



BSBMGT608 Manage innovation and continuous improvement

Assessment Task 4 - Implement an innovative process

The Assessment Task is due on the date specified by your assessor. Any variations to this arrangement must be approved in writing by your assessor. Submit this document with any required evidence attached. See specifications below for details.

Performance objective

To demonstrate the skills and knowledge required to implement and manage innovative processes to support continuous improvement.

Assessment description

Develop an implementation plan for a new process, including plans to support and evaluate the plan, and all supporting documentation required for implementation and review.

Procedure

1. Review the case study – Appendix 1.
2. Develop an implementation plan and supporting documents:
 - a. team talk
 - b. communication plan
 - c. transition plan
 - d. contingency plan
 - e. continuous improvement process plan.



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3. Complete Part 2 of the case study:

- a. Write a brief report analysing the outcomes and making recommendations for managing the issues identified.
- b. Develop a cause and effect diagram to evaluate possible causes of the failure of the program.

Specifications

Deliverable specifications

- Submit a written implementation plan with supporting documents:
 - team talk
 - communication plan
 - transition plan
 - contingency plan
 - continuous improvement plan
 - written report, including completion of a cause and effect diagram.

Quality specifications

Part 1 – Implementation

- Team talk
 - Describe the change to be implemented – goals and objectives.
 - Benefits of the change.
 - How the changes will impact on individuals, processes and procedures.
 - What training and support will be available.
 - Costs and benefits of innovations and improvements.
 - Completed cost/benefit analysis.
 - Continuous improvement processes to be implemented:
 - How will the program be reviewed, monitored and evaluated to identify problems and opportunities for improvement?

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- Roles and responsibilities.
- How can team members participate in continuous improvement activities?
- Communication plan
 - How will the change be communicated to the workplace?
 - How will you address potential concerns?
- Transition plan
 - Change goal – what change are you trying to achieve?
 - All the activities involved in achieving the goal. Sequence the activities appropriately – in order of when they need to occur. At this stage of the planning process you should allocate dates and responsibilities.
 - Activities for communicating the goal of the plan.
 - Steps for implementing the plan.
 - Process for checking progress.
- Contingency plan
 - Potential risks
 - Impact of the risks
 - Likelihood of the risks
 - Contingency plan.
- Continuous improvement plan
 - What process will you use?
 - Who will be involved?
 - When will the activities take place? Include timeframes.

Part 2 – Follow-up

- Read Part 2 of the case study.
- Write a brief report on how you would manage the challenges and opportunities presented:
 - Which parts of your contingency plan would have assisted you in these circumstances?



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- Make recommendations for changes to your continuous improvement processes as a result of the information provided.
 - Complete a cause and effect diagram to analyse the failure of the implementation using information provided in the case study.

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Appendix 1

Implement an innovative process

Part 1 – Implementation

John Jones, a Production Manager at AC Gilbert, has developed an idea for improving efficiencies in the manufacturing process at AC Gilbert. The idea came as a result of the innovative ideas program, and John has successfully trialled the program on one line in the processing plant.

The program has been evaluated and found to be successful, and you are now in the process of implementing the program company-wide.

Overview of the program

The goal of the program is to increase productivity and reduce errors on production lines by 20% by allocating specialist team members to individual lines.

A secondary goal is to reduce staff turnover from an average of 32% per annum to 20% per annum, thus improving the skill levels and efficiencies of the plant and reducing costs in recruiting and training new staff.

This means that production staff and process workers will be divided into five different teams. Each team will be responsible for the manufacturing of five product lines. Team members will only work on their specialty line, and rosters will be altered to ensure adequate staff on each line during the 12-hour production cycle. This may involve changes to staff rosters, in some cases by implementing 12-hour shifts, but will not impact on earnings or result in the loss of any hours of work.

John also suggested involving teams in goal and objective setting for their own product lines. Each month, they meet to develop production and error rate projections for the next month, with a goal to continuously improving both rates to achieve a maximum of 4% error rate and a 40% increase in productivity within 24 months. Current error rates are at 22%.

To incorporate this change, production lines will be closed for 48 hours for re-tooling. During this period, staff will be re-trained in the production of their designated lines by shift supervisors. Training required will include technical training, motivational training and quality control procedures along with goal and objective setting workshops.

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Costs

It is projected that the costs incurred for the change will be:

Development costs Initial trial	\$150,000.00
Implementation costs - Re-tooling the production line - Training - Loss of productivity	\$1.2 million \$20,000.00 \$50,000.00
Ongoing costs Initial errors and reduced productivity	\$150,000

Anticipated savings

By implementing the above measures the following savings have been budgeted.

- Savings of \$300,000 per annum in staff turnover costs.
- Savings of \$1 million per annum in lost productivity and errors.
- Savings of \$200,000 per annum in service and repairs costs to equipment.

Benefits and concerns

During the trial, a number of advantages and concerns were identified. There were initial fears that staff would become bored and complacent, continually producing the same lines. Analysis during the pilot found that, after the first week, staff became quite 'proud' of their output and felt a degree of ownership for the lines they were responsible for. Morale improved in a "team environment".

Employees were initially reluctant to participate in setting their own error and productivity targets. They tended to over-estimate the percentages and did not wish to commit to large improvements. Managers feel it will take some time and training in understanding the financials and operational reports for them to set realistic targets.

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Many employees lack formal education and some have limited English, which was also an area of concern when trying to involve them in what they perceived to be 'management decisions'. This style of management is a huge change in the workplace. Most employees were used to being lectured for making mistakes, rather than encouraged to participate in decision-making and feeling like they have some ownership of the process and outcomes. There is some reluctance and anxiety involved as a degree of resistance from some long-term employees, who feel they are being asked to do a management job and should be paid accordingly. Management fear there could be some industrial relations implications.

Other concerns revolve around productivity levels during the transition. It is understood that it will take some time for employees to operate at full productivity, as they will be working on new production lines and different products. Concerns that deliveries won't be met and customers disadvantaged is a key concern for management.

From a technology standpoint, the new production lines will be faster and more efficient. However, the current service technicians are used to the old lines and lack the experience to service and maintain the new equipment. It is possible that breakdowns could impact on production targets.

Part 2 – Follow-up

Make the following assumptions:

- The new program has been in place for eight weeks with the following outcomes:
 - Productivity has decreased by 8% to 66%.
 - Delays on the line have increased by 10%.
 - Error rates have fallen by 2%.
 - 15 out of 300 staff have resigned since the new program was introduced, including two shift supervisors.
- After 16 weeks:
 - Productivity remains at 66%.
 - Delays on the lines have improved and are now at pre-change levels.
 - Error rates have remained steady at 20%.
 - Staff levels have remained steady.



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- The following comments were raised at a staff forum held two months after the implementation:
 - New machines are very different, training was not sufficient.
 - Employees feel that figures don't mean much to them – they are struggling to understand what % rates have to do with their day-to-day workload.
 - New rosters have been unpopular with some employees.
 - 12-hour shifts were introduced to keep teams together but they are causing difficulties for staff with regards to managing their families.
 - Longer shifts are also resulting in people becoming tired and making errors.
 - The OHS rep is concerned that injuries might increase as a result.