E2 May 2011 Exam Solutions

SECTION A – 50 MARKS

Some of the answers that follow in Sections A and B are more comprehensive than expected for a well-prepared candidate.

Question One

Required
Discuss the contribution of Porter's Five Forces model in assessing the attractiveness of the industry in which FF currently operates. *(Total for Question One = 10 marks)*

Question One

> **Note:** To gain full marks, you need to discuss briefly the model (all 5 components) and discuss or apply real-life examples for how the model helps assess the attractiveness of the supermarket industry.

Porters five forces like PEST (or SLEPT) analysis, helps organisations like FF to understand its task, industry or competitive environment. The 5-forces model offers a components framework to undertake an industry analysis for an organisation, this helps determine the competitive forces within an industry and the impact this may have on profitability within it.

The five forces 'components'

- Threat of new entrants into the industry
- Bargaining power of suppliers within the industry
- Bargaining power of customers within the industry
- Competitive rivalry within the industry
- Threat of substitutes outside the industry

Industry analysis undertaken by FF will help decide how it will successfully compete e.g. identify new ÷opportunitiesø or help mitigate any negative forces or ÷threatsø identified.

Threat of new entrants ó ÷new entrants to a market put pressure on prices to fallø by saturating the market with more supply and reducing market share for existing rivals.

Possible barriers to entry may exist already for FF

1. High industry set up costs e.g. high capital outlay, economies of scale or cost advantages e.g. lower average cost because higher sales volume established by existing rivals.
2. Product differentiation and brand loyalty of customers e.g. reluctance of customers to try a new entrants product.

Bargaining power of suppliers – high bargaining power of suppliers 'can increase cost, stifle innovation or decrease the quality of supplies e.g. components and services to an industry'

Strategies to reduce bargaining power of suppliers

1. Vertically integrate with suppliers e.g. control.
2. Multiple sourcing of suppliers to avoid over reliance on suppliers.

Bargaining power of customers - 'can lower prices' if significant 'buyer bargaining power' exists when customers negotiate with competing firms within the industry, especially if the buyer is large or dominant. Strategies to reduce bargaining power of customers or buyers for FF would include narrowing the scope of substitution e.g. differentiation, advertising and brand loyalty ensures FF retains its customers. FF like Tesco could introduce self-scanning payment systems for customers to reduce queue times and improve customer service.

Competitive rivalry of existing firms – a high number of sellers or rivals within an industry 'often causes lower prices and therefore profitability within an industry', a high number of sellers normally increases the ferocity or intensity of competition.

Strategies for FF to reduce competitive rivalry

1. Horizontal integration e.g. merge or acquire competition to increase size (Morrison's takeover of Safeway in 2004).
2. Constant product development e.g. innovation.
3. Brand building, loyalty cards and advertising

Tesco have developed loyalty cards and programmes to retain customers e.g. promotions such as treble club card points on certain products or the automation of sending sales vouchers for certain products to certain segments or groups (i.e. coupons for nappies to mothers who have actually purchased the product).

The threat of substitutes – 'a product (which could be different to the industries) that satisfies similar needs or wants for a customer'. The greater the number of substitutes that exist, the greater the choice and bargaining power a customer has. FF needs to reduce substitutes available to customers e.g. introduce internet shopping as a 'substitute' service to local competition. Tesco monitors through club card information 'customer profiles' to identify needs of customers, buying habits and to offer more services (insurance, travel, banking), reducing substitution effect.

In conclusion by regular assessment of FF's own industry and its opportunities and threats, more effective strategies can be developed and fully exploited to improve its profitability.

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Question Two

Required

(a) Describe the techniques of work breakdown structure (WBS) and Gantt charts.
(4 marks)

(b) Explain the importance of both WBS and Gantt charts in the project communication process.
(6 marks)

(Total for Question Two = 10 marks)

Question Two – Part (a)

Work breakdown structure (WBS) and Gantt charts are techniques which assist the management of projects e.g. planning, communicating and controlling activities and the time management of them.

The purpose of work breakdown structure (WBS) is to help plan effectively for a project by breaking key tasks or activities down in to more manageable and smaller units of work. WBS produces a detailed list of tasks to be performed for a project, helping to deliver better costing, scheduling and resource planning for a project.

A time chart devised by Henry Gantt in 1917, an American engineer. A Gantt chart is a horizontal bar chart used for project scheduling. Each activity or task is depicted as a block over time, actual performance is recorded in real time and compared to planned deadlines necessary for achieving completion.

Illustration of a Gantt chart

	Week	0	1	2	3	4		13	14	15	16	17	18
Project activitiy													
Design	Plan	■	■	■	■	■							
	Actual	▨	▨	▨	▨	▨	▨	▨	▨				
Integration	Plan							■	■	■			
	Actual										▨	▨	

Question Two – Part (b)

> **Note:** A full list of possible ways for both techniques have been included below. To gain full marks, you need to discuss briefly about 2 issues for both techniques and illustrate for each issue the importance of these techniques in terms of what, or how they assist in project communication.

Importance Gantt charts in the project communication process

- ✓ Can be used to plan and communicate time scale effectively to different project stakeholders e.g. project team, board and client.
- ✓ Graphical illustration of a schedule of tasks to complete e.g. ideal wall chart for the office and easy to visualise and interpret at meetings, or within briefs or project documents.
- ✓ Helps to plan, coordinate, and track specific tasks for a project, therefore communicates effective 'exception reporting' for better control of project progress.
- ✓ Good communication tool for small projects when the number of tasks or activities are small and not complex e.g. good for simple projects.

Importance of WBS in the project communication process

- ✓ Can be used to communicate responsibility to help accomplish different tasks or activities e.g. control through greater accountability.
- ✓ Good visual communication and planning tool for effective time management e.g. good communication document to produce a Gantt chart or critical path diagram from.
- ✓ Improves communication of resource planning and the efficiency of how resources are consumed e.g. accurate forecasts for project staffing to save cost.
- ✓ Can be used as a basis of communicating financial 'exception reporting' e.g. actual v budget cost allowances, and help forecast more accurately project costs.
- ✓ Can be used as a basis of communicating risk management e.g. to identify risks, and used as an on-going process for monitoring risks for a project.

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Question Three

Required:

Explain to TR, with reference to theory, the different management / leadership styles he could adopt to help him to become more effective in his role.
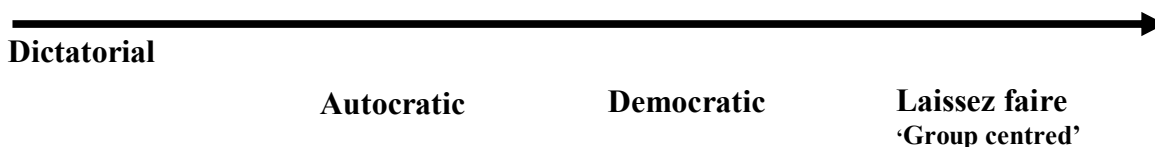**(Total for Question Three = 10 marks)**

Question Three

Leadership is the dynamic process within a team, where one individual influences others to contribute to the achievement of group tasks or goals. It is about the way a manager handles their relationship with sub-ordinates and their capacity to motivate, inspire or influence others. For effective team management TR may need to consider a more participative or democratic style of management, where the manager will ask for comments from subordinates (team members) and may amend ideas or decisions as a result of such evaluation and democracy.

Huneryager and Heckman explained four different styles of management.

Style spectrum

Dictatorial

                  Autocratic   **Democratic**   **Laissez faire**
                                                                   'Group centred'

- **Dictatorial <u>complete centralisation</u> of decision making by manager.** Manager makes decisions and enforces upon subordinates, who obey without question e.g. no consultation with sub-ordinates.

    - ✓ Speed of decision making e.g. urgency or crisis.
    - ✓ Sub-ordinate may not be experienced to be consulted.

    - ✖ Sub-ordinates opinions ignored
    - ✖ Overdependence on leader
    - ✖ No confirmation of understanding from sub-ordinate ='when told'

- **Autocratic** Manager ='sells' or ='bosses' subordinate to accept decision e.g. some, but little consultation with sub-ordinates.

    - ✓ Contrasted to dictatorial ='at least your told why' so may gain more commitment.

    - ✖ Similar to dictatorial e.g. ='one-way' communication.

- **Democratic** Manager will ask for opinions from subordinates e.g. high level of consultation and participation in decision making by sub-ordinates.

  - ✓ Greater interest and involvement for sub-ordinates e.g. higher motivation and initiative developed.
  - ✓ Contribution of knowledge and experience from sub-ordinates.

  - ✖ Longer decisions e.g. consultation.
  - ✖ Limited experience of sub-ordinates e.g. experience to be consulted.

- **Laissez faire <u>complete decentralisation</u>** ‑Laissez faireø a French phrase meaning "let it be", a manager who acts as their sub-ordinates wish.

  - ✓ Highly motivated sub-ordinates e.g. personal freedom
  - ✓ Highly creative and innovative environment
  - ✓ Develops sub-ordinates with initiative e.g. they make decisions

  - ✖ Subordinates may lack maturity, expertise and experience.
  - ✖ Managers authority could be undermined, ‑some people need directionø
  - ✖ Poor coordination and lack of control over sub-ordinates.

Team environments

Participative rather than autocratic styles of management work better in team environments. As a project manager TR needs to lead a project team which requires motivation, coaching and encouraging team members in order to improve productivity.

National cultures

Leadership style can also vary according to the national culture of a country. Hofstedeøs dimensions of culture, explain the extent to which people accept inequality of power or not. High power distance within national cultures would mean that society accepts there is inequality of power; therefore the leader or manager exercises high power over their subordinates using a style of leadership that is authoritarian or autocratic. This knowledge could be useful to TR when it comes to a well led team.

Research

Kurt Lewin and Ronald White undertook management style research experiments, observing teachers instructing children, for how to make a paper mache (or pulp) mask, in a classroom. The studies deliberately used three different leadership styles of laissez faire, democratic and autocratic. The productivity (output) of masks made by the children e.g. the quantity of work, was the highest under autocratic styles of leadership. The quality of masks made by the children was higher under democratic styles of leadership, the laissez faire style of leadership giving the lowest level of quality. The democratic leadership style gave the highest level motivation from children and their work continued even when the teacher left the room, in contrast, work from the children ceased altogether under the autocratic leadership style. The research expressed a strong preference for democratic styles and hostility towards autocratic styles.

Contingency approach

Charles Handy argued that a contingency approach is needed to determine what makes a group successful. He argued that in the short-term a manager cannot vary the ‒givensø e.g. group size, group norms and individuals own personal objectives or the teams stage of development. Therefore group leaders must use ‒intervening factorsø to maximise the outcome of productivity and group satisfaction. This includes rules and procedures, the ‒rightø leadership style and motivational techniques to influence productivity and group satisfaction.

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Question Four

Required:

Discuss the main characteristics of the resource-based approach to strategic development that the Chief Executive of Z Company referred to at the press launch.
(Total for Question Four = 10 marks)

Question Four

The RBV approach is one school of thought developed from the rational planning model and also called the core competences approach or the inside-out approach. This perspective believes the critical success factor of the organisation for success or competitive advantage, lies in its unique internal resources it may have and/or its core competences and capabilities it has. This approach makes the organisation successful by its ‑hard-to-imitate‑ resources/competences, emphasising capabilities or core competences before strategic plans.

With a resource-based approach the firm‑s competitive advantage would be from some unique ability or core competences it possesses, the organisation searching for new industries or markets in order to profit from its core competences or unique abilities it possesses e.g. Rolls-Royce making aerospace, automobile and marine engines using its core competence of engineering and proven reliability. Core competences take along time normally for an organisation to develop, but provide the strategy and ability for it to compete. The reason why Rolls Royce is world class with respect to aerospace engines is their core competence of proven reliability and quality within the air travel industry e.g. safety and reliability a major purchase decision within the air travel industry

Examples of both tangible and intangible resources that allow an organisation to successfully compete could include engineering capability, ownership of copyright, patents or trade-marks, or access to resources or technology that rivals do not have.

Other examples

- Creativity and innovation e.g. Dyson own patents on product designs
- Long established brands e.g. the Coca Cola or Heinz trademark
- Skills and capabilities e.g. Sony Play Station or Sony Walkman all took years to develop, such innovation, as well as famous recording artists all make Sony a high profile brand

Z Company is very successful as market leader in digital media products where it has demonstrated its ability to innovate in new product development and design at very fast pace, creating new products that its customers had not yet imagined. Like Dyson, Apple or Microsoft, it has the core competences within creativity and innovation! Competitive advantage is gained by the organisations ‑hard to replicate‑ unique assets or competences it possesses giving long-term sustainable competitive advantage. However unique assets or competences can be time consuming and expensive to develop and maintain over a long period of time. Also competences do not guarantee everlasting effect e.g. Microsoft Corporation was still outperformed by start-up companies like Yahoo and Google.

Question Five

Required:

Describe what would be involved in K Company gathering competitive intelligence information, making reference to the type of information that is needed and the different sources that could be used.
(Total for Question Five = 10 marks)

Question Five

Competitor analysis is a systematic comparison of the organisation to competition within the same industry, in order to improve the organisations performance over the long-term or gain competitive advantage. At the heart of competitive analysis is to develop competitive strategies by the process of competitive benchmarking.

In particular organisations may wish to undertake competitor analysis in order to gain or maintain competitive advantage, especially if the industry is highly innovative and fierce competition exists.

Too many companies don't know what their competition is doing or what they are planning, it is impossible to be effective in sales and marketing or deploy a successful long range strategy without an understanding of external competitive forces and the impact these will have on the organisation.

Wilson and Gilligan five components for competitor analysis explain what is involved in gathering competitive intelligence.

1. Identify who is the competition.

2. Understand their strategy, goals and objectives.

3. Evaluate what the competition is doing in terms of competitive strategies and what the organisation can learn from them.

4. Compare strengths and weaknesses of the competition relative to the organisation.

5. Evaluate the likely responses of competition to the organisations own completive actions.

Types of information collected (quantitative)

- Price comparisons
- Cost comparisons e.g. total, fixed and variable costs
- Market share, relative market size and growth comparisons
- Production, capacity, utilisation and efficiency levels compared
- Financial returns compared e.g. market capitalisation, profit, growth, EPS, share price and dividend yield to shareholders
- Objectives and measurable targets used by competition

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Types of information collected (qualitative)

- Vision, mission statement and goals
- Production methods and internal procedures/processes
- Product or service features offered
- Use of existing or future technologies
- Competitive strategies followed
- Marketing mix and perception of brands

Sources of data for competitor analysis

- Physical inspection e.g. premises, products and brands.
- Physical evidence e.g. buildings, vehicles, staff uniforms.
- Financial markets e.g. share price, EPS, growth etc.
- Head hunted employees from competition e.g. work methods, culture etc.
- Industry experts and professional bodies e.g. sales, market share.
- Published accounts e.g. companies house.
- Media and press releases.
- Trade fairs and exhibitions.
- Customers.
- Suppliers.
- Government departments e.g. department of trade and industry (DTI).
- Internal staff e.g. sales people.

SECTION B – 50 MARKS

Question Six

Required:

(a) Distinguish the characteristics of the website development project in P Company from the characteristics of 'business as usual' work.
(10 marks)

(b) Explain to G the role and responsibilities of the project manager for the new website development project.
(15 marks)

(Total for Question Six = 25 marks)

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Question Six – Part (a)

> **Tutor Note**: To earn full marks you would need to produce five distinguishing characteristics e.g. differences, between project management and functional line management. These characteristics also need to be applied well to the information in the scenario.

The following are the characteristics of the website development project in P Company, which distinguish it from 'business as usual' work e.g. the work of specialised departments or activities.

- Projects teams are formed over a period of time but are not normally permanent or established for the long-term. Projects are normally **temporary rather than on-going**. G has been chosen as project manager on the basis of her strong technical knowledge and experience in website development. After the project has been completed she will more than likely return back to her normal role she was recruited for 6 months ago.

- Project team members are normally **specialists from different backgrounds** all with different skills, knowledge and experience, in order to contribute towards achieving project goals. The project team consists of staff from different departments of P Company. Departments in contrast normally specialised e.g. defined job descriptions ‑grades‑ within specialised hierarchies, such as sales, production, marketing, human resources and the finance department.

- Projects are **single task orientated and less repetitive** in nature in contrast to repetitive operations. Finance departments for example produce information in regular periodic cycles e.g. ‑month end‑ where as projects require a more flexible and adaptable approach to achieve different outcomes. G will therefore require more flexibility, innovation and adaptability to deal with different challenges of this project, many problems unforeseeable with no black and white approach to solving them. With projects there exists a **less standardised approach** to achieving project goals; therefore more flexibility and initiative is required from team members e.g. more innovation, flexibility and creativity. This is normally different when contrasted to the routine processes that exist with traditional departments established longer-term.

- Project environments require a **'task culture' for the challenges of a dynamic environment, different to the stable 'role culture'** of traditional departments focusing on activities and processes. According to Roger Harrison‑s four organisational cultures. Task cultures are a culture of talent built around co-operative groups or teams to achieve project goals. Flexible team culture and working practices to achieve project goals, this likened to the team that G will lead. A role culture is culture bound by logic and rationality. The individual is a role occupant, their job description specifying their purpose responsibilities and boundaries of authority. A formal structure that uses well established rules and procedures, similar to the departments that G‑s team members and herself, likely to come from.

- Many projects have the **characteristic of uniqueness**, this project may never have been undertaken before within P company, or is likely to be undertaken again. Most departments frequently repeat the same processes or activities month to month.

- With projects there exists a more **complex arrangement** of staff e.g. ±matrix structuresø or ±team environmentsø with less clear job descriptions and boundaries in contrast to traditional line management. The organisational structure in project team environments will often be flatter e.g. less levels of ±chain of commandø when compared to departments within P company.

Question Six – Part (b)

> **Tutor Note**: **Note:** A diverse range of answers is required here to earn full marks. Best approach would be to give brief descriptions of **a range of different roles and responsibilities** that project managers are given within the context of a project. Fayols five responsibilities (or functions) of management could be used to structure a more effective answer for responsibilities.
>
> - Planning
> - Controlling
> - Coordinating
> - Communicating
> - Organising
>
> The role of a project manager is varied therefore several acceptable answers as long as they are relevant would have been given credit for on the day.

Role of G, as project manager

G is the project manager and is therefore the person with authority to manage the project e.g. tactical level of project hierarchy.

- G will be accountable to the project sponsor e.g. the project steering committee or project board.
- G will be responsible for meeting project deliverables from inception to completion.
- G will need to ensure guidelines for cost and scheduling imposed by the project sponsor are achieved.
- G as the project manager may also take on the role of project champion, someone who has a clear vision, enthusiasm and drive to accomplish goals, someone who is a prime motivational tool for success.
- Gøs role as project manager could be for selecting, building and motivating the project team.
- Gøs role is to keep the board or steering committee informed by regular progress reporting to them.
- Gøs role will also be to ensure good contact and communication with sub-contractors, the team, sponsor, consultants or all other project stakeholders.

Responsibilities of G, as project manager

Project management is often the responsibility of an individual project manager. This individual seldom participates directly in the activities that produce the end result, instead strives to maintain progress and productivity and reduce the risk of failure.

The project manager (PM) is the person with authority to manage the project. The PM has the ultimate responsibility for ensuring the desired result is achieved e.g. the project is on time, within budget and meets the specified quality required by the client or end user. To manage the project resources such as staff, equipment and money, will be used efficiently and effectively to accomplish these project objectives. A project manager is a tactical manager required for planning, coordinating, controlling, organising and communicating.

Planning

Responsibility for planning and development of project deliverables from inception to completion. Project goals and objectives would be set at the planning stage, the project manager would put all the activities that need to be accomplished in to the right sequence of events and ensure sufficient resources are provided. The PM will use many tools to help meet these responsibilities e.g. resource planning, network analysis, Gantt charts, work breakdown structure and budgeting.

Coordinating

The PM will need to coordinate staff, resources and funds, and ensure they are in the right place, at the right time, doing the right thing. This will require effective planning, organisation and communication.

Controlling

The project manager must ensure good control systems are implemented and maintained e.g. reporting lines, accountability and exception reports for the on-going monitoring of any deviations between budgeted and actual cost, time or resources. The PM needs to ensure conformance to quality objectives, perhaps through work inspection or testing reports. The project manager may need to take control action when adverse feedback is reported, highlighted by regular progress reporting on a timely manner throughout the different project stages.

Organising

The PM must set objectives, communicate them and then organise work by selecting the best people for the different tasks assigned. The key responsibilities are therefore to supervise and to delegate project staff to achieve the different tasks assigned.

Communicating

Effective communicating with suppliers, external consultants, the project team and other stakeholders to accomplish project tasks or outcomes will be essential.

Leading and motivating

PM has the responsibility to select and motivate a project team in order to achieve goals or standards, develop subordinates, lead and inspire them and the project team. The PM could have the responsibility of being project champion, someone who is a prime motivational tool for success.

Question Seven

Required:

(a) Discuss what should be covered in the series of training sessions to help members of staff in the Finance Department improve their communication skills.
(15 marks)

(b) Explain how implementing FPC Company's staff appraisal system in the Finance Department could help improve the performance of staff.
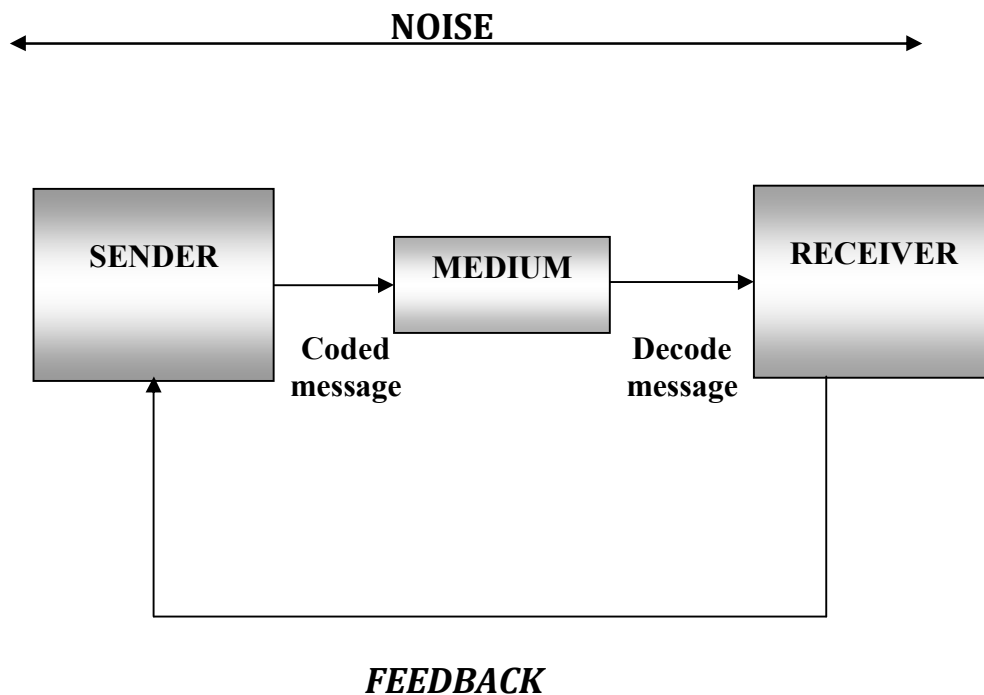*(10 marks)*

(Total for Question Seven = 25 marks)

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Question Seven – Part (a)

Communication is the process of exchanging or conveying information, thoughts, feelings and ideas e.g. voice, action, sign language, phone, e-mail, written or symbols. Effective communication is required to plan, control, coordinate and make decisions, therefore vital for the finance department to perform their role effectively.

Staff within the finance department need to be first trained in the meaning and process of effective communication. A presentation for all staff to attend would be a good idea as an appropriate medium to explain and demonstrate this.

A model for the process of communication

NOISE

```
┌──────────────┐        ┌────────────┐        ┌──────────────┐
│              │        │            │        │              │
│   SENDER     │───────▶│  MEDIUM    │───────▶│  RECEIVER    │
│              │        │            │        │              │
└──────────────┘        └────────────┘        └──────────────┘
      ▲            Coded           Decode
      │          message          message
      │                                              │
      └──────────────────────────────────────────────┘
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FEEDBACK

The process of communication explained

- Communication of a ‑coded messageø is sent by a sender e.g. verbal or non verbal using English language.
- The coded message sent through a ømediumø or ‑communication channelø e.g. e-mail.
- Receiver decodes the message e.g. reads or listens to it and understands.
- Feedback by a sender is vital for communication e.g. for receiver to confirm understanding to the sender and acknowledge receipt of the message.

- Noise is anything that hinders the communication process e.g. errors or problems of decoding the message by the receiver.

Staff within the finance department then need to be trained in understanding and eliminating noise within the communication process.

Examples of barriers or noise that hinders effective communication

1. Physical noise in the background e.g. road traffic whilst on a cell phone.
2. Physical failure of the medium e.g. e-mail not working.
3. Poorly expressed messages e.g. errors, illegible handwriting, messy presentation, poor grammar, use of unfamiliar jargon, or important omissions of information in the message.
4. Sender not really clear in terms of what is being communicated therefore message not understood by receiver.
5. Poor or inappropriate medium chosen e.g. a text message sent for long and complex instructions.
6. Leaving important information out of the message.
7. Information overload e.g. so much information and so lengthy that the receiver ‗cannot see the wood through the trees‖
8. Language barriers between a sender and receiver. Emotions e.g. fear, anger, nervous etc can all distort communication. Cultural differences and emotions can cause misinterpretation of messages.

Staff within the finance department then need to be trained in understanding and implementing effective controls to eliminate the problems identified from other departments.

Examples of better controls over communication by finance

- Finance should have clear objectives and common format for what they will communicate.
- Finance should plan for communication e.g. consider whom (receiver) they are communicating to, by when and what medium or channel to use.
- Finance should read through and double check messages before sending e.g. consistent, no jargon or omissions.
- Finance should ask for feedback from departments regarding information they send and use it constructively to improve information they send.
- Finance should have a more ‗internal customer‖ culture towards other departments, this may require cultural training.
- Finance should always ask for confirmation from other departments that messages are read and clearly understood.

To main aim of training will therefore be to improve the finance department in order to help improve its role more effectively.

Question Seven – Part (b)

Staff appraisal

Staff appraisal is the review and assessment of an employee's performance with the potential for improving effectiveness of performance through training and development.

The main aim of appraising is to reflect on the past, increase efficiency and productivity by ensuring employees work to the best of their ability and develop their true potential. By understanding the objectives of the organisation, the appraisal process helps to groom and develop appropriate staff to get the best out of them. It helps assess the strengths and weaknesses of ─human stock─ within the organisation. The appraisal process should be a participative and problem solving process between the appraiser and the appraised and is part of succession planning.

Staff appraisals will help assess

1. Reward

2. Performance

3. Potential for development

By undertaking staff appraisals within the finance department

✓ FPC Company will be able to assess strengths and weaknesses of ─human stock─ to improve human resource planning e.g. recruitment, training and development to fill vacancies.

✓ FPC Company will be able to identify staff training and development needs e.g. communication skills. Also evaluate past and current training effectiveness

✓ Evaluate possibility for career development and succession planning to motivate and progress staff.

✓ Assess future staff aims and reward methods to improve staff performance.

The company's appraisal system is being implemented and all staff in the department will have an appraisal in the next three months. FPC Company therefore in consultation with finance staff needs to;

1. Identify criteria for assessment e.g. establish criteria, elements of competence (standards) e.g. productivity, efficiency or abilities. Appraisal process should be linked to the organisations goals and objectives. None of the staff in the finance department appear to have any clear targets and objectives.

2. Prepare report templates, appraisal forms and communicate the process early. None of the staff in this department have had an appraisal in recent years. It is imperative this becomes a regular and common part of HR processes within this department.

3. Undertake interviews and testing e.g. review and assess employee performance against predetermined standards and criteria. Plan and implement improvement programmes or changes required e.g. training and development or advancement of staff.

4. Follow up –post appraisalø stage to ensure expected benefits are being realised and objectives achieved. Staff within finance, have said they have had no feedback on their performance and staff development simply has not existed. Feedback is a valuable and vital element and a two way process when it comes to positively influencing staff to improve performance.