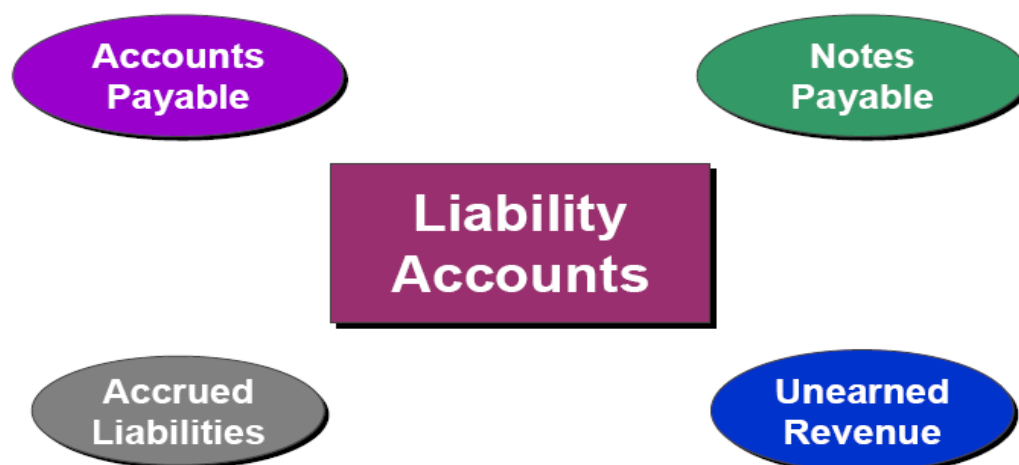


Figure 7: Liability accounts

2.1.3 Capital

Also known as net assets or equity, capital refers to what is left to the owners after all liabilities are settled. Simply stated, capital is equal to total assets minus total liabilities.

Capital is affected by the following:

- Initial and additional contributions of owner/s (investments),
- Withdrawals made by owner/s (dividends for corporations),

- Income, and
- Expenses.

Owner contributions and income increase capital. Withdrawals and expenses decrease it. The terms used to refer to a company's capital portion varies according to the form of ownership. In a sole proprietorship business, the capital is called Owner's Equity or Owner's Capital; in partnerships, it is called Partners' Equity or Partners' Capital; and in corporations, Stockholders' Equity.

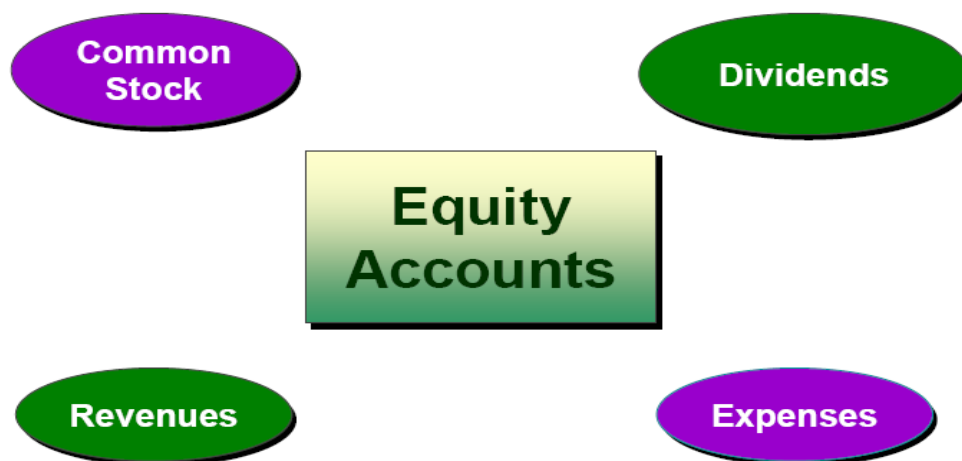


Figure 8: Equity accounts

For example, if you purchase a \$30,000 vehicle with a \$25,000 loan and \$5,000 in cash, you have acquired an asset of \$30,000, but have only \$5,000 of equity. The Balance Sheet equation is:

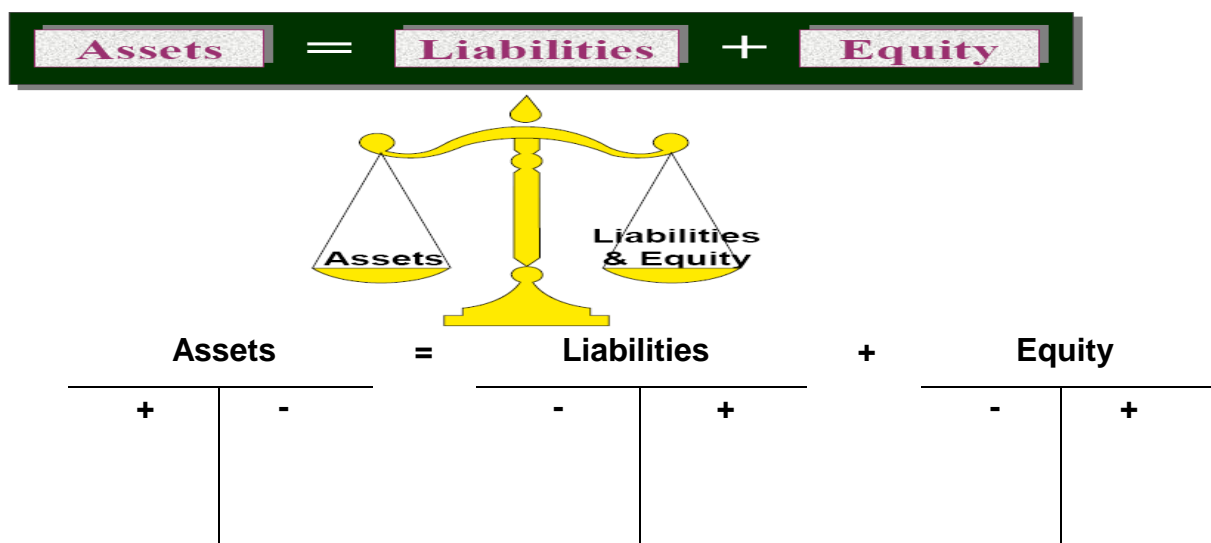


Figure 9: Balance sheet equation

We can see how this equation works with our example: \$30,000 Asset = \$25,000 Liability + \$5,000 Owner Equity.

2.1.4 Income

Income refers to an increase in economic benefit during the accounting period in the form of an increase in asset or a decrease in liability those results in increase in equity, other than contribution from owners. Income encompasses *revenues* and *gains*. Revenues refer to the amounts earned from the company's ordinary course of business such as professional fees or service revenue for service companies and sales for merchandising and manufacturing concerns. Gains come from other activities, such as gain on sale of equipment, gain on sale of short-term investments, and other gains.

Income is measured every period and is ultimately included in the capital account. Examples of income accounts are: Service Revenue, Professional Fees, Rent Income, Commission Income, Interest Income, Royalty Income, and Sales.

2.1.5 Expense

Expenses are decreases in economic benefit during the accounting period in the form of a decrease in asset or an increase in liability that result in decrease in equity, other than distribution to owners. Expenses include ordinary expenses such as Cost of Sales, Advertising Expense, Rent Expense, Salaries Expense, Income Tax, Repairs Expense, etc. Like income, expenses are also measured every period and then closed as part of capital.

2.2 Recording asset, liabilities and capital

Record a group of business transactions, in column form, involving all five elements of the fundamental accounting equation. The accounting equation has been expanded and appears as follows:

Assets = Liabilities + Owner's Equity (Capital) + Revenue – Expenses

Accounts are classified and listed under each heading. Transactions are recorded by listing amounts as either addition to or deductions from the various accounts. The equation must always remain in balance.

Self-Check -2

Written Test

Directions: Match Column A with Column B and write your answer on the space provided (2 pts each).

A

- 1. Current assets
- 2. Non-current assets
- 3. Current liabilities
- 4. Non-current liabilities
- 5. Income
- 6. Expense

B

- A. Bonds
- B. Equipment
- C. Professional Fees
- D. Cost of Sales
- E. Checks
- F. Interest Payable
- G. Sales revenues
- H. Capital

Note: Satisfactory rating - 6 points

Unsatisfactory - below 6 points

ask your teacher for the copy of the correct answers.

Score = _____

Rating: _____

3.1 Balance sheet

A balance sheet is a financial statement that reports a company's assets, liabilities and shareholders' equity at a specific point in time, and provides a basis for computing rates of return and evaluating its capital structure. It is a financial statement that provides a snapshot of what a company owns and owes, as well as the amount invested by shareholders.

3.1.1 Balance sheet: Assets

An asset is an item that the company owns, with the expectation that it will yield future financial benefit. This benefit may be achieved through enhanced purchasing power (i.e., decreased expenses), revenue generation or cash receipts. There are two types of balance sheet assets:

Current assets are those assets that you expect to either convert to cash or use within one year, or one operating cycle whichever is longer. Examples of current assets include cash, accounts receivable and inventory (e.g., raw materials, work in progress, finished goods).

Long-term assets are those that you use in the operation of your company and that will continue to offer benefit beyond a single year or operating cycle. Examples of long-term assets include buildings, machinery and equipment (also known as fixed or capital assets). Many long-term assets are amortized as they are used.

3.1.2 Balance sheet: Liabilities

The opposite of assets are liabilities. Liabilities are amounts that the company owes and will have to settle in the future.

There are two types of balance sheet assets:

Current liabilities are those that are expected to be settled within one year, or one operating cycle whichever is longer. Examples of current liabilities include accounts payable, demand loans and current portions of long-term liabilities. Current liabilities are often compared to current assets as a measure of liquidity.

Long-term liabilities include ongoing commitments such as loans, mortgages, debentures, finance leases and other long-term financing arrangements.

3.1.3 Balance sheet: Equity

Equity is made up of two main components: equity instruments and retained earnings.

Equity instruments include capital stock, which is the amount that has been received in relation to the corporation's sale of shares. Other equity instruments include options or warrants. Contributed surplus is also recorded in the equity portion of the balance sheet for earnings that are not profits.

Retained earnings (or deficit) are discussed as part statement of retained earnings.

The balance sheet adheres to the following accounting equation, where assets on one side, and liabilities plus shareholders' equity on the other, balance out:

$\text{Assets} = \text{Liabilities} + \text{Shareholders' Equity}$

This formula is intuitive: a company has to pay for all the things it owns (assets) by either borrowing money (taking on liabilities) or taking it from investors (issuing shareholders' equity).

For example, if a company takes out a five-year, \$4,000 loan from a bank, its assets (specifically, the cash account) will increase by \$4,000. Its liabilities (specifically, the long-term debt account) will also increase by \$4,000, balancing the two sides of the equation. If the company takes \$8,000 from investors, its assets will increase by that amount, as will its shareholders' equity. All revenues the company generates in excess of its expenses will go into the shareholders' equity account. These revenues will be balanced on the assets side, appearing as cash, investments, inventory, or some other asset.



Figure 10: Balance sheet formula

Table: Example of a balance sheet

September 30, 2020	
Assets	
Current assets	
Cash and cash equivalent	5,669
Notes and accounts receivable – net	27,880
Inventories	
Crude oil, products and merchandise	14,617
Materials and supplies	4,144
Other current assets	1,665
Total current assets	53,975
Investments, advances and long-term receivables	40,427
Property, plant and equipment-net	249,153
Other assets, including intangibles-net	11,073
Total assets	354,628
Liabilities	
Current liabilities	
Notes and loans payable	19,413
Accounts payable and accrued liabilities	41,714
Income taxes payable	<u>4,161</u>
Total current payable	65,288
Long-term debt	20,624
Postretirement benefits reserves	21,448
Deferred income tax liabilities	27,084
Long-term obligations to equity companies	4,625
Other long-term obligations	<u>18,728</u>
Total liabilities	<u>157,797</u>
Equities	
Common stock without par value	
(9,000 million shares authorized, 8,019 million issued)	15,254
Earnings reinvested	419,155
Accumulated other comprehensive income	(18,370)
Common stock held in treasury	
(3,785 million shares at September 31,2020 and 3,780 million shares at December 31,2019)	<u>(225,674)</u>
Company share of equity	190,365
Noncontrolling interest	<u>6,466</u>
Total equity	<u>196,831</u>
Total liabilities and equity	<u>354,628</u>

3.1.4 Limitations of balance sheets

The balance sheet is an invaluable piece of information for investors and analysts; however, it does have some drawbacks. Since it is just a snapshot in time, it can only use the difference between this point in time and another single point in time in the past. Because it is static, many financial ratios draw on data included in both the balance sheet and the more dynamic income statement and statement of cash flows to paint a fuller picture of what's going on with a company's business.

3.2 General Journals and General Ledgers

3.2.1 General Journals

Simply defined, the general journal refers to a book of original entries, in which accountants and bookkeepers record raw business transactions, in order according to the date events occur. A general journal is the first place where data is recorded, and every page in the item features dividing columns for dates, serial numbers, as well as debit or credit records.

3.2.2 General Ledgers

A general ledger is a book or file that bookkeepers use to record all relevant accounts. The general ledger tracks five prominent accounting items: assets, liabilities, owner's capital, revenues, and expenses. Each accounting item is displayed as a two-columned T-shaped table. The bookkeeper typically places the account title at the top of the "T" and records debit entries on the left side and credit entries on the right. The general ledger sometimes displays additional columns for particulars such as transaction description, date, and serial number.



Notice the T-Account

Cash			
Investment by owner for stock	30,000	Purchase of supplies	2,500
Consulting services revenues earned	4,200	Purchase of equipment	26,000
Collection of accounts receivable	1,900	Payment of rent	1,000
		Payment of salary	700
		Payment of account payable	900
		Payment of cash dividend	200
Total increases	36,100	Total decreases	31,300
Balance	4,800		

Figure 11: T- Account

The ledger provides the transaction history and current balance in each accounting system account, throughout the accounting period. At the end of the period, ledgers, therefore, serve as the authoritative source of data for building a firm's financial accounting reports.

- The Income statement is mostly a summary of account activity for the period in the firm's Revenue and Expense Accounts.
- The Balance sheet is mostly a summary of the current balances in the firm's Assets, Liabilities, and Equities accounts, as they stand at the period end.

Sections below further define, explain and illustrate **ledger** in context with related terms and concepts, emphasizing three themes:

- First, the ledger's role in the accounting cycle, the nature of posting, and practices in "continuous accounting."
- Second, how firms record and organize transactions of various kinds through the Journal, Sub-Ledger, and General Ledger.
- Third, Ledger structure and contents, including the T-account Structure

A **trial balance** is a listing of all accounts (in this order: asset, liability, equity, revenue, expense) with the ending account balance. It is called a trial balance because the information on the form must balance.

Self-Check -3	Written Test
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Directions: Choose the best answer for the following questions and write your answer on the answer sheet provided (2 pts each).

- is a financial statement that reports a company's assets, liabilities and shareholders' equity at a specific point in time.
 - Trial balance
 - Balance sheet
 - General Journals
 - General Ledgers
- A book of original entries, in which accountants and bookkeepers record raw business transactions is refer to as-----
 - Trial balance
 - Balance sheet
 - General Journals
 - General Ledgers
- Amounts that the company owes and will have to settle in the future is -----
 - Liabilities
 - Assets
 - Equity
 - Current assets
- One of the following is a current asset.
 - Buildings
 - Finished goods
 - Accounts payable
 - Mortgages

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

an ask you teacher for the copy of the correct answers.

Answer Sheet

Score = _____

Rating: _____

Name: _____

Date: _____

Answers

1. ----- 2. ----- 3. ----- 4. -----

Information Sheet-4	Discussing, analyzing, classifying and recording business transactions
---------------------	--

4.1 Understanding and analyzing business transactions

4.1.1 Understanding business transaction

A business transaction is an activity or event that can be measured in terms of money and which affects the financial position or operations of the business entity. It has an effect on any of the accounting elements; assets, liabilities, capital, income, and expense.

Transactions may be classified as exchange and non-exchange.

Exchange transactions involve physical exchange such as purchasing, selling, collection of receivables, and payment of accounts.

Non-exchange transactions are events that do not involve physical exchanges but where changes in monetary values are determinable, e.g. wear and tear of equipment, fire loss, typhoon loss, etc.

4.1.2 Transaction analysis

Transaction analysis is the act of examining a transaction to decide how it affects the accounting equation. Now, in order to analyze a transaction, you must know what it is you're looking for. Accountants are equipped with a very special tool that they use when analyzing transactions that tool is the accounting equation.

The accounting equation states that $\text{assets} = \text{liabilities} + \text{owner's equity}$.

An **asset** is something that a business owns.

A **liability** is something that a business owes.

Owner's equity is the amount of money that a business owner personally invests in the business.

A **double-entry accounting system** is one that is based on the premise that for every one transaction at least two accounts will be affected. It means that at least one account will be debited and one account will be credited.

A **debit** is an entry on the left side of an account that signifies an increase in the balance of an asset account and a decrease in the balance of a liability or owner's equity account.

A **credit** is an entry on the right side of an account that decreases the balance of an asset account and increases the balance of a liability or owner's equity account.

4.2 Recording Transactions

4.2.1 Source documents

Source documents are the business forms that document all financial transactions of a business from buying to selling. Business forms include purchase orders, receipts, and invoices. The actual specifics of business forms used by companies vary greatly. Some companies require an unnecessary amount of paperwork to document a simple purchase order.

4.2.2 The journal

In the accounting world, the journal is a book that contains original entries for financial transactions. In general, everything starts from a source document and then moves to a journal. Journals store financial transaction information ultimately derived from source documents. Later, these journal entries are summed up and then posted, or transferred, to a ledger. A journal records all entries chronologically, though in a computerized accounting system you would be able to sort by any parameter. This process is known as journalizing.

Table 2: Sales journal example

Orion Computer Repair Company Sales Journal (page 1)					
Date	Company	Item	Price	Quantity	Total
9/4/11	Universal Class	4 Computers Repaired	\$200	4	\$800.00
9/20/11	Yahoo.com	20 Computers Repaired	\$200	20	\$4,000.00
9/25/11	Computer Assoc.	8 computers Repair	\$200	8	\$1,600.00

This would be considered a special journal. It is recording only sales transactions. This data is then netted at the end of the month and transferred to the general journal.

The general journal

In the general journal, you would record your debits and credits for every financial transaction (lefts and rights).

In any typical general journal, you will have a date, description, posting reference, debits, and credits.

Date entry: You will notice that for many of these items, summarized here, there should be multiple dates. For the ease of this example, we assume that everything opened and closed in the same month (September).

Description entry: The name of the account to be debited is on the first line, and the name of the account to be credited is indented.

Posting reference (PR): In this example, it is not used. However, this would be the unique reference identification that corresponds to the entry in the general ledger.

Debit: This is the amount that is debited for the indicated account.

Credit: This is the amount that is credited for the indicated account.

4.2.3 The General ledger

The general ledger is the book of a company. It contains all accounts and their balances for the accounting period. The main difference between how the general journal works and how the general ledger works is that the general journal itemizes financial transactions by date, and the general ledger is a record of financial transactions by account.

Table 4.3 : General ledger example

Orion Computer Repair Company General Ledger Accounts Receivable				
Date	Description	P.R.	Debit	Credit
9/18/2011	Computer Repair Sales	GJ1	18,000	

Orion Computer Repair Company General Ledger Accounts Payable				
Date	Description	P.R.	Debit	Credit
9/8/2011	Computer Spare Parts Order	GJ1		7,500
9/25/2011	Computer Spare Parts Order	GJ1		6,500
9/30/2011	Closing Outstanding Spare Part Bills	GJ1	14,000	

The posting reference in this example is listed as "GJ1," which means **General Journal**, but could really be anything and even in more detail depending on the complexity of an organization's accounting system.

4.2.4 Subsidiary Ledgers

Sometimes financial transactions for an active company just get too complex and detailed to list in the general ledger, and in such cases, we need another, more focused ledger that summarizes transactions that then get posted to the general ledger. These ledgers are known as **subsidiary ledgers**.

4.2.5 Trial Balance

The trial balance is generated from the general ledger. The trial balance consolidates all this information into one convenient statement for the accountant to review and check against other financial reports, ledgers, and journals. When the general ledger has been reviewed, balanced, totaled, and transferred to the trial balance sheet, it will look something like this:

Table 4: Trial balance example

Orion Computer Repair Company TRIAL BALANCE December 31, 2011		
Account Name	Debit	Credit
001 Cash	25,000	
010 Spare Computer Parts (inventory)	14,000	
012 Accounts Receivable	18,000	
020 Accounts Payable		14,000
030 Revenue		18,000
022 Capital Investment		50,000
005 Salary Expense	25,000	
	<u>82,000</u>	<u>82,000</u>

The above trial balance sheet is oversimplified to suit our small company example. However, it does show how the overall trial balance would be balanced if everything was done properly. This is critical. If the debits and credits of a trial balance are not equal, something is amiss in the general ledger.

Of course, if the trial balance balances, it does not mean that it is error-free. A trial balance is still prone to the following errors:

- Debit and credit transactions are recorded in the wrong accounts

- A journal entry never made it to the general ledger or a financial transaction was never documented in the general journal
- Debit and credit transactions were recorded in reverse

If the trial balance does not balance, this means there could be errors, ranging from a simple numeric miscalculation to an improperly entered journal entry or journal posting. The best remedy against a disastrously non-balanced trial balance report is to run the report frequently and balance it frequently. In other words, try to catch the errors as quickly as they appear, instead of trying to fix everything at the year-end.

Self-Check -4	Written Test
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Directions: Choose the best answer for the following questions and write your answer on the answer sheet provided (2 pts each).

- Which type of transaction involve physical exchange such as purchasing, selling, collection of receivables, and payment of accounts?
 - Posting reference
 - Exchange transactions
 - Non-exchange transactions
 - Description entry
- A book that contains original entries for financial transactions is -----
 - Source documents
 - The journal
 - General ledger
 - Trial Balance
- Amounts that the company owes and will have to settle in the future is -----
 - Liabilities
 - Assets
 - Equity
 - Current assets
- The business forms that document all financial transactions of a business from buying to selling is known as-----
 - Source documents
 - Posting reference
 - General ledger
 - General journal
- is the act of examining a transaction to decide how it affects the accounting equation.
 - Recording Transactions
 - Transaction analysis
 - Non-exchange transactions
 - Exchange transactions

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

an ask you teacher for the copy of the correct answers.

Answer Sheet

Score = _____

Rating: _____

Name: _____

Date: _____

Answers

1. ----- 2. ----- 3. ----- 4. -----

Information Sheet-5

Maintaining daily financial records in accordance with legal and accounting requirements

5.1 Maintaining daily financial records

Maintaining daily financial records will not be a challenging task if you develop a system. If you don't use business software to track income and expenses, it can easily be accomplished with the simple bookkeeping steps of entering income and expenses. Simply recording the money that comes in and the money that goes out accounts for about 90 percent of the record-keeping task. A bookkeeping ledger or notebook tablet is sufficient to record daily items. Record each day's transactions of sales, expenses and purchases on a page of the ledger or notebook. If there are not enough items in one day to fill the page, use it for two or more days.

5.2 Basic record keeping requirements

Setting up the right record keeping system for your business will help you work efficiently, meet legal requirements and strengthen customer and staff relationships.

To meet basic legal requirements, you must keep the following:

- a cash book or financial accounting program: that records cash receipts and cash payments
- bank accounts: cheque books, deposit books and bank statements
- employment records: hours of work, overtime, remuneration or other benefits, leave, superannuation benefits, termination of employment, type of employment, personal details of workers, employee personal contact and employment details
- occupational training records: for both you and employees to comply with work, health and safety laws including evacuation and emergency training attendance
- sales records: invoice books, receipt books, cash register tapes, credit card documentation, credit notes for goods returned and a record of goods used by the business owner personally
- proof of purchases: cheque butts (larger purchases), petty cash system (smaller cash purchases), receipts, credit card statements, invoices, any other documents relating to purchases including copies of agreements or leases

- Work, health and safety (WHS) records — workplace incidents, risk register and management plan, names of key WHS people.

5.3 End of financial year records

To meet legal requirements, maximize your tax return or minimize your tax bill at the end of the financial year, keep the following records:

- details of stock on hand: at the beginning and end of the financial year
- a list of debtors and creditors: for the entire financial year
- capital gains details: records of asset purchase dates and agreements, records of sale, disposal and proceeds received, details of commissions paid or legal expenses, improvements made to an asset and any other records relevant to how you calculate your capital gain or capital loss
- depreciation details: original purchase agreements or tax invoices, a depreciation schedule, the cost of transporting the items to your business (if applicable), installation costs (if applicable)
- expense records: cheque butts, receipts, cash register tapes, copies of statements and invoices, credit card documentation, details of payments by cash and log books
- staff and wages details: full details of wages, employment contracts, tax deducted, fringe benefits, superannuation, sick pay, holiday pay
- basic accounting records: stock records, accounts receivable, accounts payable, other records
- agreements: sales and purchase contracts, loan agreements, rental agreements, lease agreements, franchise agreements, sale and lease back agreements, trading agreements with suppliers, legal documentation
- other documents: deposits with utilities, contracts with phone companies, your business name registration certificate, capital gains records.

Self-Check -5	Written Test
---------------	--------------

Directions: Match the basic record keeping requirements in column A with their examples in column B.2 pts each).

A

- 1. A cash book or financial accounting program
- 2. Bank accounts
- 3. Employment records
- 4. Occupational training records
- 5. Sales records
- 6. Proof of purchases
- 7. Work, health and safety (WHS) records

B

- A. Credit card statements
- B. Invoice books
- C. Risk register and management plan
- D. Details of stock on hand
- E. Depreciation details
- F. Emergency training attendance
- G. Overtime
- H. Bank statements
- I. Cash payments

Note: Satisfactory rating - 7 points

Unsatisfactory - below 7 points

an ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Information Sheet-6

Preparing and distributing invoices and payments in timely manner

6.1 Preparing and distributing invoices

6.1.1 Invoice

An invoice is a record of the goods or services you provide to your clients and customers, and a method by which they can pay you for those goods or services. Having a solid handle on all things invoicing is paramount to the success of your business. If you let things fall to the wayside or have a disorderly invoicing process, it could send the signal that you're unprofessional. A proper invoicing process and workflow is also crucial to manage your accounting. If you let invoices pile up, or if the process is confusing to your clients, it's likely your invoices take an excessive amount of time to get settled.

6.1.2 Types of invoices

Depending on your business or the services you provide, there are different types of invoices that may make sense. Here are some common forms of invoices:

- A proposal (or bid)
- Interim (or progress) invoices
- Timesheet invoices
- Recurring invoices
- Final invoices
- Past-due invoices

6.2 Preparing and distributing accounts payable

6.2.1 Accounts payable

The accounts payable departments are responsible for more than just paying incoming bills and invoices. Accounts payable are usually their own department in larger companies but in smaller businesses accounts payable and receivable tasks are usually combined.

6.2.2 Functions of accounts payable

Accounts payable fulfills at least three basic functions in addition to paying bills:

- Business travel expenses
- Internal payments
- Vendor payments

6.2.3 Preparing accounts payable

The accounts payable department will have a set of procedures to follow before making a vendor payment. The process involves:

- Receiving the bill
- Review bill details.
- Updating records once the bill is received
- Making timely payment:

Before an invoice is registered in an accounting system, it must display what the company ordered and what the company received, all with the correct units, calculations, and totals.

Usually AP processes have internal controls in order to:

- avoid paying inaccurate,
- fraudulent invoices,
- prevent double or overpayment, and
- take all invoices into account.

There are a number of necessary steps in this process, including: creating purchase orders, receiving reports and invoices, checking for accuracy, making payments, and updating records.

- Complete a purchase order:
- Process a receiving report
- Receive and process the supplier invoice
- Check accuracy using a three-way match: A “three-way match” refers to the AP system of validating vendor invoices.
- Use vouchers, if applicable:
- Make timely payment:
- Update records

Self-Check -6	Written Test
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Directions: Choose the best answer for the following questions and write your answer on the answer sheet provided. (2 pts each).

- Which type of invoice is used where you charge customers for the amount of time, they use your services?
 - Interim (or progress) invoices
 - Timesheet invoices
 - Recurring invoices
 - Final invoices
- The first step in the AP process is -----
 - Process a receiving report
 - Receive and process the supplier invoice
 - Preparing and distributing purchase orders
 - Use vouchers, if applicable
- Which one of the following is the purpose of internal control of AP process?
 - Fraudulent invoices
 - Take only one invoices
 - Provide double
 - Paying inaccurate
- One of the following is **Not** contained in a purchase order (PO).
 - PO number
 - Vendor name
 - Company name
 - Clients sex

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

an ask you teacher for the copy of the correct answers.

Answer sheet

Score = _____
Rating: _____

Name: _____

Date: _____

Answers

1. ----- 2. ----- 3. ----- 4. -----

7.1 Follow up on an outstanding account

We've all been there: tracking down an outstanding invoice from a customer. It's time consuming, frustrating, worrisome, and frankly, it's just plain not fun for either party involved. The right way to approach these hurdles while still offering a phenomenal customer experience are listed as follows:

- **Establish a routine.** Establishing an invoicing routine is key, especially with 38% of invoices not being paid on time. Make sure that you are sending invoices on a regular, predictable schedule, so customers know when to expect to reconcile an invoice.
- **Accept credit card payments.** While this tip might seem out of place when discussing how to follow up on delinquent invoices, it actually goes hand in hand. By simply accepting credit cards, you give your customers an easy payment option that most of us are accustomed to.
- **Pro tip:** Accept a credit card payment regardless of the amount. If your volume is where you want it to be, accepting credit cards (and the fees associated with them) won't matter in the long run.
- **Create a follow-up protocol.** With 38% of invoices being past due, and 5.2% of those being left unpaid at 90 days, it's important to have a follow-up protocol. At Acuity, we have made it a part of our routine to follow a step-by-step protocol for collecting past due payments. Start by having a firm grasp on your invoicing schedule. Since we bill weekly, our protocol is within those parameters.

A guide for how to follow-up on past due invoices and keep customers happy:

- After three outstanding invoices, follow-up with a soft email. This is a quick, friendly reminder note about the outstanding invoice. Remind them of the payment terms as well as the records of payment. Include phrases like "thank you so much for your business" and "let us know if your records indicate a different balance." This should be a gentle reminder.
- About a week later, shift mechanisms for communication. If you started with an email, make a phone call. Likewise, if you started with a phone call, try an email. If you are using a phone call, it's a good idea to have a script to use.

- After 40 days or so, start to shift your tone. Don't hesitate to be slightly harsher or recognize the need for urgency, however, stick to the facts. A blanket "Our records indicate your invoice is past due," email works well here.
- Around day 50, send another medium tone email to the customer. Remind them of the payment terms (our invoices are due upon receipt) as well as the outstanding balances.
- Approximately a week later, it's time to escalate your tone to one that would be considered harsh or serious. Use phrases like "your immediate attention is required" and "your account is seriously past due" to spark urgency and concern.
- By days 80 and beyond, it's time for a final, harshly worded email. Useful phrases here include things like "this matter is urgent" and "your complete attention is required."
- If you still don't receive any communication about the outstanding invoice after 90 days, it's time to move on to a collection's agency.

7.2 Ways to reduce outstanding accounts receivables

Outstanding accounts receivables are among the most significant issues that businesses face. Reducing the time for your account receivables may seem like a distant dream, especially for businesses whose mode of operation is usually credit. Some of the tips, below, are surely going to help you in this regard.

- State payment terms clearly on invoices:
- Device a standardized follow-up system:
- Be proactive: Being proactive means that you have to ensure that the system is being followed properly.
- Automate the process: There are many accounting software options that are great for managing everything from your sales invoices to maintaining income statements and balance sheets.
- Use professional help to collect outstanding accounts receivables:

Self-Check -7

Written Test

Directions: Write short and precise answers for the following questions and write your answer on the space provided.

1. List the four way to approach customer while following up outstanding invoice

A. -----

B. -----

C. -----

D. -----

2. Write at least four ways to reduce outstanding accounts receivables

A. -----

B. -----

C. -----

D. -----

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

an ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Information Sheet-8

Identifying and discussing revenue, expense and costs

8.1 Revenue and Expense

In the most basic terms, revenue is money or dollars brought in to the operation, also known as sales. Expenses are the costs associated with doing business and must be paid out to suppliers, the landlord, local government, etc. The basic formula is as follows:

$$\text{Revenue} - \text{Expense} = \text{Profit}$$

8.1.1 Revenue

Revenue is the total amount of money received for goods sold or services provided during a certain time period. Revenue is shown usually as the top item in a profit and loss statement from which all charges, costs, and expenses are subtracted to arrive at net profit. Revenue is also known as sales, sales revenue or turnover. It should be distinguished from other forms of income that a firm generates from other non-operational activities, such as the sale of assets.

Total revenue can be expressed by the following formula:

$$\text{Total revenue} = \text{price} \times \text{quantity sold}$$

$$TR = P \times Q$$

8.1.2 Expense

An expense is an outflow of money to pay for a product or service. Expense is the term for a cost incurred in the process of producing or offering a primary business operation. Investors and analysts will typically give far more weight to these metrics than losses or gains.

Revenue minus Profit = Ideal Expense

The definition of expense sounds similar to that of cost: "an amount of money that must be spent especially regularly to pay for something." But notice the extra words "especially regularly."

For example:

- Price is often linked to the cost of a product to the producer or seller.

- Expenses show up on your business profit and loss statement.

In a business sense, an expense is a cost that is used up and has to be repaid periodically. These expenses reduce the revenue of the business.

Expenses can be related to a multitude of different types of costs such as:

- labor (salaries, wages, and employee benefits),
- marketing and advertising,
- rent,
- utility bills,
- insurance,
- taxes,
- interest,
- depreciation, and
- amortization.

Expenses can also be recorded into any number of different line items on an income statement to reflect the particular type of expense.

8.2 Costs in accounting

People often use the terms “expense” and “cost” interchangeably in conversation, but those two terms don’t exactly have the same meaning in accounting. A cost typically refers to the spending of money. So, depending on what the cost was (what the money is spent on), it may be considered an expense. But this is not always the case.

For instance, when a company purchases an asset like equipment, there is a cost, but there’s generally no expense on the income statement. Instead, the business will have depreciation expenses over future periods, which is simply showing the reduction of value of the asset over time. There is no ‘cost’ to depreciation (no money changing hands), but an expense is recognized. Accounting types use the term “cost” to describe several different instances in business situations.

8.2.1 Cost of goods sold

The term cost of goods sold refers to the calculation done at the end of an accounting year for businesses that sell products. The cost of goods sold includes several different types of costs:

- **Direct costs** to make products:
 - ✓ Products bought for resale
 - ✓ Raw materials to make products
 - ✓ Packaging and shipping products to customers

- ✓ Inventory of finished products
- ✓ Direct overhead costs for utilities and rent for a warehouse or factory
- **Indirect costs** like labor, storage costs, and pay of supervisors for the factory or warehouse.

8.2.2 Cost of an asset

Accountants use the term cost to refer specifically to business assets, and even more specifically to assets that are depreciated (called depreciable assets). The cost (sometimes called cost basis) of an asset includes every cost to purchase, acquire, and set up the asset, and to train employees in its use. For example, if a manufacturing business buys a machine, the cost includes shipping, set-up, and training. Cost basis is used to establish the basis for depreciation and other tax factors.

The cost of assets shows up on the business accounting on the balance sheet. The original cost will always be shown, and then accumulated depreciation will be subtracted, with the result as book value of that asset. All the business assets are combined for the purpose of the balance sheet.

Self-Check -8

Written Test

Directions: Choose the best answer for the following questions and write your answer on the answer sheet provided. (2 pts each)

- The total amount of money received for goods sold or services provided during a certain time period is -----.
 A. Expense
 B. Revenue
 C. Profit
 D. Costs
- Which one of the following is cost of asset?
 A. Storage costs
 B. Laborcost
 C. Trainingcost
 D. Production cost
- is a cost that is used up and has to be repaid periodically.
 A. Expense
 B. Price
 C. Revenue
 D. Costs
- One of the following is direct costs of goods sold.
 A. Labor cost
 B. Raw materials cost
 C. Storage costs
 D. Training cost
- Which formula can express total revenue?
 A. $\text{Price} \times \text{quantity sold}$
 B. $\text{Revenue} - \text{expense}$
 C. $\text{Revenue} + \text{profit}$
 D. $\text{Quantity sold} \div \text{price}$

Note: Satisfactory rating - 5 points

Unsatisfactory - below 5 points

an ask you teacher for the copy of the correct answers.

Answer sheets

Score = _____

Rating: _____

Name: _____

Date: _____

Answers:

1.----- 2.----- 3.----- 4.----- 5.-----

Information Sheet-9	Discussing and maintaining different ledgers and subsidiary ledgers
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9.1 Ledgers

A ledger is a financial summary that lists a corporation's operating transactions in two columns: debits and credits. A firm's accountant or bookkeeper makes journal entries to record these transactions. In other words, she debits and credits accounts. Types of accounts include asset, liability, expense, revenue and equity. A general ledger is the master set of accounts that summarizes all transactions occurring within an entity. It is indexed by chart of account number starting with the lowest account number and ending with the highest account number. The general ledger is essentially the ultimate source document for a business's financial information, since it contains virtually all of the transactions that occurred in the history of the organization.

Table 5: General ledger detail for the accounts payable account

Date	Description	Reference	Debit	Credit	Balance
May 1	Opening balance	—			\$10,000
May 7	From purchases journal	PU-001		25,550	35,550
May 9	Debit memo	DB-012	950		34,600
	Ending balance				\$34,600

The information for general ledger is derived from the general journal which is an initial book for entering transactions. General ledger contains all the debit and credit entries of transactions and is separated with classes of accounts. There are five main types of classes or accounts as follows.

- **Assets:** Long term and short-term resources that provide economic benefits
E.g. Property, cash and cash equivalents, accounts receivables
- **Liabilities:** Long term and short-term financial obligations that should be settled
E.g. Loan repayment, interest payable, accounts payable
- **Equity:** Securities that represent the owner's interest in the company
E.g. Share capital, share premium, retained earnings

- **Income:** Funds received as a result of conducting business transactions
E.g. Revenue, investment income
- **Expenses:** Economic costs that a business incurs through its operations to earn revenue
E.g. Cost of sales, marketing expenses, administration expenses

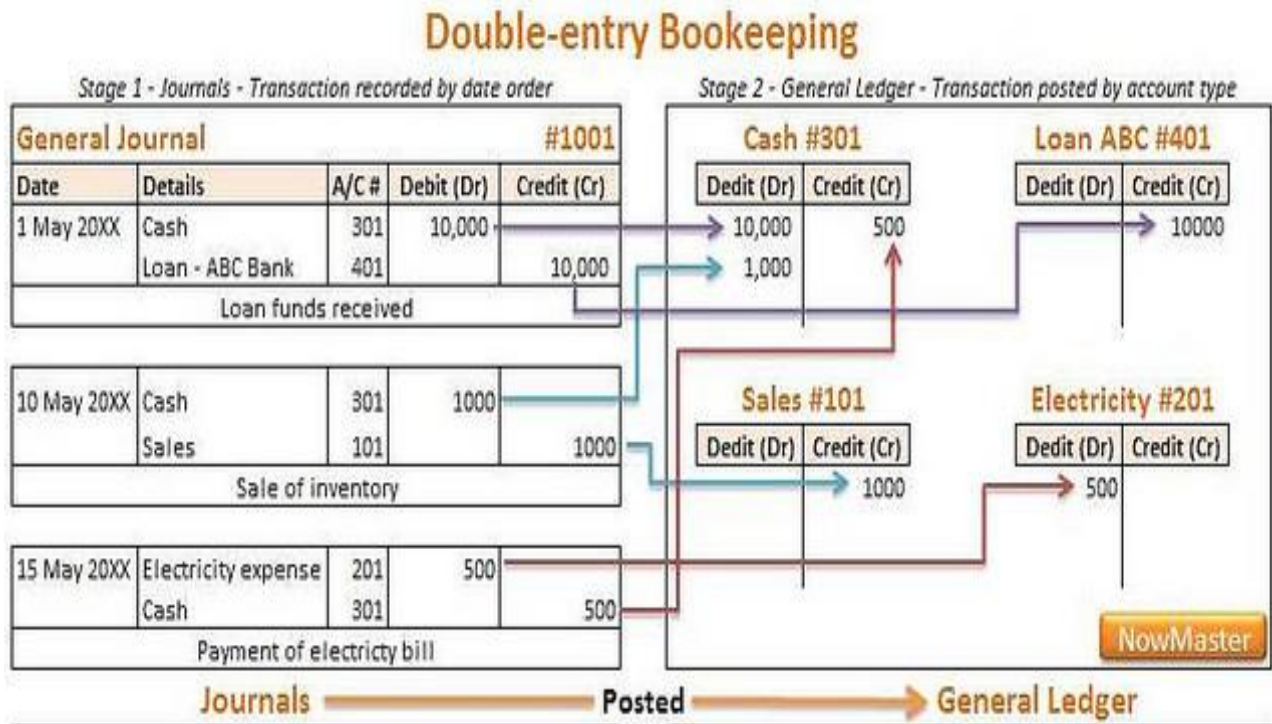


Figure 12: General ledger bookkeeping involve transactions recorded in various accounts

General ledger reports help senior leadership gauge a company's financial robustness and profit potential. These reports include a balance sheet, statement of profit and loss, statement of cash flows and statement of retained earnings (otherwise known as statement of shareholders' equity).

9.2 Subsidiary Ledger

A subsidiary ledger is the first document in which a bookkeeper records corporate transaction. In a sense, a subsidiary ledger is the pillar of accounting information in modern economies because all financial reports are based on subsidiary ledger data. A bookkeeper makes journal entries in a subsidiary ledger.

A sub ledger is also known as a subsidiary ledger or a journal. You use a sub ledger when there are so many transactions that pass through a particular account that it makes sense to keep them segregated, and only create. Subsidiary ledger a detailed subset of accounts that contains transaction information. For large scale businesses where many transactions are conducted, it may not be convenient to enter all transactions in the general ledger due to the high volume. In such cases, individual transactions are recorded in 'subsidiary ledgers', and the totals are transferred to an account in the general ledger. This account is referred to as the 'Control account', and account types that generally have a high activity level is recorded here. Subsidiary ledgers can include purchases, payables, receivables, production cost, payroll and any other account type.

Subsidiary ledger reports help a department head review the operating performance of a business unit or a customer group, and how such performance affects the corporation's total profits. For instance, an accounting manager may review the accounts receivable subsidiary ledger to identify a corporation's major customers and what percentage they hold in the firm's total accounts receivable amounts.

The key difference between general ledger and sub ledger is that while general ledger is the set of master accounts where transactions are recorded, sub ledger is an intermediary set of accounts that are linked to the general ledger. The relationship between these two is that multiple sub ledgers are attached to the general ledger.

Self-Check -9

Written Test

Directions: Match general ledger classes of accounts in column A with their definitions in column B and write your answer on the space provided. (2 pts each)

A

B

- | | |
|---------------------|--|
| -----1. Assets | A. Funds received as a result of conducting business transactions |
| -----2. Liabilities | B. Securities that represent the owner's interest |
| -----3. Equity | C. Economic costs that a business incurs through its operations |
| -----4. Income | D. Long term and short-term resources |
| -----5. Expenses | E. Long term and short-term financial obligations |
| | F. An intermediary set of accounts |
| | G. Detailed subset of accounts that contains transaction information |

Note: Satisfactory rating - 5 points

Unsatisfactory - below 5 points

an ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Information Sheet-10	Preparing profit and loss report
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10.1 Profit

Profit is the benefit that is gained when revenue exceeds expenses. Revenue minus expense equals profit. The owner, or owners, will decide whether or how much will be invested back into the operation. Typically, the general manager will earn a bonus tied to profits. This creates an incentive to drive revenues while controlling costs. In non-profit onsite foodservice operations revenue exceeding expenses is typically not called profit, but something like net excess/deficit.

$$\text{Revenue} - \text{Expense} = \text{Profit}$$

Any time a company produces a profit or realizes increased value through secondary sources, such as via lawsuits, investments in financial instruments, or through the disposal of assets, it is considered to be a (capital) gain.

10.2 Loss

A loss is realized whenever a company loses money through secondary activity. If a company sells an asset, the determination of gain versus loss is dependent on the book value of the asset according to the company's financial documents. A loss will also be recorded if a company is ordered by a judge to pay to settle a lawsuit, or if it loses money on the financial investment.

A loss can have several different meanings, depending on how it's used. The general definition of a loss is when expenses are more than revenue. This can be in relation to a single transaction, or the business as a whole. A capital loss is when a company is selling an asset for a lower price than its purchase price.

Let's say you own shares and decide to sell them. Imagine those shares cost you \$200 when you bought them, and you sold them for \$100. You took a loss of \$100 on your stock. This is a one-time event and is not related to your business's core operations so it's considered a loss, not an expense. A net loss occurs when total expenses are higher than total revenue.

A loss can also refer to a cost that doesn't relate to normal business operations. For instance, if a company was sued and has to pay out a settlement amount, that would be recognized as a loss, not an expense.

10.3 Profit and loss report

Profit and loss report shows the revenue (sales) and expenses (costs) for a specific time. This report can be used weekly, monthly, quarterly, or yearly. The profit and loss statement typically has three sections.

- A detailed breakdown of revenues. This will help to determine where there are variances from the budget. For instance, if revenues are down, where are they down?
- A list of your cost of products sold, as well as your salaried, and hourly wages.
- A final section, which includes your operating expenses: insurance, and occupancy costs.

Self-Check -10	Written Test
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Directions: Choose the best answer for the following questions and write your answer on the answer sheet provided. (2 pts each)

- The benefit that is gained when revenue exceeds expenses is -----.
 A. Expense
 B. Revenue
 C. Profit
 D. Loss
- When profit gained?
 A. Revenue exceeds expense
 B. Expense exceeds revenue
 C. Revenue equals expense
 D. Loss exceeds expense
- when expenses are more than revenue, there is -----.
 A. Loss
 B. Profit
 C. Revenue
 D. Costs
- Which formula can express profit?
 A. $\text{Price} \times \text{quantity sold}$
 B. $\text{Revenue} - \text{expense}$
 C. $\text{Revenue} + \text{profit}$
 D. $\text{Quantity sold} \div \text{price}$

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Answer sheets

Score = _____

Rating: _____

Name: _____

Date: _____

Answers:

1.----- 2. ----- 3. ----- 4. -----

Information Sheet-11	Conducting financial interpretation
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11.1 Interpreting the cash flow statement

The cash flow statement discloses how a company raised money and how it spent those funds during a given period. It is also an analytical tool, measuring an enterprise's ability to cover its expenses in the near term. Generally speaking, if a company is consistently bringing in more cash than it spends, that company is considered to be of good value.

Statement of cash flow identifies cash inflows (receipts) and cash outflows (payments) over a period of time. A cash flow statement is divided into three parts: operations, investing and financing. The following is an analysis of a real-world cash flow statement.

Table 6: example of statement of Cash flow.

Scott Company Statement of Cash Flows For Month Ended December 31, 2007			
Cash flows from operating activities:			
Cash received from clients	\$	3,000	
Purchase of supplies		(1,000)	
Cash paid to employees		(800)	
Net cash provided by operating activities	\$		1,200
Cash flows from investing activities:			
Purchase of equipment		(15,000)	
Net cash used in investing activities			(15,000)
Cash flows from financing activities:			
Investment by owner		20,000	
Borrowed at bank		4,000	
Withdrawal by owner		(500)	
Net cash provided by financing activities			23,500
Net increase in cash	\$		9,700
Cash balance, December 1, 2007			-
Cash balance, December 31, 2007	\$		9,700

Cash from operations: This is cash that was generated over the year from the company's core business transactions. Note how the statement starts with net earnings and works backward, adding in depreciation and subtracting out inventory and accounts receivable. In simple terms, this is earnings before interest and taxes (EBIT) plus depreciation minus taxes.

Interpretation: This may serve as a better indicator than earnings since noncash earnings can't be used to pay off bills.

Cash from investing: Some businesses will invest outside their core operations or acquire new companies to expand their reach.

Interpretation: This portion of the cash flow statement accounts for cash used to make new investments, as well as proceeds gained from previous investments.

Cash from financing: This last section refers to the movement of cash from financing activities. Two common financing activities are taking on a loan or issuing stock to new investors. Dividends to current investors also fit in here.

Interpretation: Investors will like these last two items, since they reap the dividends, and it signals that is confident in its stock performance and wants to keep it for the company's gain. A simple formula for this section: cash from issuing stock minus dividends paid, minus cash used to acquire stock.

11.2 Interpreting the balance sheet

Balance sheet information allows you to calculate several financial ratios that measure company performance. Additionally, current balance sheets often present data from at least one previous period, so you can compare how financial performance has changed.

Interpreting the Balance Sheet describes a company's financial position (types and amounts of assets, liabilities, and equity) at a point in time. Examples of accounts on form: assets like cash, accounts receivable, supplies, equipment; liabilities like accounts payable; equity like common stock and retained earnings

Table 7: Example statement of Balance sheet

The **Balance Sheet** describes a company's financial position at a point in time.

Scott Company
Statement of Retained Earnings
For Month Ended December 31, 2007

Retained Earnings, Dec. 1, 2007	\$ -
Plus: Net income	2,200
Less: Dividends	500
Retained Earnings, Dec. 31, 2007	<u>\$ 1,700</u>

Scott Company
Balance Sheet
December 31, 2007

Assets		Liabilities & Equity	
Cash	\$ 9,700	Accounts payable	\$ 1,200
Supplies	1,200	Notes payable	4,000
Equipment	16,000	Total liabilities	5,200
		Common stock	20,000
		Retained earnings	1,700
Total assets	<u>\$ 26,900</u>	Total liabilities and equity	<u>\$ 26,900</u>

The balance sheet presents the company's financial status as a snapshot, or at a certain point in time. For example, if the balance sheet is presented as of May 1, 2018, you would see the bank account balances from that date in the balance sheet's line item called *cash*, in the current assets section.

Balance sheet quick ratio: It is expressed as (current assets minus inventories) divided by current liabilities.

Example if a company has current asset \$14,706, inventories \$6,254 and current liabilities \$11,117 then, the balance sheet quick ratio will be (\$14,706 minus \$6,254) divided by \$11,117, which equals 0.76.

Interpretation: If this number declines over time or falls short of your benchmark, you may be investing too much capital in inventory or you may have taken on too much short-term debt.

Balance sheet current ratio: This is another test of short-term liquidity, determined by dividing current assets by current liabilities. From the above example, it is equivalent to \$14,706 divided by \$11,117, which equals 1.32.

Interpretation: This number should be above 1, and it's usually a sign of strength if it exceeds 2. If this number is below 1, that means your short-term liabilities exceed your short-term assets. A liability is considered current if it is due within a year. An asset is current if it can be converted into cash within a year.

Balance sheet Debt-to-Equity ratio: In brief, divide total debt by total equity. Example, if a public company has the total debt \$8,675 and total equity \$15,633 then, the ratio is expressed as \$8,675 divided by \$15,633, which equals 0.555.

Interpretation: Long-term creditors will view this number as a measure of how aggressive your firm is. If your business is already levered up with debt, they may be reluctant to offer additional financing.

Balance Sheet Working Capital: This refers to the cash available for daily operations. It is derived by subtracting current liabilities from current assets, which in the previous example is \$14,706 minus \$11,117, which equals \$3,589.

Interpretation: If this number is negative, that means your firm is unable to meet its current obligations. To improve this number, examine your inventory management practices; a backup of goods and the resulting loss in sales can take a toll on your business's cash resources.

11.3 Interpreting the Income Statement

Like a balance sheet, an income statement is a means for measuring a company's financial performance. Income Statement describes a company's revenues and expenses along with the resulting net income or loss over a period of time due to earnings activities. Examples of accounts on form: Consulting revenue, rental revenue, advertising expense, rent expense, salaries expense.

Table 8: Example of Income statement

Scott Company Income Statement For Month Ended December 31, 2007		
Revenues:		
Consulting revenue	\$	3,000
Expenses:		
Salaries expense		800
Net income	\$	2,200

Net income is the difference between Revenues and Expenses.

The income statement describes a company's revenues and expenses along with the resulting net income or loss over a period of time due to earnings activities.

Some of the ratios discussed draw data from both the income statement and the balance sheet.

Gross profit margin: The money earns from selling a product, minus what it paid for that item known as the cost of goods sold, or COGS is called gross profit. Sales minus COGS, divided by sales, yields the gross profit margin. Example if a company earns \$59,490 from selling a product and paid \$39,399 for cost of goods sold, the gross profit margin would be (\$59,490 minus \$39,399) divided by \$59,490, which equals 0.337, or 33.7 percent.

Interpretation: If you find this number to be low, either raise revenues or cut costs. It may help to analyze which of your customers are the most profitable and concentrate your efforts there.

Financial statement interpretation is an important management tool as it identifies trends and unusual or unexpected anomalies.

- Prepare a common sized statement for the financial statements presented.
- Analyze the common sized financial statements for unusual trends.

- Prepare a ratio analysis for the financial statements presented
- Determine the company's debt to equity ratio
- Calculate the company's gross profit by dividing total cost of goods sold by total revenues.

Self-Check -11	Written Test
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Directions: Match the financial interpretations in column A with their definition in column B and write your answer on the space provided. (2 pts each)

A

- 1. Cash from operations
- 2. Cash from investing
- 3. Cash from financing
- 4. Balance sheet quick ratio
- 5. Balance sheet current ratio
- 6. Balance sheet Debt-to-Equity ratio
- 7. Balance Sheet Working Capital
- 8. Gross profit margin

B

- A. Dividing current assets by current liabilities
- B. Divide total debt by total equity
- C. Sales minus COGS, divided by sales
- D. Subtracting current liabilities from current assets
- E. Movement of cash from financing activities
- F. Generated over the year from the company's core business transactions
- G. Divide total debt by total equity
- H. Accounts for cash used to make new investments
- I. Prepare a common sized statement
- J. Prepare a ratio analysis for the financial statements

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

an ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Information Sheet-12	Preparing Financial Manual
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12.1 Financial management manual

Underpinning all financial management systems is a series of financial policies and procedures which guide operations and lay out how your organization uses and manages its money. A financial procedures manual brings all these together in one document. It helps to establish financial controls within the organization that ensure accuracy, timeliness and completeness of financial data. The manual is generally used by finance staff, but it can also act as a reference for board members, managers and other staff.

12.2 Contents of a financial management manual

The financial management manual is useful for establishing controls as well as laying out board members financial responsibilities. This will need to be tailored to the needs and structure of individual organizations. Board members' financial responsibilities are:

- The executive committee
- The finance and audit committees
- The annual operations plan
- Approval of the budget
- General controls
- Reserves
- Conflicts of interest
- Financial responsibilities
- Grants

General governance and management: The roles of the Board in governance and management are:

- Setting organizational policies; and
- Monitoring compliance with organizational policies and reporting against agreed performance standards.

Insurances: Organization maintains adequate insurance cover at all times. This includes:

- personal accident insurance for staff & volunteers;
- public liability insurance;

- D&O insurance
- building and contents insurance policies
- association liability (this includes professional indemnity)
- Workers' Compensation insurance

Financial responsibilities: Delegations or financial responsibilities represent the different acts of authority designated or assigned to different organization board members, management or staff positions and roles (executive limitations). There are two key types of delegation.

The first are business activity delegations, which bestow authority to take or approve actions on behalf of the organization.

The second are financial delegations such as the authority to approve expenditure up to a certain limit. The following responsibility matrix is an example of possible delegations. Each organization should develop a responsibility matrix specific to the size and structure of their organization.

Funding & Grants: For larger funding projects, Board approval should be sought. The Board will make decisions based on how the proposed new funding fits with the Strategic Plan.

The Finance & Audit Committees: The organization's finance committee is chaired by the Board Treasurer and is responsible for monitoring significant financial planning, management and reporting matters of organisation, make recommendations and deliver reports to the Board of Governors, and may serve as the Board's external audit committee coordinator. The Finance Committee has the responsibility to:

- Make recommendations for Board approval and/or deliver reports to the Board
- Provide information to the Board on:

The organization's audit committee is responsible for:

- external auditor selection and evaluation criteria;
- overseeing the coordination of the external auditor;
- reviewing the external auditor's report and Letter to Management;
- ensuring communication and reporting lines between the ED, staff and the audit committee;
- monitoring and assessing the external audit effectiveness.

Reserves: Board Members are under a duty to balance the needs of current and future beneficiaries of the charity. Organization needs to have sufficient reserves to allow it to

cover known liabilities and contingencies, absorb setbacks and take advantage of change and opportunity.

The benefits of developing a reserves policy:

- It is a key element of the strategic plan
- It must feed into the budgeting and decision-making process
- It focuses the fundraising activities
- It is necessary for communication with those external to the charity

Controls on expenditure: Bank mandates and cheque signatories Two signatories are required for all cheques and electronic fund transfers. The Finance/Administrative Staff is responsible for ensuring that documentation accompanying a cheque is correct, and will seek approval from the Finance/Administration Manager for large or unusual items.

Accounts Payable: Organization is committed to promoting and maintaining positive business relations with its suppliers and accordingly, seeks to ensure payment within any contractually agreed terms or before late payment charges may apply.

Borrowing: Other than the pre-approved credit card debt, any borrowing must be approved by the Board of Directors. Any approved borrowing requires the signatures of a Board Member.

Petty cash: A petty cash float is maintained in the office. To claim petty cash (see delegations), a staff or board member needs to provide receipts, fills out a petty cash voucher and is reimbursed in cash up to a set dollar value. It is preferred that a receipt is turned in at the same time, however, sometimes the cash is given out first. In either case a voucher should be filled out.

Controls on income: Invoicing, debt collection and income collection

Accounts Receivable: In addition to core funding and grants, the organisation sells a range of goods and services

Self-Check -12

Written Test

Directions: Write short and precise answers for the following questions and write your answer on the space provided.

1. Write at least four contents of a financial management manual. (4 pts)

- A. -----
- B. -----
- C. -----
- D. -----

2. List the four benefits of developing a reserves policy. (4pts)

- A. -----
- B. -----
- C. -----
- D. -----

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

an ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Operation Sheet 1	Procedure for discussing balance sheet and different journals
--------------------------	--

Use the following procedure to prepare balance sheet:

- Step1: Select appropriate materials and tools
- Step2: Record balance sheet assets (Current assets and Long-term assets)
- Step3: Record balance sheet liabilities (Current liabilities and Long-term liabilities)
- Step4: Record balance sheet equity (Equity instruments and Retained earnings)
- Step5: Calculate total assets, total liabilities and total equities

Operation Sheet 2	Procedure for discussing balance sheet and different journals
--------------------------	--

Use the following procedure to prepare general ledger:

- Step1: Select appropriate materials and tools
- Step2: Draw a T-shape table
- Step3: Record debt entries on the left and credit entries on the right
- Step4: Record all debts and credits
- Step5: Calculate total increases, total decreases and balance

Operation Sheet 3	Discussing, analyzing, classifying and recording business transactions
--------------------------	---

Use the following procedure to prepare general journal:

- Step1: Select appropriate materials and tools
- Step2: Prepare the general journal template
- Step3: Record all entries

Date entry: We assume that everything opened and closed in the same month (September).

Description entry: The name of the account to be debited is on the first line, and the name of the account to be credited is indented.

Posting reference (PR): this would be the unique reference identification that corresponds to the entry in the general ledger.

Debit: This is the amount that is debited for the indicated account.

Credit: This is the amount that is credited for the indicated account.

- Step4: Record all values of debt and credit

Operation Sheet 4	Discussing, analyzing, classifying and recording business transactions
--------------------------	---

Use the following procedure to prepare trial balance:

- Step1: Select appropriate materials and tools
- Step2: Prepare the general trial balance template
- Step3: Record all entries (account name, debt and credit)
- Step4: Calculate total debt and credit
- Step5: Check the balance (Total debt=total credit)

LAP Test	Practical Demonstration
----------	-------------------------

Name: _____ Date: _____

Time started: _____ Time finished: _____

Instructions: Given necessary templates, tools and materials you are required to perform the following tasks within 8 hours.

Task 1: Prepare balance sheet

Task 2: Prepare general ledger

Task 3: Prepare general journal

Task 4: Prepare trial balance

Instruction Sheet	Learning Guide 77: Monitor, manage and evaluate work performance
--------------------------	---

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics:

- Coordinating people, resources and/or equipment to provide optimum results.
- Communicating staff, clients and/or contractors
- Applying problem solving techniques
- Monitoring opportunities for improvements
- Adjusting work schedules
- Communicating and recording proposed changes
- Using relevant codes of practice to guide an ethical approach

This guide will also assist you to attain the learning outcome stated in the cover page.

Specifically, upon completion of this Learning Guide, you will be able to:

- Coordinate people, resources and/or equipment to provide optimum results.
- Communicate staff, clients and/or contractors
- Apply problem solving techniques
- Monitor opportunities for improvements
- Adjust work schedules
- Communicate and recording proposed changes
- Use relevant codes of practice to guide an ethical approach

Learning Instructions:

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below 3 to 6.
3. Read the information written in the information “Sheet 1, 2, 3, 4, 5, 6 and 7” **in page 189, 192, 195, 201, 204, 207 and 210** respectively.
4. Accomplish the “Self-check 1, 2, 3, 4, 5, 6 and 7” **in page 191, 194, 200, 203, 206, 209 and 213** respectively
5. If you earned a satisfactory evaluation from the “Self-check” proceed to “Operation Sheet 1 in page 214.
6. Do the “LAP test” in page 215

Information Sheet-1	Coordinating people, resources and/or equipment for optimum results
----------------------------	--

1.1 Coordinating people, resources and/or equipment

Coordinating resources is a foundation skill for anyone working in a business environment. Business resources can take the form of equipment, finances and people (human resources). There are often competing priorities in businesses of any size that demand these types of resources to get things done on time and on budget.

Effective management of resources is an essential task for companies that are coordinating people, resources and equipment for optimum results in any different projects. It is important for them to efficiently organize and allocate personal as well as equipment for different projects, same time avoiding idle resources. Having the information about the availability of the resource and have them available at the right time for the activities plays a vital role in managing the costs and smoothly executing the project activities. The resource management area of has been developed in order to manage the resources optimally for the industries that are in project management. For effective coordination of the resources, the managers should follow the following ways.

1.1.1 Get a bird's-eye view of all the resources

With the resource planner, the resource managers could get an overall view of all the resources and their current utilization and coordination. It helps managers to identify the over utilization based on the work allocation of the resources in different projects. While accumulating the work allocation status, not only considers that particular workspace, it takes information from all the work places in order to calculate the resource utilization. This means, if the resource is involved in another project and assigned to a specific activity at the same time by another resource manager, it will show in the utilization report of the other manager and can help in avoiding the over allocation.

1.1.2 Manage the roles and skill set of your resources

In order to allocate the right resource for a specific activity, it is important to know whether the resource has the correct skillset to perform that particular task. With the role and skill set management features in resource managers could get an in-depth view of the skills possessed by a particular resource. The tool allows to have customized fields so that if necessary, more information against a resource can be captured.

1.1.3 Have control over the equipment usage and availability

With the ability to define custom resources, resource managers can include all the machineries and equipment that are needed for different activities. The custom defined resources contain information like daily availability time, hourly cost, fixed cost, currency and other user defined fields. These resources can be allocated to activities in the resource planner and the resource manager could see the utilization report based the available time of that resource. This ensures that the right equipment is available at the right time for performing an activity.

1.2 Coordination Function

Coordinating function is the orderly arrangement of individual and group efforts to provide unity of action in the pursuit of a common goal. Coordinating function involves synchronization of different efforts of the various departments so that the planned objectives are achieved with minimum conflict. The coordinating function of the management prevents overlapping and conflict so that the unity of action is achieved.

The concept of coordinating always applies to group efforts. There is no need for coordination when only single individual is working. The following points used to coordinate activities in an organization:

- Determine resource requirements:
- Acquire and allocate resources:
- Monitor and report on resource allocation and usage:

Self-Check -1	Written Test
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Directions: Write short and precise answers for the following questions and write your answer on the space provided.

- Write three points used to coordinate activities in an organization. (3 pts)
 -
 -
 -
- List the three ways that managers follow for effective coordination of resources. (3pts)
 -
 -
 -

Note: Satisfactory rating – 3 points

Unsatisfactory - below 3 points

an ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Information Sheet-2

Communicating staff, clients and/or contractors to monitor work in relation to business goals or timelines.

2.1 Communication with staff

Effective communication with employees takes effort, repetition, thoughtfulness and most importantly needs to come from the heart. Communication needs to be something business leaders seek to do whenever they can rather than considering it a check box before getting back to the "real work" of running the business.

Good staff communication is essential to business success. At the most basic level, employees who don't know what's expected of them seldom perform to their potential. And yet, human nature being what it is, workplace communication is rarely adequate -- and could almost always be better.

The guide that follows introduces habits and practices that engender good communication, and offers tips on conveying your message effectively.

- Create the culture
- Make sure your message is heard
- Listening to your employees
- Create formal feedback mechanisms
- Take input seriously
- Check management attitude
- Reward feedback

2.2 External (Customer) Communication

The following is used to communicate with customers effectively:

- Get to the point
- Make it easy for customers to communicate with you
- Keep customers informed with text messages (SMS).

2.3 The importance of good communication

The importance of strong communication runs deep within a business. Here are five key reasons you should be paying attention:

- Team building
- Gives everyone a voice
- Innovation.
- Growth
- Strong management

2.4 Improve organization communicates

Below, we've outlined some of the key areas where organizations can improve and enhance communication between their teams.

- Define business goals and expectations – Managers need to deliver clear, achievable goals to both teams and individuals; such as
 - ✓ Sales targets
 - ✓ Budgetary targets
 - ✓ Team and individual goals
 - ✓ Production targets and Reporting deadlines
- Clearly deliver your message
- Choose your medium carefully
- Keep everyone involved
- Listen and show empathy

Self-Check -2	Written Test
---------------	--------------

Directions: Write short and precise answers for the following questions and write your answer on the space provided.

- Write three methods used to communicate with customers effectively. (3 pts)
 -
 -
 -
- List the five key importance good communications. (5pts)
 -
 -
 -
 -
 -

Note: Satisfactory rating – 8 points

Unsatisfactory - below 8 points

an ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Information Sheet-3	Applying problem solving techniques to work situations
---------------------	--

3.1 Problem solving techniques

3.1.1 Brainstorming

Brainstorming combines a relaxed informal approach to problem solving with lateral thinking. It encourages people to come up with thoughts and ideas that can, at first seems a bit crazy. Some of these ideas can be crafted into original, creative solutions to a problem, while others can spark even more ideas. Individual brainstorming is the most effective when you need to solve a simple problem generate a list of ideas, or focus on a broad idea. Group brainstorming can develop ideas in greater depth than you can with individual brainstorming. It helps everyone feel that they have contributed to the solution, and it reminds people that others have creative ideas to others.

There are three types of brainstorming:

Post-it-method: to relieve the pressure of an environment that can judge the creative ideas of its members, how about dedicating a whiteboard or wall space for the creation of ideas. So, someone has an idea, they place a post-it in that space which you reserved for this brainstorming method.

The opposite brainstorming method: this allows everyone visualize the ultimate goal.

Mind map: this method is simple and has a good effect on participants. For this, you must take the following step-by step in to account:

- Write the problem or challenge you want to solve in up to 3 words and circle them
- Encourage everyone to relate words to the first circled word. Link them by lines that help connect the common meanings
- Then do the same with the second word and continue until the third word has all the words related to it exhausted from your team's vocabulary.

3.1.2 Fish bone

Fishbone Diagrams which are also referred to as cause and effect diagrams, are a problem solving and fault-finding tool which facilitates the thought process in dissecting an issue or problem into a standard four contributing sources from which users then think of possible causes of the problem. It is a very useful tool and can be used to analyze problems within operations, supply chain, or any other areas of a business.

Defining your “Effect”: The first step in using the fishbone diagram as a problem-solving tool is to clearly define your effect or outcome that you don’t like. This becomes the “head” of the diagram.

Brainstorming the “Causes”: With your team, we want to add the bones to this diagram, brainstorming all of the possible influencing factors. Each idea needs to be put into a category or branch.

It is accepted that there are 6 main branches that need investigation. These are often described as the “6M’s” but feel free to use the terms that best suit your company.

- People / Manpower
- Processes / Methods
- Machines / Equipment
- Materials
- Measurements
- Environment

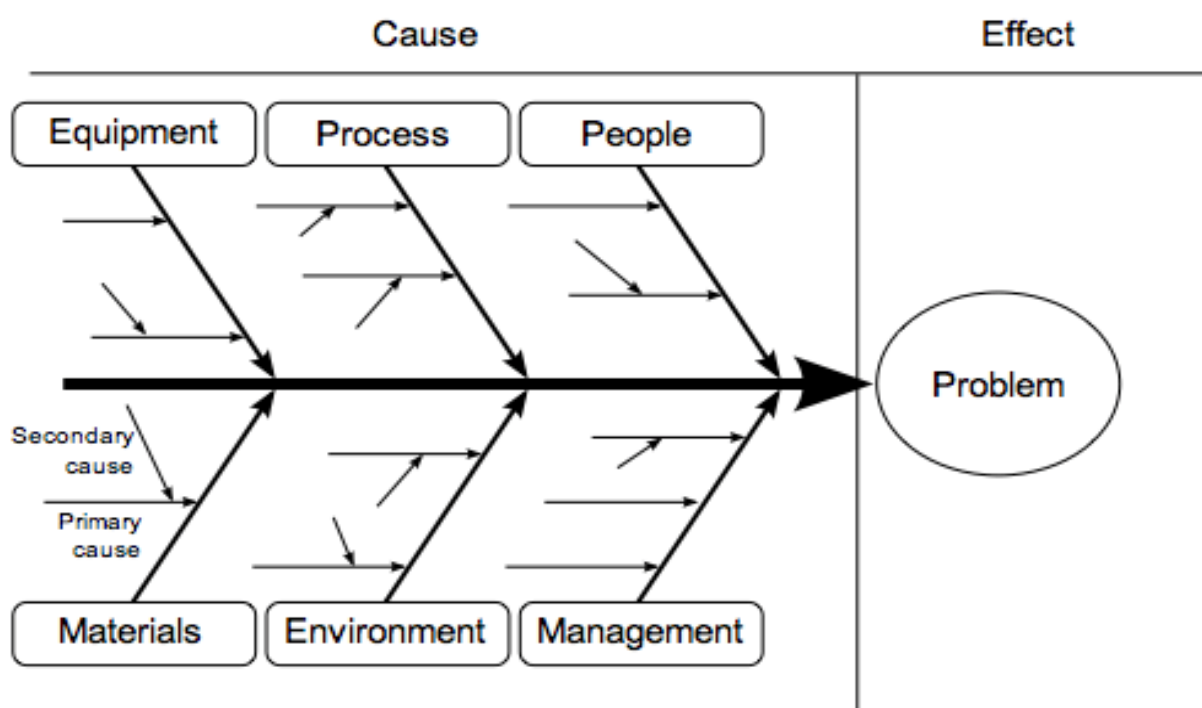


Figure 13: The flow of a fishbone diagram for solving problems.

3.1.3 Focus group discussion

A focus group discussion (FGD) is a qualitative data collection method that engages 6 to 12 people with shared characteristics pertinent to the specific discussion topic and is led by a trained facilitator. The shared characteristics may relate to a particular problem, livelihoods occupation, age, social group, place of residence, experience of adopting or not adopting a specific behavior promoted by a project, etc.

The discussion is facilitated using a semi-structured interview guide to foster active participation and in-depth discussion. The semi-structured nature of the discussion intends to probe specific, predetermined topics while allowing flexibility, and stimulating participants to share and discuss among each other. Like all qualitative methods, FGDs use open-ended questions to collect qualitative data i.e. words and narrative explanations. An FGD is not a group interview that results in a collection of individual participants' responses. Rather, it encourages the participants to talk to one another, discuss and build upon or challenge each other's opinions. An FGD does not generate data on a number or percentage of respondents with one or the other position; rather it generates data on the number of FGDs that reached or did not reach a consensus on the issue under investigation.

3.1.4 Problem Tree / Solution Tree Analysis

A problem tree provides an overview of all the known causes and effect to an identified problem. This is important in planning a community engagement or behavior change project as it establishes the context in which a project is to occur. Understanding the context helps reveal the complexity of life and this is essential in planning a successful change project.

A problem tree involves writing causes in a negative form (eg. lack of knowledge, not enough money etc). Reversing the problem tree, by replacing negative statements with positive ones, creates a solution tree. A solution tree identifies means-end relationships as opposed to cause-effects. This provides an overview of the range of projects or interventions that need to occur to solve the core problem.

A problem tree analysis:

- Helps the planning of a project
- Provides a guide as to the complexity of a problem by identifying the multiple causes
- Identifies particular lines of intervention and other factors that may need to be tackled with complementary projects
- Provides an outline of the project plan, including the activities that need to be undertaken, the goal and the outcomes of the project.

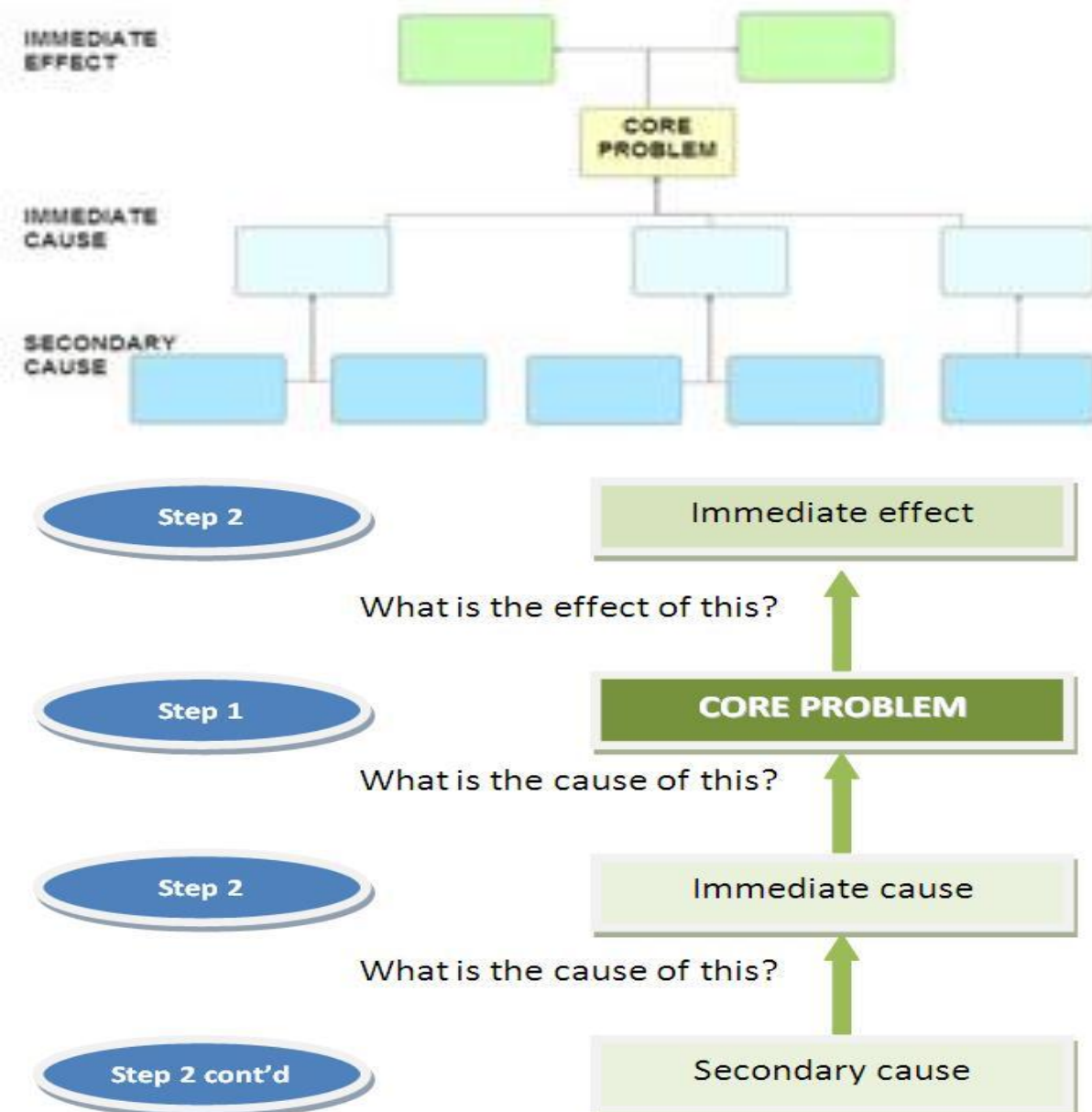


Figure 14: Problem solving tree

3.2 Problem-solving process

Here are seven-steps for an effective problem-solving process.

- Identify the issues.
- Understand everyone's interests.
- List the possible solutions (options)
- Evaluate the options.
- Select an option or options.
- Document the agreement(s).
- Agree on contingencies, monitoring, and evaluation.

3.3 Problem-solving skills

Problem-solving skills help you determine the source of a problem and find an effective solution. Although problem-solving is often identified as its own separate skill, there are other related skills that contribute to this ability. Some key problem-solving skills include:

- Active listening
- Analysis
- Research
- Creativity
- Communication
- Dependability
- Decision making
- Team-building

There are several methods you can use to improve your problem-solving skills. Whether you are searching for a job or currently working, improving your problem-solving skills and associated abilities will help make you a strong candidate and employee.

- Acquire more technical knowledge in your field.
- Seek out opportunities to problem solve.
- Do practice problems.
- Observe how others problem solve

Self-Check -3	Written Test
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Directions: Choose the best answer for the following questions and write the answer on the answer sheet provided. (2 pts each)

- Which problem-solving technique encourages people to come up with thoughts and ideas that can, at first seems a bit crazy
 - Focus group discussion
 - Brainstorming
 - Fish bone
 - Problem tree
- The type of brainstorming to relieve the pressure of an environment that can judge the creative ideas of its members is -----
 - Decision making
 - Opposite brainstorming
 - Post-it-method
 - Mind map
- One of the following can use to improve your problem-solving skills.
 - Do practice problems
 - Dependability
 - Identify the issues
 - Decision making
- The first step for an effective problem-solving process is -----
 - Evaluate the options
 - Identify the issues
 - Document the agreement
 - Agree on contingencies

Note: Satisfactory rating – 4 points

Unsatisfactory - below 4 points

Answer Sheet

Score = _____
Rating: _____

Name: _____

Date: _____

Answers

1. _____
2. _____
3. _____
4. --

Information Sheet-4	Monitoring opportunities for improvements according to business demands
----------------------------	--

4.1 Monitoring opportunities for improvement business demand

Continuous improvement is an organized approach to identify opportunities for improvement that can help an organization meet its goals for increasing profits, reducing costs, and accelerating innovation. Opportunities also enhance the quality of product or service, improve safety, and result in happier customers, patients and staff. Opportunity for improvement exist in every company, in every job, in every workflow.

Opportunities for improvement should:

- Align to your business goals
- Deliver results
- Drive innovation

To improve business performance:

- Define the present and future
- Pick a few well-defined goals
- Create a plan
- Get the right people on the job
- Monitor activities and results

4.2 Benefits of continuous improvement

The direct benefits of your continuous improvements are often easy to predict. You can calculate or estimate cost and time savings even before you implement the changes. There are other significant benefits, however, that you will not realize until your continuous improvement strategy is in place:

- Better morale
- Better acceptance of new Ideas
- Increased motivation

4.3 Implement operational process improvements

A results-oriented improvement plan focuses on improving cost, quality, service or speed. Action steps range from making minor changes that eliminate duplicate steps or other workflow redundancies to redesigning an entire process. An implementation includes analyzing, prioritizing and reassembling tasks and operational steps.

- **Collect relevant data:** There are many ways to collect data via regular monitoring and surveying. Right now, you can find in the market software that even help track orders and send follow up offers.
- **Analyze all collected information:** As a business owner, you should look at data regularly to understand patterns and to look for anomalies.
- **Engage your employees:** Start by creating a workplace environment that accepts and embraces change. An open-door policy, fair and respectful treatment and open communications are some of the most important ingredients.
- **Establish communication channels and strategies:** IT managers and administrators must establish mechanisms to visualize the operational strategies within the organization and establish communication strategies that allow all the members of the company to easily know the results of each of the areas.
- **Implement new protocols and workflows:** Once the issue is identified in the existing process, it is imperative that the company take steps to improve workplace operations.

Self-Check -4

Written Test

Directions: Write short and precise answers for the following questions and write your answer on the space provided.

1. What are the three benefits of continuous improvement? (3 pts)

- A. -----
- B. -----
- C. -----

2. Write the five implementation processes of improvement. (5 pts)

- A. -----
- B. -----
- C. -----
- D. -----
- E. -----

Note: Satisfactory rating – 4 points

Unsatisfactory - below 4 points

Score = _____

Rating: _____

Information Sheet-5	Adjusting work schedules to existing work and routines
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5.1 Create work schedules

One issue you'll have to tackle if you employ shift workers defined as someone who doesn't work a typical 9 to 5 schedule is the creation of a work schedule. A seamless work schedule will ensure that someone is present and taking care of business at your store or office at all times. Keep in mind that you'll most likely have to make adjustments to your work schedule regularly depending on the needs of your employees.

- Create a simple table in a word processing or spreadsheet program
- List all of your employee names, including your own if you work shifts, down the first column of the table.
- Enter each day of the week that your business is open across the first row of the table. Write in the hours of operation for each day under the day name as well.
- Determine how many people you want to work at the business at any given time on each day.
- Discuss availabilities with your employees this is commonly worked out when you first hire them. Decide on the number of hours for each shift as well, such as four working hours each day for each employee.
- Schedule in your first set of employees on the first day of the week.
- Repeat this process for each day of the week that you're open for business.

5.2 Work Schedule tracking and adjustments

Employee work schedule changes can be a significant hassle. Call-outs, no-shows, and late vacation requests can all throw even the best-planned work schedule into a tailspin. Our tips will help calm the shift schedule chaos and get everyone back to work.

Following are examples of schedule adjusting situations:

- **Flexing the work week:** Employees who may be required to work additional hours early in the work week can have their work schedule adjusted at the end of the work week to avoid overtime. This is both acceptable and fiscally prudent.
- **Substituting work hours for annual leave:** An employee taking approved annual leave during the week may also be asked to work additional hours on his or her

scheduled days off. With the approval of the employee, the agency can substitute the hours of annual leave with the additional hours worked; thus, reducing or eliminating the need to use the employee's annual leave.

- **Adjustment of sick leave:** Agencies should be cautious when changing the kind of leave requested by an employee and approved by the supervisor, and should ensure that employees are able to use their leave as intended within the business demands of the agency. It is not acceptable for an agency to substitute compensatory leave for sick leave without the employee's permission.

5.3 Documenting an adjusted work schedule

An employee's request for time off should not be granted without simultaneously scheduling the hours during which the employee will work to make up the time. This provides a clear record of the employees adjusted work schedule. An employee should be allowed to accumulate only the number of hours of work needed to make up for previous or anticipated absences from work for religious observances.

If an employee is absent when he or she is scheduled to perform work to make up for a planned absence for a religious observance, the employee must take paid leave, request leave without pay, or be charged absent without leave, if appropriate. These are the same options that apply to any other absence from an employee's basic work schedule.

Self-Check -5	Written Test
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Directions: Write short and precise answers for the following questions and write your answer on the space provided.

1. Write the three situations in which work schedule need to adjust. (3 pts)
 - A. -----
 - B. -----
 - C. -----
3. Write at least three points needed to create a work plan. (3 pts)
 - A. -----
 - B. -----
 - C. -----

Note: Satisfactory rating – 4 points

Unsatisfactory - below 4 points

an ask you teacher for the copy of the correct answers.

Score = _____

Rating: _____

Information Sheet-6	Communicating and recording proposed changes to aid in future planning and evaluation.
---------------------	--

6.1 Communicating and recording proposed changes

Change isn't always easy, but keeping employees involved, informed and empowered throughout the process makes a big difference in both the employee experience and the outcome of the change. McKinsey research estimates that 70% of change programs fail to achieve their goals, largely due to employee resistance.

When you need to implement change at an organization, it's never easy. Many times, executives don't clearly or effectively communicate the changes in a timely, considerate or successful manner, which can leave employees feeling undervalued, underappreciated and burned out.

To help combat this and increase success during organizational change, here are some strategies your company can use to ensure clear communication with employees, motivating them to embrace the changes taking place at your business:

- **Be honest about the changes coming to your organization:** The first thing your company should do if it's undergoing a period of change and transformation is to always be forthright about any plans. This includes communicating clearly and without jargon or falsehoods of any sort.
- **Speak with managers whose employees will be affected most:** To leverage a strong communication plan that will inform and motivate your employees, speak with any high-level managers ahead of time so they're well-versed in what's happening to the organization and thoroughly understand how they'll be affected.
- **Give your employees proactive advice on what to do:** As part of your communication plan, include actionable steps for employees to take. For example, let's say you're telling workers about a reorganization of talent that may include opportunities to move individuals to different teams. In this case, give your employees the information necessary to reach out to the right people at your company so they can do so efficiently.

- **Keep communication channels open with your employees:** Always allow them to ask questions and express their concerns and comments to the leadership team in an appropriate and well-organized manner. Change and transformation at a company can be scary for some employees. Therefore, it's important that you show them compassion and allow them to express themselves so they feel heard.

6.2 Methods and techniques for communicating change

- Be clear and honest when communicating change to employees
- Use care when communicating organizational change
- Tell employees what's in it for them
- Set expectations with change management communication
- Tell employees what they need to do
- Cascade leadership messages on change
- Target your change management communication
- Create two-way strategies for communicating change

Self-Check -6	Written Test
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Directions: Write short and precise answers for the following questions and write your answer on the space provided.

1. Write the four strategies that can use to ensure clear communication with employee's motivating them to embrace the changes at your business. (4 pts)
 - A. -----
 - B. -----
 - C. -----
 - D. -----
4. Write at least four techniques for communicating change. (4 pts)
 - A. -----
 - B. -----
 - C. -----
 - D. -----

Note: Satisfactory rating – 4 points

Unsatisfactory - below 4 points

Score = _____

Rating: _____

Information Sheet-7

Using relevant codes of practice to guide an ethical approach to workplace practices and decisions

7.1 Business ethical principles

The business world places a premium on turning a profit, which can sometimes make ethical behavior hard. Lying to customers is unethical, for instance, but a salesperson may feel pressured to lie if that's the only way to close a sale. It's often easy to compromise on workplace ethics, but that is a mistake.

Different companies and consultants may have different ideas of what makes a good ethical code, but there are some commonly agreed-on workplace ethical principles:

- Honesty; don't mislead customers, superiors or subordinates by lying, including partial truths and omissions.
- Integrity; do what's right, even when doing the wrong thing benefits you.
- Work hard
- Keep your word
- Respect others
- Obey the law
- Appreciate the people who help and support you
- Take responsibility for your actions, including your mistakes
- Don't discriminate; treat people fairly

7.1.1 The unethical workplace

Some types of unethical behavior, such as lying, stealing or cheating, are wrong on or off the job. Other types of bad behavior are unique to the workplace:

- Ignoring procedures or policies
- Sharing confidential information
- Basing business decisions on personal gain
- Withholding important information
- Abusing your computer access (i.e. playing online games when you're supposed to be working)
- Taking bribes or kickbacks

7.1.2 Ethics matter

The simplest reason ethics matter is because they mark the difference between right and wrong. However, encouraging everyone to follow workplace ethical principles is also good for business:

- If business leaders follow ethical principles, that sets an example for employees.
- Ethical behavior promotes trust in the workplace.
- Ethics in hiring and firing, such as nondiscrimination, creates a more diverse workplace.
- An ethical business has a better public image.
- By acting ethically, a business improves the community around it.
- If the business team follows ethical principles, its members are less likely to violate legal principles.

7.2 Establishing workplace ethical guidelines

The company's ethical principles should be written down as codes of conduct for managers, executives and other employees. It's much easier for employees to know how to act ethically if they know what's expected of them. It's also easier for the company to judge whether prospective employees will fit with the company culture. Successful ethical companies also provide training regarding how to solve ethical dilemmas. They give positive feedback when staff act ethically, and provide a feedback system for reporting unethical behavior. All these things can reinforce an ethical workplace culture.

- **Code:** Any system of principles, rules or regulations relating to one subject.
- **Conduct:** The manner of guiding or carrying one's self; personal deportment; mode of action; behavior.

As part of comprehensive compliance and ethics programs, many companies formulate policies pertaining to the ethical conduct of employees. These policies can be simple exhortations in broad, highly generalized language, or they can be more detailed directives containing specific behavioral requirements. Ethical codes are adopted by organizations to assist members in understanding the difference between right and wrong and applying that. There are three types of ethical codes: codes of business ethics, codes of conduct for employees, and codes of professional practice.

7.2.1 Code of business ethics

A code of business ethics often focuses on social issues. It may set out general principles about an organization's beliefs on matters such as mission, quality, privacy, and the environment. It may delineate procedures that should be used to determine whether a violation of the code of ethics has occurred and, if so, what remedies should be pursued. The effectiveness of such codes of ethics depends on the extent to which management supports and enforces them.

7.2.2 Code of conduct for employees

A code of conduct for employees sets out the procedures to be used in specific ethical situations, such as conflicts of interest or the acceptance of gifts. It may include specific lists of dos and don'ts, or it may provide questions to ask to help determine the proper course of action. Codes of conduct typically delineate the proper procedures for determining whether a violation has occurred and for reporting suspected violations.

7.2.3 Code of practice

A code of practice is adopted to regulate a particular profession. It may be styled as a code of professional responsibility that covers common scenarios and decisions and provides a guide to what behavior is considered ethical, correct, or right in certain circumstances. Employee awareness of how to make ethical decisions is part of good workplace practice. The most effective ethics development programs from around the world help employees make sense of organizational values, raise awareness of ethical responsibility and assist employees to develop skills in ethical problem solving.

Self-Check -7	Written Test
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Directions: Choose the best answer for the following questions and write your answer on the answer sheet provided. (2 pts each)

- Which one of the following is unethical behavior in the work place?
 - Follow procedures or policies
 - Sharing confidential information
 - Sharing important information
 - Inform problems
- adopted to regulate a particular profession.
 - Code of practice
 - Codes of conduct
 - Setting the ethical tone
 - Code of business ethics
- Which type of code of conduct often focuses on social issues?
 - Code of practice
 - Code of conduct for employees
 - Setting the ethical tone
 - Code of business ethics
- Which one of the following is commonly agreed on workplace ethical principles?
 - Respect others
 - Taking bribes
 - Ignoring problems
 - Ignoring policies

Note: Satisfactory rating – 4 points

Unsatisfactory - below 4 points

Score = _____
Rating: _____

Name: _____

Date: _____

- _____
- _____
- _____
- _____

Operation Sheet 1	Procedures for applying problem solving techniques to work situations
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Take one case which is a problem in your class and use the following procedures to prepare a brainstorming problem-solving technique:

- Step1. Use appropriate tools and materials
- Step2. Identify the issues.
- Step3. Understand everyone's interests.
- Step4. List the possible solutions (options)
- Step5. Evaluate the options.
- Step6. Select an option or options.
- Step8. Document the agreement(s).
- Step9. Agree on contingencies, monitoring, and evaluation

LAP Test	Practical Demonstration
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Name: _____ Date: _____

Time started: _____ Time finished: _____

Instructions: Given necessary templates, tools and materials you are required to perform the following tasks within 4 hours.

Task 1: Prepare a brainstorming problem-solving technique

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Prepared By

No	Name	Educational Background	Level	Region	College	Email	Phone Number
1	Kefale Dessalew	Water Engineering	B	Amhara	B.P.T.C	kefaledess@gmail.com	0910133794
2	NigusFentahun	Water Engineering	A	Amhara	B.P.T.C	galemsha35@gmail.com	0918489562
3	AlemshaGetaneh	Water Engineering	A	Amhara	B.P.T.C	10qnigus@gmail.com	0918394570