

# **Sample Candidate Support Pack:**

## **HN Leadership & Management Qualifications**

SAMPLE

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# Contents

<b>Sample Candidate Support Pack:</b>	<b>i</b>
HN Leadership & Management Qualifications	i
<b>Contents</b>	<b>iii</b>
<b>About this pack</b>	<b>iv</b>
<b>1 Deciding on the Need for Change</b>	<b>1</b>
1.1 Change Management	2
1.1.1 What is change management?	2
1.1.2 Why change?	3
<b>2 Coaching and Mentoring</b>	<b>6</b>
2.1 Coaching	6
2.1.1 What Is Coaching?	7
2.1.2 It's All In The Mind	7
2.1.3 What Are Beliefs	8
2.1.4 How Do Beliefs Affect Us?	10
2.1.5 What Links Belief To Performance?	10
2.1.6 Limiting Beliefs	11
2.1.7 Negative Memories	12
2.1.8 Negative Expectations	12
2.2.1 G is for Goal	12
2.2.2 R is for Reality	13
2.2.3 O is for Options	13
2.2.4 W is for Wrap-up	14
2.2.6 The Qualities of a Coach	16
2.3 Mentoring	17
2.4 Further Reading	19
<b>3 Understanding Budgets &amp; Financial Data</b>	<b>20</b>
3.1 Introducing Budgets	20
3.1.1 The Role of Budgets in Financial Control	22
3.2 Costs	23
3.2.1. Direct and Indirect Costs	24

# About this pack

Welcome to an extract of the candidate support packs for HNC/Diploma in Management and Leadership at SCQF level 7/level 8. These qualifications are nationally recognised and jointly awarded with the Chartered Management Institute (CMI). Candidates who are registered for this HNC/Diploma are able to take advantage of [12 months free studying membership of CMI.](#)

The extracts come from 3 Management and Leadership Higher National units:

- ◆ Management: Plan, Lead and Implement Change
- ◆ Managing and Working with People
- ◆ Managing Operational Resources

Other learning packs are available to support the HNC/Diploma in Management and Leadership and a range of other HN awards are available to learners and this document aims to provide an overview of the support materials available from SQA.

In addition to paper based support pack, interactive activities have also been developed which provides e-learning material. The material will include activities and case studies which you will work through for candidates to test their understanding.

## Deciding on the Need for Change



# 1 Deciding on the Need for Change

The phrase, 'planning, leading and implementing change', assumes that change is considered necessary. This could be open to question so we will begin by considering what 'change management' is and why change is needed. We will consider the analysis of an organisation's internal and external environments and look at some models of managing/leading change. This should help you to see the contributions that you as a manager will need to make to support the need for change.

Specifically we will look at:

- ◆ the definition of change management
- ◆ the drivers for change
- ◆ analysing an organisation's external and internal environments
- ◆ some examples of models of change
- ◆ whether change needs to be managed

By the end of the section you will be able to:

- ◆ understand change management
- ◆ identify the need for change
- ◆ identify some of the factors involved in the processes of planning and leading change

# 1.1 Change Management

Change Management is a widely-discussed management topic. A search of the Internet on 'Change Management' returned no less than 19 million 'hits' on the subject. Across the world, psychologists, consultants, management gurus and others have generated billions of words on the subject, and the global Change Management industry itself must be worth billions of pounds. It is therefore important for you as a manager to understand and be able to carry through change within an organisation.

## 1.1.1 What is change management?

Change Management is simply a formal term given to:

'...the structured or planned activity of managing the implementation of new processes, procedures, organisational structures, technologies, equipment etc that enable an organisation to reach a modified end state, thus positioning it to capitalise on business opportunities or meet the demands of a changing business environment. It covers the implementation process from the start, ie the development of the strategic intent, to the final bedding-in of the change, and evaluation of its success.'

It's easy to see why the short-hand term 'Change Management' is used.

One way of thinking about organisational change and change management is to see it as closing a gap. Organisational change is about moving an organisation from its existing 'present state' to a 'desired future state'. This is because there is a gap between where the organisation is at the moment and where it wants to be. Some kind of change is needed to enable the organisation to close this gap.

Organisational change, therefore, is a process by which organisations maintain an appropriate match between themselves and the environment in which they operate. It is a way of ensuring that organisations can continue to achieve the purpose and objectives that they have.

Organisational change is likely to have a number of other features. The following list gives some of them.

- ◆ Organisational change is usually triggered by some internal or external pressure, eg a realisation that the organisation is not meeting its targets.
- ◆ Organisational change may be messy and untidy. It may, for example, involve 'one step forward, two steps back'. In some cases, it may be a knee-jerk reaction to an unanticipated event.
- ◆ Organisational change does not take place in isolation. Change in one aspect of an organisation frequently has knock-on effects in other aspects of the organisation.
- ◆ Organisational change can cause conflict within organisations, particularly between management and other employees. This, in turn, can lead to frustrations such as resentment at not being consulted or involved.

# MEGABYTE

*Most people do not like change. The change manager's job is to help people accept and deal with change positively and as quickly as possible.*

There are many theories, models and approaches that define and assist change management but, despite these, as the last bullet above suggests, most people are wary of change and some actively dislike it. Some adapt more rapidly than others when change is inevitable or enforced. The change manager's job is to help people accept and deal with change as positively and as quickly as possible. In this course, we will examine the theories but we will bed them down into practical exercises that will help you, should you need to manage change.

Having said this it is worth remembering that in most organisations change is taking place all the time. Mostly these are small-scale changes which do not cause any great disruption and usually come about because people find ways to do things more efficiently or more effectively. These types of changes are often referred to as fine tuning or incremental change and are about on-going developments and improvements. Sometimes they are described as evolutionary change. They can be contrasted with major changes in one part of an organisation such as departmental restructuring, introducing significantly new ways of working and changes affecting a whole organisation such as a full re-organisation or a cultural change. These types of changes can be seen as discontinuous and could be said to be transformational. It is transformational change that requires careful planning and implementation and it is this type of change on which we will concentrate.

## 1.1.2 Why change?

Much has been written about Change Management, and the techniques used to improve the chances of successful outcomes. But why does an organisation need to change? If a business is doing well, why not maintain the status quo?

In this section, you will be able to identify the major drivers for change.

In today's global economic climate, transformational change is unavoidable. An organisation that stands still is an organisation unlikely to survive. Even a company that is at the top of the market, that has its costs under control and that is enjoying good profits, will have to make modifications to the way it operates. The extent of those modifications will depend on the nature of the pressures brought to bear on the company and the environments in which it operates.

Change may be driven by numerous factors, but broadly, the most common drivers for change can be grouped as follows.

# MEGABYTE

*'Only the wisest and stupidest of men never change.'*

*Confucius, Chinese philosopher  
551–479BC*

## **Competition**

Even for a company at the top of its market, competition must always remain a threat. Competitors strive to emulate and eventually overtake the market leader, and even in the most established of industries, innovation is just around the corner. Consider the Swiss watch industry in the 1960s: a precision-engineering business built and honed over centuries of effort; an industry at the leading edge of the market. Then along came digital technology, and for many years, the Swiss watch industry did just that: watch, until eventually, almost too late, it recognised that this upstart was in fact a real threat to survival. So the Swiss watch industry changed, by adopting the new technology and combining it with its superior engineering and undeniably strong reputation, to produce watches that once again are considered the best in the world.

## **Development Opportunity / Innovative Change**

The introduction of a new product range, or entry into a new marketplace, will — or should — create change within a company, even if there is no significant departure from the core competences of the business. When Midland Bank established First Direct, its telephone banking service, it was offering basic banking services via a different delivery channel to a specific target market (young, upwardly mobile professionals). Yet Midland decided to develop First Direct as a distinct banking business, running the top-secret project separately from mainstream business development, and employing as associates only people with no banking experience, in order to make a change possible that to many seemed impossible: to ensure that First Direct, owned, run and managed by a bank, was not 'just another bank'.

## **Organisational Change**

Without seeking to restructure, any organisation may find itself the subject of organisational change; most likely through a merger or takeover. Takeovers have a dramatic effect on virtually all aspects of the target organisation. Even the acquiring organisation is subject to change as a result of its acquisition, in order to maximise the benefits of that investment. Consider the proposed takeover (August 2016) of Home Retail Group, owners of Argos, by Sainsbury's. Not only does becoming part of

Sainsbury's fundamentally alter the Argos business, with all the explicit upheaval that entails, but Sainsbury's management function itself will also be influenced by the sheer scale shift and change that this proposed takeover will bring

### **Infrastructure Change**

New technology or equipment usually changes the way an organisation works; indeed, changing processes is usually a principal justification for such a major investment. In order to benefit from investment in new equipment, the introduction must be carefully managed.

### **Cost Reduction**

With increasing economic pressure on most companies, cost reduction has become a way of life. Each year, we are tasked with 'doing more with less'. Whether it is caused by process re-engineering, or one of the many euphemisms for staff reductions ('downsizing' 'rightsizing', etc), change is inevitable.

### **Legislation/Regulation**

Even in an otherwise almost perfect world, something will come along to spoil things, and that's where legislative or regulatory change comes in. The current Brexit debate provides an excellent example of unexpected change and it raises the possibility of legislative or regulatory change for every organisation in the UK. Just as soon as the Health and Safety review has been completed, new regulations come out. Legislative or regulatory change can be amongst the most challenging to implement, because they can be unexpected and therefore unbudgeted, they can be unwelcome, and they almost always have a fixed end date, by which time compliance is mandatory.

You should also note here that one frequent reason for change has apparently been omitted from the above list: *cultural change*. It's quite common for many organisations to strive to change the culture, beliefs and ways of working that have developed within the workforce. However, *cultural change is not a reason for change in its own right*. Instead, the need to change the culture will be identified in order to meet one of the above drivers, perhaps to become more competitive in the case of a privatised industry, or even to become more aligned with a new parent company in the case of a merger. Cultural change is a topic in its own right, and you will deal with it later in the course.

Regardless of the change driver, the consequence remains the same: change is an opportunity (or perhaps a problem) that needs to be managed. By doing this any gap between where the organisation is and where it would like to be can be closed.

## Coaching and Mentoring



## 2 Coaching and Mentoring

In this section we will be looking at coaching and mentoring and the contributions that you as a manager can make to the development of people. As we have seen this is an important part of performance management. By helping people to develop you can, as a manager, help your staff to improve their performance whatever their current level of performance.

Specifically we will look at:

- ◆ Coaching Models
- ◆ Coaching Relationships
- ◆ Difficulties with Coaching
- ◆ The Role of Mentoring

By the end of the section you will be able to:

- ◆ analyse the role of coaching in an organisation
- ◆ identify where and how different coaching approaches should be used
- ◆ identify the difficulties in coaching and how these may be overcome
- ◆ identify opportunities for mentoring

### 2.1 Coaching

Coaching is becoming one of the most important aspects of a manager's toolkit. Managers have always had the responsibility for developing their staff. This development was more often discussed only at the half year performance review (often then referred to as an appraisal) and was expressed as a training need. To meet it, a couple of training courses could be scheduled in. However, putting someone on a training course does not guarantee they will transfer those skills back to the workplace. Furthermore, off-the-job training costs money. Increasingly today's manager is adopting the role of coach, because coaching is a critical skill in developing people and maximising employee talent.

## 2.1.1 What Is Coaching?

We may say that coaching is a continual process of helping people to reach their full potential at work by developing their skills, knowledge and techniques. There are other ways of helping people to develop. Training, for example, can give knowledge and skills to perform specific tasks. However, training may not take into account individual differences and, as a result, may not be as useful as it could be for all people. In the case of poorer performers, it may not help them to become better and may even be de-motivating. Coaching is a person-to person technique which can be tailored to the development needs of a specific individual.

Successful coaches encourage people to change their behaviour in a work context. It doesn't involve counselling or psychotherapy (although psychology plays a big part in performance) and it differs from mentoring which involves advising and role modelling. Coaches can help people to step out of their comfort zones, (a common barrier to improved performance) and achieve higher levels of performance by, amongst other things, setting realistic goals and monitoring progress. Coaching is about helping people realise their potential and it can, therefore, be used for people who perform well as well as those whose performance may not be up to standard.

Ideally you want every member of your team to be high performers. When knowledge and ability are equal, what is it that sets those high performers apart? We will start by exploring this and look at a model for coaching.

**MEGABYTE**

*Coaching is a continual process of helping people to improve performance by overcoming barriers to improvement.*

## 2.1.2 It's All In The Mind

We've all seen stage hypnotists plant an idea in the mind of some poor volunteer from the audience. That idea could be that they are a chicken, that they are stuck to their chair, or that they are unable to lift a small object like a book because it is too heavy. And oh, how we laugh at the clucking noises and the hilarious antics of the subjects, who believe they really are chickens or weaklings! Maybe they are all stooges, but technology is forcing us to take a different view.

There have been many studies of hypnotised subjects and, to take the example of being unable to lift the book, electronic readings detect that whilst the biceps are working hard to pick up the book, the triceps are working just as hard in the opposite direction. The subject's

belief is that they cannot pick up the book and the body is, unconsciously, behaving in a way that is consistent with that belief. This suggests that our behaviour (or performance) is largely governed by our beliefs.

Another example is from the sporting world. Everyone knows that in 1954 Roger Bannister became the first athlete to break the 4 minute mile. He and dozens of other great athletes had been trying to break the 4 minute barrier for years. A barrier that many 'experts' felt was impossible to cross, because they 'knew' (believed) that the human body couldn't run that fast. Medical opinion of the time further reinforced this belief by warning of the possible physical risks of making such attempts.

Not everyone believed it, however. Bannister and other athletes who had come close to the 4 minute mark must have had some belief that it could be done, or they wouldn't have considered making an attempt. But as the world record at the time (4mins 1.4 seconds) had stood unbroken for 9 years, and as pundits, the press and medical opinion voiced doubts; it is to be expected that the milers themselves had doubts. These doubts dissolved when Bannister did it.

Roger Bannister entered the history books, but what isn't so well known is that within a year of that record, over a dozen other athletes had cracked the 4 minute barrier as well. After all the years of trying and failing, how come so many succeeded all at once? What opened the floodgates to so many sub-4 minute miles?

They had seen it done. They now knew it was possible. They believed that if one person could do it they could. They changed their beliefs and, like the hypnotised subject and the book, their behaviour (performance) was consistent with that belief. Not only did they achieve peak physical fitness, but developed a 'mental fitness' that drove them on through the barrier.

Unconsciously we behave in certain ways to justify our beliefs. By the same token our beliefs will often prevent us from taking a course of action. We talk ourselves out of trying something because we think we can't do it.

### **2.1.3 What Are Beliefs**

Our beliefs are part of the fabric that makes us who we are. However, a belief is not necessarily rooted in fact or logic.

Robert Dilts, co-author of Neuro-Linguistic Programming (NLP) Vol 1 with Richard Bandler and John Grinder (the originators of NLP) says that beliefs are not necessarily based on a logical framework of ideas. They are, instead, notoriously unresponsive to logic. They are not intended to coincide with reality. Since you don't really know what is real, you have to form a belief – a matter of faith.

Tony Robbins, author and coach says that beliefs are the prearranged, organised filter to our perceptions of the world. Belief is nothing but a state, an internal representation that governs behaviour. Most people treat a belief as if it is a thing, when really all it is, is a feeling of certainty about something.

Motivational author Joseph O'Connor describes beliefs as the generalisations we make about ourselves, others and the world and our operating principles in it. Beliefs act as self-fulfilling prophecies that influence all our behaviours.

A person who believes that they are particularly good at making, say, presentations is more likely to approach such a task with confidence and a positive attitude. A person who believes they are hopeless at making presentations is likely to approach the task with anxiety, fear and self-doubt. The different beliefs of each person will influence their respective behaviors and subsequent performance.

Beliefs can be 'given' to us by people who have had a strong influence on us, such as parents or teachers. Statements made to us by such people, may have little or no truth in them, can become a belief which we hold to be true.

For example:

- ◆ 'You never finish anything'
- ◆ 'You've got what it takes to go far'
- ◆ 'She's always had a problem with her weight'
- ◆ 'Life's what you make it'
- ◆ 'You're just one of life's losers'
- ◆ 'She was born under a lucky star'

Beliefs are also 'learned'. These are formed by our own subjective interpretation of personal experiences.

For example:

- ◆ 'I've never been any good at interviewing'
- ◆ 'I am a good interviewer'
- ◆ 'I don't like to be put under pressure'
- ◆ 'Pressure brings out the best in me'
- ◆ 'This sort of thing is always happening to me'
- ◆ 'I love a challenge'

Because of the subjective nature of the way we and others interpret experience, we must remember that what we believe is not necessarily a fact. It is our own emotionally held opinion. The way we interpret experiences is critical.

**MEGABYTE**

*To lose in a race is a fact.*

*Believing you are a loser is an emotionally held opinion which can have a lasting effect.*

## 2.1.4 How Do Beliefs Affect Us?

Our beliefs can stop us from trying new things. We also tend to live our lives in a way that is designed to prove our beliefs.

There is a strong unconscious drive to behave in a way that is consistent with our beliefs. If your belief is that you cannot do something, then you may not even make an attempt. But even if you do, there is a strong likelihood that your thoughts and behaviour will be such as to 'prove' your belief.

In the 1970s Richard Bandler and John Grinder, the originators of NLP, were intrigued, and later influenced, by the methods of (amongst others) the American Psychiatrist and Hypnotherapist Milton Erickson. A key finding was that Erickson could change a patient's behaviour by challenging their perception of their own 'reality' (Beliefs). Once the belief was changed, behaviour changed. Bandler and Grinder saw the relationship between behaviour and beliefs as critical to effecting positive change.

In their book *The structure of Magic: A Book About Language and Therapy* (1975) they contend that Behaviour is organised around Beliefs. As long as you can fit a behaviour into someone's belief system, you can get him to do anything, or stop him from doing anything. A belief tends to be more universal and categorical than an understanding. When you already have a belief there is no room for a new one unless you weaken the old belief first.

## 2.1.5 What Links Belief To Performance?

The eminent psychologist, Albert Bandura is renowned for his work in the field of beliefs and their effect on performance (see 'Social Learning Theory' 1977 & 'Social Foundations of Thought and Action' 1986). He coins the term 'Self-Efficacy'. Perceived self-efficacy is defined as people's beliefs about their capabilities, to produce designated levels of performance that exercise influence over events that affect their lives. Self-efficacy beliefs determine how people feel, think, motivate themselves and behave. Bandura considers that a strong sense of efficacy enhances human accomplishment and personal well-being in many ways. People with high assurance in their capabilities approach difficult tasks as challenges to be mastered, rather than as threats to be avoided.

Self-efficacy beliefs are influenced by various internal and external factors, as perceived by us in our own unique and imperfect way. According to Bandura, self-efficacy is mediated by a person's beliefs or expectations about his or her capacity to accomplish certain tasks successfully, or demonstrate certain behaviours. He postulates that these expectations determine whether or not a certain behaviour or performance will be attempted. This will be the amount of effort the person will put into the behaviour, and how long the behaviour will be sustained when obstacles are encountered.

When individuals have low self-efficacy expectations regarding their behaviour, they limit the extent to which they participate in an endeavour and are more apt to give up at the first sign of difficulty. Their beliefs serve as barriers to their career development.

From his book 'Social Foundations of Thought and Action, Bandura says it is when one is applying skills, that high-efficacy "intensifies and sustains the effort needed to realise a difficult performance, which is hard to attain if one is doubt-ridden'. He goes on to say that 'research shows that people who regard themselves as highly efficacious, act, think, and feel differently from those who perceive themselves as inefficacious. They produce their own future, rather than simply foretelling it'.

This is not to say that if we simply believe we can do something, we will achieve it just like that. Success is not guaranteed every time. However, positive beliefs in the achievement of a goal will kick-start a course of action that will take you there.

Conversely, walking onto Wimbledon's Centre Court, with the belief that you have no chance of winning, will almost certainly lead to defeat. Many sportsmen and women going through a bad patch, look to a victory to restore their self-belief. They wait for a good performance to restore their belief. Change the belief first and see how performance improves.

As a coach, changing the beliefs of members of your team does not require hypnosis. Following on from the 'learned' and 'given' beliefs we hold, we will now look at some of the most common barriers to improved performance. In other words, what stops people from performing well.

Some writers have said that many people have an 'instrumental' approach to work. That is to say they see work simply as a way of earning enough money to enjoy life outside work. It implies that they are content to perform daily tasks which others would consider mundane and repetitive. Whilst this may be true in some cases, surveys consistently report that money is not the prime factor in employment.

In today's world of constant change, any business that is not 'moving forward' will be overtaken by the competition. Organisations, therefore, must innovate and find ways to improve overall performance. As a manager/coach you have a responsibility to improve the performance of your team. If you encounter a member of your team who appears to have this instrumental approach to work, do you shrug your shoulders and say "Oh well. S/he can't be motivated to improve. I'll just have to let her / him carry on producing average work until retirement". What will be your boss' reaction when you tell him/her this?

As a manager / coach you must get beyond this. You must go deeper and discover what it is that stands in the way of superior performance. You need to discover the barriers.

### **2.1.6 Limiting Beliefs**

What stops some people from trying something new, applying for that new job or aiming for that promotion? Many people who are good at what they do never progress to a higher level, this is not through lack of opportunity or recognition, but through limiting beliefs. Some people turn down offers of promotion or advancement, because they don't believe they can make it. Limiting beliefs lock a person into a routine where they can perform 'well enough' but feel they don't have what it takes to go further.

## 2.1.7 Negative Memories

People with negative performance memories can often be heard saying things like: 'I knew this would happen' or 'I always lose it when I make presentations'.

The problem occurs when a memory of some poor performance or past event is triggered. It may, for example, be a request to make a presentation at some future time.

The negative memory of a poor presentation in the past comes clearly to mind, bringing with it all the emotions felt at the time. This creates negative feelings and self-talk which, in turn, leads to poor performance. Then new negative memories of that poor performance combine with the old negative memories and reinforce the belief that the person really does 'lose it when making presentations'. And so it goes on.

## 2.1.8 Negative Expectations

We all know people with negative expectations. They always anticipate the worst outcome for any project or idea. Unlike negative memories where the memories are of a real past event, negative expectations are not necessarily grounded in past experience. This person simply anticipates a negative outcome for a future event which leads to poor thoughts, feelings and perceptions and ends, predictably, in poor performance.

You probably know this type of person. It's as if they 'talk-up' failure, which is precisely what they do. Not only does this person become less focussed at work and become mildly stressed, but their effect on the productivity of other team members should cause concern.

So how does the manager as coach change the beliefs of employees and thus their performance?

Let's look at the most widely used coaching model — GROW. It provides a simple framework to a coaching session and a means of getting back on course if you stray.

## 2.2 The Grow Model

This model can be used in a very flexible manner. It is described here as a sequential process but the coach may enter the sequence at any stage depending on the needs of an employee.

### 2.2.1 G is for Goal

Any and every coaching session must have a goal or an outcome to be achieved. The goal should be specific and must be measurable. The kind of question to ask at this stage would be "How will you know that you have achieved the goal?"

Other questions would be:

- ◆ What is the aim of this discussion?
- ◆ What do you want to achieve long term?
- ◆ What does success look like?
- ◆ How much personal control or influence do you have over your goal?
- ◆ What would be the milestones on the way?

- ◆ When do you want to achieve it by?
- ◆ Is your goal positive, challenging and achievable?
- ◆ How will you measure success along the way?

### 2.2.2 R is for Reality

As well as knowing where you are trying to get to, you need to know where you are starting from — the **current reality**. This is often the key part of the coaching session as the coach needs to get the employee to define exactly the current state or situation. Often the employee comes to the session with a biased or clouded view of the state, problem or situation. This could include employees who are overly optimistic as well as those who are unduly cautious and can be true even when the person performs well at work. This is quite natural. But through questioning, the situation becomes clear and the solution becomes obvious.

Questions to ask here:

- ◆ What is happening now? (What, when, where, how much, how often)
- ◆ What is involved both directly and indirectly?
- ◆ When things are going badly, what happens to you?
- ◆ When things are going well, what happens to you?
- ◆ What happens to those others directly involved?
- ◆ What is the effect on others?
- ◆ What have you done about it so far?
- ◆ What results did that produce?
- ◆ What is holding you back from finding a way forward?
- ◆ So what is really going on?

### 2.2.3 O is for Options

Once you know where you are and where you want to get to, the next step is to explore what options you have for getting there. It's like a map. If you know your destination (goal) and your starting point (current reality) you can explore possible ways of making the journey (options) and choose the best route.

Questions to ask here:

- ◆ What options do you have?
- ◆ What else could you do?
- ◆ What if you had...? (time, power, resources, etc)
- ◆ What other suggestions do you have?
- ◆ What are the benefits and costs of each?

## 2.2.4 W is for Wrap-up

Actually it stands for other things as well depending of which coach you speak to. Some say W stands for WILL because exploring the options is not enough in itself – one must also have the will or motivation to see it through. Others say it stands for What, Where, Why, When and How since this stage explores the nitty gritty of putting the plan in motion. But whatever you favour, this stage is all about a commitment to action.

Questions to ask here:

- ◆ Which option or options do you choose?
- ◆ To what extent does this meet all your objectives?
- ◆ What are your criteria and measurements of success?
- ◆ When precisely are you going to start and finish each action step?
- ◆ What could arise to hinder you in taking these steps?
- ◆ What personal resistance do you have, if any, to taking these steps?
- ◆ What will you do to eliminate these internal and external factors?
- ◆ Who else needs to know what your plans are?
- ◆ What support do you need and from whom?
- ◆ What will you do to obtain that support and from whom?
- ◆ What will you do to obtain that support and when?
- ◆ What could I do to support you?
- ◆ What commitment, on a scale of 1 to 10, do you have to taking these agreed actions?
- ◆ What prevents this from being a 10?
- ◆ What could you do or alter to raise your commitment closer to 10?
- ◆ Is there anything else you would like to discuss?

In practice this model can be used in separate sessions over several days depending on the complexity of the goal in relation to the reality. It is a very thorough process much favoured by many for any coaching situation.

## research



There are many other coaching models that are applied within the world of coaching. Take some time to research some of the other models used in coaching including:

- Transformational Coaching
- Solution Focussed Coaching
- Star Diagram/Personality Functions
- The Creative Process
- The CLEAR Model [a common alternative to GROW]
- The Six Levels of Coaching

[www.lifecoach-directory.org.uk/content/coaching-styles.html](http://www.lifecoach-directory.org.uk/content/coaching-styles.html) and [www.coachingnetwork.org.uk](http://www.coachingnetwork.org.uk) are good places to start! The former, for example is the site of Mike the Mentor and has, among other things, summaries of 14 different coaching models. The latter is maintained by the coaching and mentoring network and has some good (and brief!) case studies of business coaching that you may find helpful.

## activity



### Coaching

Having researched the different coaching models, write a report that recommends a coaching model for your organisation. You should provide arguments to support the recommendations you have made.

### 2.2.5 The Role of the Coach

All coaching relationships are built on trust. The coachee (most often, and hereafter, referred to as the client) must trust that the coach has the knowledge and skills to guide them towards the achievement of goals and that there is confidentiality in the relationship. This trust is built up over time but at its foundation is competence and integrity.

In performance coaching, it is a prerequisite that the manager/coach has a thorough understanding of the client's role and her/his relationship to organisational goals. It is tempting, therefore, for the coach to 'give the answers' and expect the client to adopt the 'right behaviours' as a result. However coaching usually involves helping the client to work out her/his own goals and how to achieve them. We are all individuals with our own barriers and an approach to changing behaviour for one person may almost certainly not work for another. One size does not fit all so coaching involves finding the best way to help all clients to find a way to develop their own capabilities.

There is also the question of ownership of the problem. For positive change to occur, the client must firstly visualise the desired end result, recognise that current behaviour does not achieve that result and choose a course of action that will lead to achievement. The client is the only one who can make these changes, so the solution is within them. The successful coach will at all times remember that the client has the answers; the coach has the questions.

### 2.2.6 The Qualities of a Coach

**Relationship Building** is key to successful coaching. The coach creates rapport and builds trust by demonstrating respect for the client and assuring confidentiality throughout the process. It must be clear from the start that there is no hidden agenda and that the coach is there to assist the client in defining goals and routes to achievement but that, ultimately, the decisions and actions are those of the client.

**Listening** skills are critical. The coach must encourage the client to examine factors which may be barriers to development. To do this effectively the coach must actively listen and evaluate the different messages given. For critical listening a degree of detachment is necessary to avoid becoming emotionally involved and losing focus on the task.

**Questioning.** The coach must not be afraid of challenging assumptions and probing for greater insight. With powerful questioning the coach makes the client aware of inconsistencies between goals and current behaviour and promotes self-awareness in the client.

**Feedback** throughout the process allows the client to identify current strengths and the work habits that are holding them back from superior performance. As the client works through her/his action plan, the coach uses feedback to celebrate successes and promote ongoing improvement. The coach does not impose her /his own values or beliefs but rather works with the client to identify barriers and actions to overcome them.

**Action Planning.** Having helped the client to clarify goals and identify barriers to achievement, the coach must have a structured approach to setting objectives that will

achieve those goals. Clear, achievable and measurable objectives must be frequently assessed as to their relevance to the desired end result. The action plan, though, is owned by the client. It is the client's responsibility to carry out the plan (eg attend training courses; attempt new projects; take on new responsibilities). The coach may well, however, have a role in helping the client to monitor the plan and review and reflect on how well it is progressing. The coach may also help in devising a new action plan once the initial one has been completed.

These core qualities of effective coaches must be rigorously applied throughout the coaching process. A breakdown in any one will damage the trust that is implicit in the coaching relationship.

It can be difficult for the coach to remain emotionally detached. It can be frustrating to spend time guiding the client to their 'eureka moment' when the coach has seen the 'answer' long ago. But as has already been said, commitment to a course of action can only come from the client and any imposed solution is unlikely to carry that commitment. The coach facilitates change rather than directs it. In this way the successful coach empowers the client to take control of their personal development.

Coaching is a key skill for managers and one which, when used effectively, not only leads to improved performance in teams but fosters a culture of continual improvement through self-review and goal setting. The manager/coach also benefits through a greater understanding of what motivates different members of their team.



## research

Research how coaching works in practice by reviewing success stories taken from your own organisation or published case studies where coaching has successfully been used by organisations. To start, type 'Case studies in coaching' into any internet search engine and select a case from an industry similar to that you work within.

## 2.3 Mentoring

Mentoring and coaching are often closely associated. The two websites, [www.lifecoach-directory.org.uk/content/coaching-styles.html](http://www.lifecoach-directory.org.uk/content/coaching-styles.html) and [www.coachingnetwork.org.uk](http://www.coachingnetwork.org.uk), referred to in an earlier research box both cover mentoring and coaching. You may wish to revisit them to look at their material on mentoring.

Mentoring and coaching are, however, different. We have seen that coaching is about helping someone to develop and realise their full potential at work. The concept is well-used in sport where coaches help their athletes to work and stick to a programme of development. The responsibility for carrying out the plan lies with the athlete just as in a work situation the obligation is on the client to complete the action plan.

Mentoring occurs when someone (a mentor) is given responsibility for guiding the development of someone (the protégé). Mentors are usually more experienced than their protégés [and generally, but not always, older]. The underlying idea behind mentoring is that the protégé can benefit from the experience of the mentor who knows how the organisation works. In a sense, therefore, a mentor acts as a role model for the protégé. The mentor should not be the protégé's line manager, although a line manager is usually the best person to act as a coach.

Mentors can provide guidance and advice to their protégés in a number of ways, including:

- ◆ general help with development learning, eg pointing a protégé in the direction of new projects, using contacts to help a protégé become a member of a committee
- ◆ acting as a sounding board and/or a sympathetic ear
- ◆ advice on dealing with administrative and organisational factors which could inhibit a protégé's development
- ◆ ways to acquire new skills
- ◆ on learning, eg on what type of training course to apply for; on how to access opportunities to develop new skills; on the possibilities of secondment etc.

Successful mentoring requires there to be a good three-way relationship between the mentor, the protégé and the protégé's line manager. It works best also when the areas which the mentor and protégé will discuss are clear and transparent and where discussions between the mentor and protégé are kept confidential. Good mentors tend to have a number of characteristics such as:

- ◆ considerable experience of the organisation and its ways of working
- ◆ good inter-personal skills such as listening and summarising
- ◆ a good reputation which enables them to command respect
- ◆ a willingness to help others
- ◆ the ability to build good relationships with others e.g. the protégé's line manager
- ◆ the capacity to identify strengths and weaknesses in the protégé

Mentors may give advice and guidance to a protégé on how to carry out an action / development plan agreed with a coach. In this case, mentoring and coaching occur at the same time. However, this is not always the case and someone who is not being coached may have a mentor. A common occurrence of this is someone who is a new manager. Someone in this position may be given an experienced manager as a mentor to advise and guide them in the early period of their new role. Coaching and mentoring are perhaps best seen, therefore, as two different approaches to on-the-job development. Both are designed to improve the performance of individuals and are techniques of which all managers should be aware.

## research



Revisit the websites [www.lifecoach-directory.org.uk/content/coaching-styles.html](http://www.lifecoach-directory.org.uk/content/coaching-styles.html) and [www.coachingnetwork.org.uk](http://www.coachingnetwork.org.uk) but this time concentrate on mentoring. As you look through them you might like to think about the differences between coaching and mentoring.

## activity



### **Mentoring**

Does your organisation make use of mentoring? If so, how does it work and how effective is it in promoting development and improved performance? If not, how do think it could help.

The references below will give you a further insight into coaching and mentoring:

## **2.4 Further Reading**

The references below will give you a further insight into coaching:

D. Clutterbuck and D. Megginson, *Techniques of Coaching and Mentoring*, (2004), ISBN 075065287X

J. Starr, *The Coaching Manual: The Definitive Guide to the Process and Skills of Personal Coaching*, 3rd ed (2010), ISBN 027374058X

J. Whitmore, *Coaching for Performance* 4th rev ed (2009), ISBN 185788535X

## Understanding Budgets and Financial Data



# 3 Understanding Budgets & Financial Data

In this section we are going to look at financial data. We are, however, going to concentrate on budgets and how they can be used in financial control. We are not going to look at financial statements in detail but will look briefly at costs since they can be important in setting and managing budgets. Our prime focus will be the practical implementation of budgets and how this is going to impact on your role as a manager of operational resources.

Specifically, we will look at:

- ◆ the budget
- ◆ costs
- ◆ developing budgets
- ◆ budget control and analysis

By the end of the section you will be able to:

- ◆ understand budget preparation
- ◆ apply budget analysis and control
- ◆ understand costs and cost centres and their importance to budgets

## 3.1 Introducing Budgets

As a manager with responsibility for operational resources you need to understand the basic requirements of finance and financial control. This does not mean that you are going to have to become an accountant, it does however mean that you need to understand the basic requirements of financial management as it impacts on your role managing operational resources.

Financial management often refers to the term ‘budget’. Indeed, the Chancellor of the Exchequer produces the Government’s annual budget.

But what is a budget?

A budget, in simple terms, is a financial plan which extends forward financial requirements for the future. An example of a simple budget would be a personal budget showing monthly income and expenditure.

<b>Income</b>	<b>Amount (£)</b>
Wages/Salary	1500
<b>Expenditure</b>	
Rent	-500
Food	-250
Car payments	-250
Fuel	-100
Entertainment	-200
Savings	-50
<b>Cash flow</b>	150

In the workplace budgets are an essential part of management processes for all types of organisation, both large and small. Budgets used within business work on the same principles as the one given above. They detail anticipated income against expenditure. Budgeting supports overall business management and links to the development and implementation of strategic development objectives, as specified within an organisation’s overall business plan<sup>1</sup>. A budget is often included within company business plans in the form of cash flow forecasts. Such forecasts show the anticipated flow of money in and out of the business over the following year.

Budgets are the result of a budgeting process, a process that as a manager you are likely to be involved in.

Budgets will detail:

### **Projected income for the organisation**

Income will be allocated to specific budget lines to identify its source. For commercial organisations this may relate to sales opportunities for the product being produced. For non-commercial organisations income may relate to money received in the form of grants or donations.

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<sup>1</sup> A business plan is a document that summarises the objectives of a business. It would contain detailed plans and budgets showing how these objectives are to be realised.

## Projected expenditure

A budget will detail the costs associated with the selected period of economic activity. These costs will be allocated against specific cost centres.

Typically budgets are prepared on an annual basis covering the financial projections for the next twelve months. Budgets can be either static, that is, they are established on a specific date and will run for 12 months hence, or can be in the form of a **rolling budget**. A rolling budget is slightly different and is more dynamic, as although initially prepared for a year, the programme rolls on so that as the first month of activity is completed so a new revised budget component is added. In other words, the budget is continuous.

In your role as a manager of operational resources it is likely that much of what you are involved in managing will feedback to the budget. Whatever the transformation process is, it will be controlled by a budget, whether you are processing materials, people or information.

Most budgets are expressed in financial terms and it is these we shall focus on here. You may, however, come across budgets expressed in other ways. For example, you may have a labour budget which is expressed in hours worked. The principles of managing budgets are the same regardless of how they are expressed.

### 3.1.1 The Role of Budgets in Financial Control

Budgets are used by organisations as a mechanism for controlling operations. They are used as a way of focusing and concentrating the minds of all those involved in the delivery of the business objectives, providing a structure to planned developments.

**MEGABYTE**

*Budgets provide a control mechanism for organisations.*

Budgets are used to:

- ◆ provide a mechanism for measuring and controlling business processes
- ◆ provide a transparency that indicates where the organisation is progressing
- ◆ provide a sense of ownership of targets and objectives
- ◆ provide a motivation for people, based on the achievement of objectives
- ◆ control business activity
- ◆ provide a mechanism for monitoring business activity

- ◆ provide indicators for change and the mechanism for implementing change
- ◆ provide a yardstick by which group or individual performance can be judged

The preparation of budgets will vary according to their intended use and will depend on the needs of the organisation. Your involvement with budgets and their preparation will also vary depending on the type of organisation you work for. With small organisations a budget is likely to be a single plan covering the whole of an organisation. It will be a single document, with the projected income and expenditure listed on one document.

With larger organisations, the budget process is likely to be more complex. There may be several components within the budget; these may reflect the different departments or functions operating within the organisation. These components are often referred to as functional budgets. For example the sales, marketing and advertising departments may all have their own budgets which could be referred to as functional budgets. If there are functional budgets operating within an organisation, it is likely that a master budget will be in place. A master budget is a comprehensive budget plan, encompassing all the individual budgets related to the different functions within an organisation. Before looking at the preparation of a budget, it is essential to understand the type of information that can be included within the budget.

## 3.2 Costs

To understand budgets you need to understand costs including how and when they are incurred. Costs are incurred by organisations when they obtain goods and services that are to be used for the continuation of the activities being undertaken by the organisation. Costs are therefore direct requirements of the transformation process.

Historically, cost techniques have been developed based on the manufacturing industry, based on large amounts of materials, labour and physical resources being used as part of the transformation process.

Costs to support traditional manufacturing operations will include costs for:

- ◆ raw materials
- ◆ people
- ◆ depreciation
- ◆ energy

With the trend towards a more service based economy it is likely that you will be involved in an industry where the costs will have a slightly different flavour. Here the emphasis will be less on raw materials and perhaps more towards communication systems. For example the cost of calls associated with the operation of a call centre.

### 3.2.1. Direct and Indirect Costs

Costs will either be considered as direct or indirect in respect of the process that you are involved with. As a manager it is important to appreciate the difference between these two types of cost.

**Direct costs** are, as they say, direct. That is, they can be directly attributed to the transformation process. So, the cost of calls made by a telesales centre can be directly attributed to the provision of the telesales service. Or the cost of flour used in a bakery can be directly attributed to the production of bread.

**MEGABYTE**

*Direct cost is described as a prime cost.*

**Indirect costs** are linked to the provision of a service, but not in such a transparent way. Indirect production costs, associated with the running of the whole operation, can include such things as general administration, rental of buildings and building insurance. Indirect costs can be shared out between the different parts of the business. For example; rent may be apportioned according to floor area, so the larger the floor area used by a department within the organisation, the larger the share of the rent will be apportioned to that department. This will be an indirect cost within their functional budget. In real terms, this may mean that 50% of the floor area used would attract 50% of the rental expense.

**MEGABYTE**

*Prime cost + indirect cost will give total cost*

**Fixed costs** are costs that remain the same, regardless of variations in the level of business activity for example, rent, machinery.

**Variable costs** are costs that vary with activity, for example raw material costs.

**Semi-variable costs** are costs that vary to some extent with the level of business activity e.g. electricity, electricity usage may increase with production levels. In other words it has both fixed and variable elements.

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