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CRICOS Provider Code: 01994M RTO No: 91367
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BSB60215 Advanced Diploma of Business

Record of Assessment Outcome

Unit of Competency:	**BSBMGT608 – Manage Innovation and continuous improvement**		
Student Name:			
Student ID Number:			
Assessor Name:			
Term and Year:			
The student has successfully completed the following assessment task(s):		**Yes**	**No**
Assessment 1	Written Report	☐	☐
Assessment 2	Presentation	☐	☐
Assessment 3	Portfolio of Activities	☐	☐
Overall, the student was assessed as:			
Competent ☐ **Not Yet Competent** ☐			
Did the student meet the criteria for the following elements of competency?		**Yes**	**No**
1. Review programs, systems and processes		☐	☐
2. Develop options for continuous improvement		☐	☐
3. Implement innovative processes		☐	☐
The student requires the following skill(s) development before re-assessment:			
Feedback to student on overall performance during assessment:			
The student has been provided with feedback and informed of the assessment result and the reasons for the decision.			
Assessor Name:			
Assessor Signature:		**Date:**	
I have been provided with feedback on the evidence I have provided. I have been informed of the assessment result and the reasons for the decision.			
Student Name:			
Student Signature:		**Date:**	

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BSBMGT608 – Manage innovation and continuous improvement

Assessment 1 – Written Report

Submission Details				
Student ID Number:				
Student Name:				
Assessor Name:				
Due date:				
Student Declaration:	By signing this declaration, I certify that: • The assessment work is my own work; • All sources and materials have been acknowledged where required; • I have not copied or plagiarized in any way materials of another person or work of a fellow student and referenced all sources of information.			
Student Signature:				
Assessment Result Details				
Result:	**Satisfactory**		**Not Satisfactory**	
Feedback to Student:				
Student Declaration:	I have been provided with feedback on my assessment performance/result from Magill College Sydney assessor.			
Student Signature:				
Assessor Signature:				
Date:				

Submission details

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 abilities to review, evaluate and analyse programs, systems and processes, and to identify variances from plans. To identify and analyse changing trends and opportunities, including new technology and electronic commerce opportunities.

Assessment description

Review the case study 'AC Gilbert'. Answer a series of questions based on the information provided and any additional research you undertake. Record your response in a Word document.

Procedure

1. Read the case study 'AC Gilbert' (Appendix 1).
2. Analyse the information provided and prepare a report addressing the following points.

1. Describe the key systems and processes used by AC Gilbert: a. Supply chain b. Operational systems c. Product/service delivery.
2. Analyse the three key systems and processes and develop the elements of your review strategy: applying your knowledge of quality management and continuous improvement theory, develop performance and sustainability measures, assessment tools and techniques that you would use to evaluate the effectiveness of the three key systems and processes. In your report, include if applicable: a. Lists of key result areas (KRAs) b. Lists of key performance indicators (KPIs) c. A description of performance review processes d. A sample service level agreement. 3. Using the data provided for results up to 1966, for each of the three key systems, describe how each of your measures, assessment tools and techniques would monitor performance. Include specific examples or hypothetical cases to test the effectiveness of the elements of your review strategy. Write an evaluation of the effectiveness of your review strategy.

Suggest improvements to your strategy.

Refer to quality management and continuous improvement theory.

4. Using the data provided for results up to 1966, analyse the variances from plans and targets for the key result areas (KRAs). Include discussion on performance with regards to:
   a. quality – design/manufacturing
   b. sales
   c. profit
   d. supply chain performance (delivery)
   e. business growth – staff and management performance and/or turnover.
5. Discuss trends relevant to the organisation. What trends did AC Gilbert fail to identify in the late 1950s?

   Consider the strengths and weaknesses of the AC Gilbert Company prior to 1960. Discuss the following in your report:

   a. market share
   b. reputation
   c. stability
   d. profit
   e. sales
   f. ability to adapt to change
   g. customer service standards
   h. innovation
   i. employee performance
   j. production and manufacturing.

   Apply creativity skills to identify missed opportunities to improve business performance. Describe at least one missed opportunity in detail. Include an action plan for implementing the improvement in your report.

6. Imagine the company did not close in 1967 and has somehow managed to continue operations until today. Discuss the possible use of advice from specialists. What specialists could be consulted to advise on and identify new technology or electronic commerce opportunities? Consider:

   a. Internal – engineers, production staff, manufacturing staff, sales personnel, human resources personnel.
   b. External – marketing consultants, advertising experts, engineers or designers, IT consultants.

Specifications

You must provide:

- A written report submitted within agreed timeframe.

Your assessor will be looking for:

- Reference to, and application of, quality management and continuous improvement theories in review strategy
- Reference to and application of sustainability practices in review strategy
- Analytical skills to identify improvement opportunities
- Demonstration of creativity skills to think laterally and identify improvement opportunities

Appendix 1 - AC Gilbert

History 1909-1961

Alfred Carlton Gilbert was an inventor and a toy manufacturer who invented the Erector engineering set. His original company, The Mysto Manufacturing Company, was founded in 1909 to manufacture the Erector set. In 1916, Mysto became the AC Gilbert Company and gained a reputation for producing quality toys.

By the 1950s, AC Gilbert was one of the leading toymakers in the United States with annual sales regularly topping $17 million. This was an outstanding achievement for a relatively small company.

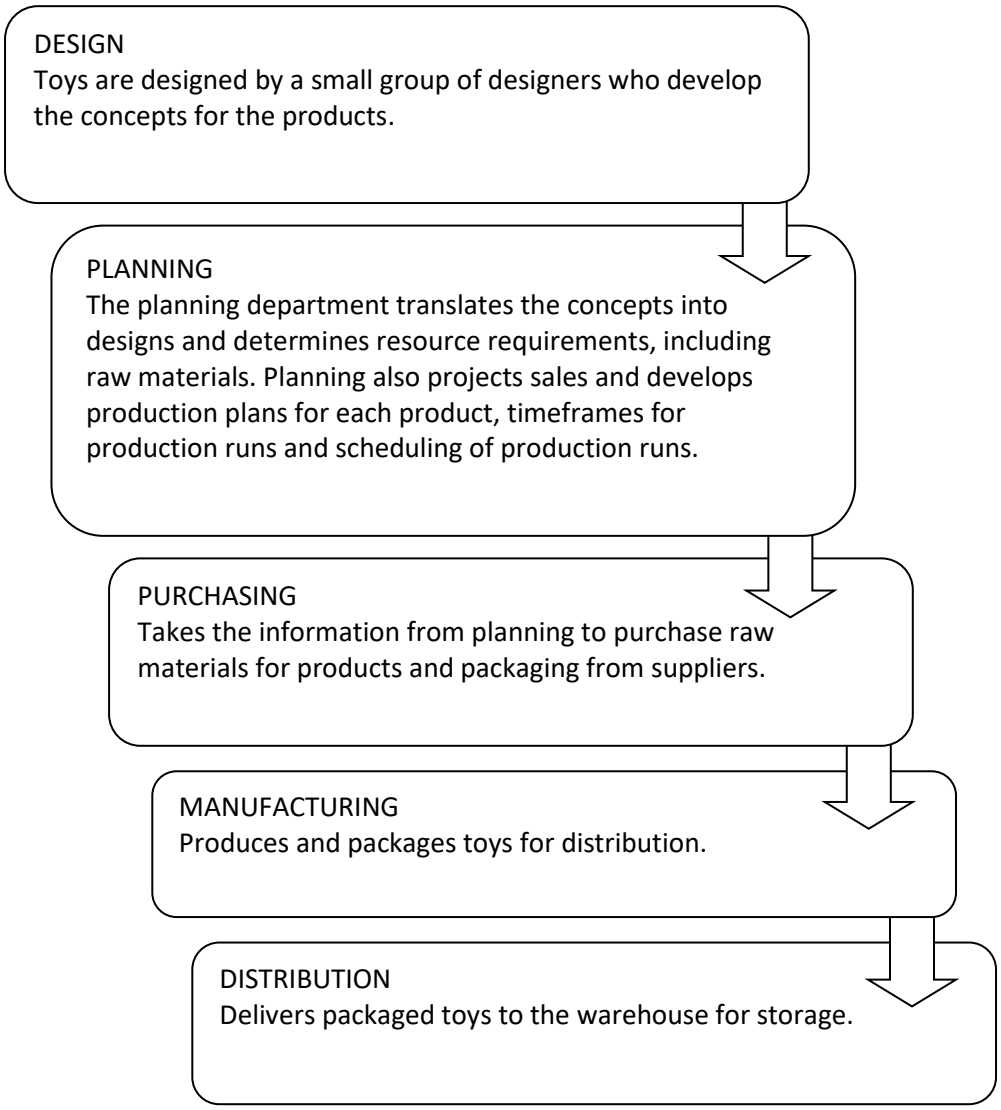
In 1961, AC Gilbert senior died, leaving the company in the hands of his son, AC Junior. At the time AC Junior took over the firm, the company was established as a traditional, reliable and profitable manufacturer of educational toys.

Product lines and rationale

AC Gilbert produced train sets but their most popular lines were chemistry sets, microscopes and their best seller, the Meccano-like Erector engineering sets that had been popular with children for more than 50 years.
AC Gilbert toys were not cheap. They were high quality, solidly crafted and made to endure. Parts and packaging were designed to last for many years, with the Erector set packaged in long-lasting metal boxes. The focus was on educational toys, primarily aimed at boys rather than girls. The company had a limited range but what they did manufacture was top quality and highly regarded.

Systems and processes

AC Gilbert was a small company. The following model demonstrates the systems and processes in place.



Note: These flowcharts have been included for assessment purposes only and may not accurately reflect the actual processes in place at AC Gilbert.

History 1961-1967

As the 1950s moved into the 1960s, there were huge cultural changes across the world. The fifties were a very traditional era of family values and morals, conservative and staid. Then came the 'swinging sixties'. The sixties were a time of rapid change both technologically and culturally. Old fashioned values gave way to new moral freedoms. The sixties brought us the Pill, Lady Chatterley's Lover, the Twist and Elvis.
Where the fifties represented solidarity and familiarity, the sixties embraced change. Everything was bolder, brighter and more daring. A new young President and rising social activism by youth saw changes in clothing, music and interests. Young people rebelled against the values of their parents and embraced a more fast paced, exciting and riskier lifestyle.

Changes to the toy industry

Cultural changes had a huge impact in western toy markets. Barbie and Action Man became 'must have' toys. Girls moved away from baby dolls and cots and wanted dolls that were more grown up, modern and trendy. They wanted dolls they could dress in the latest fashions and who had exciting 'careers', boyfriends and cars of their own. Boys were moving away from the traditional train sets towards exciting new slot-car racing sets and action figures from popular movies and television shows.

Traditionally, toy advertising had been done via magazine promotions but the sixties brought in a new phenomenon: television advertising. A hugely powerful medium, TV advertising became increasingly 'hard sell', with toys heavily promoted, especially in the lead up to Christmas. Children wanted the latest and greatest toys that they saw in these advertisements and put pressure on their parents to buy, which they did.

Retailing of toys during this period reflected a shift in retailing in general. Small, specialty retailers with experienced and knowledgeable staff were going out of business, replaced by large discount stores catering for the mass market. The goal of this type of retailer was to turnover stock. Heavily advertised lines were in demand and that is what they would stock. Cheap was in and giant retailers were after a quick profit from easily saleable, inexpensive products. They weren't interested in catering to a niche market by stocking more expensive, harder to shift lines.

Packaging was bright and colourful in order to attract children growing up in a world of colour TV, Technicolor clothing and visual stimulation provided by the swinging sixties.

Effects on AC Gilbert

As a small, traditional company, AC Gilbert was slow to react to these changes. It may have been that they were not aware of the changes or were overly confident that their good name and reputation was sufficient to continue trading as before. The consequences of this short sightedness soon became apparent.

1961 (figures approximate)

L/Y Sales	Actual sales	Difference	Profit
$12.6 million	$11.5 million	($1.1 million)	$20,011.00

This drop in sales was also reflected in a fall in the share price of the company.

Outcomes

As a result of the falling profits and share price, the company became attractive to an opportunistic businessman, Jack Wrather. Jack Wrather was an independent television producer who had made his money producing the popular programs 'Lassie' and 'The Lone Ranger'. Jack Wrather wanted to purchase a successful business and felt that in AC Gilbert, he had the opportunity to use his knowledge of popular entertainment and apply it to the production of toys. He purchased 52% of AC Gilbert for $4 million and immediately set about making his mark on the company. AC Junior stayed on as Chairman but his influence was minimal.

Actions taken by Jack Wrather

- Set a goal to achieve sales of $20 million in 1963.
- Replaced the top AC Gilbert executives with his own people.
- Initiated a massive advertising campaign.
- Increased sales staff by 50%.
- Instructed sales staff to adopt an aggressive sales approach.
- Introduced 50 new toy lines, raising the line to 307.
- Changed the focus from traditional boy's toys to ranges for pre-school children, dolls and other toys aimed at girls between the ages of 6 and 14.
- Spent $1 million on changing the packaging for all lines to brighter, more colourful boxes.

Performance report

Year	Sales	Difference from previous year	Profit
1961	$11.5 million	($1.1 million)	$20,011.00
1962	$10.9 million	($600,000.00)	($281,000.00)
1963	$10.7 million	($200.000.00)	($5.7 million)
1964	$11.4 million	$700,000.00	($2.6 million)
1965	$14.9 million	$3.5 million	($2.9 million)
1966	$12.9 million	($2 million)	($12,872,000.00)
1967	AC Gilbert closed 1909-1967		

Key milestones

1962

- Jack Wrather purchased 52% of AC Gilbert.
- Replaced existing executives with his own people.
- Increased sales staff by 50%.
- Implemented extensive television advertising.

- Set an organisational goal to achieve sales of $20 million for 1963.
- Company recorded a loss of $281,000.00.
- Introduced 50 new lines in less than 12 months, using existing engineers and production departments who lacked training and experience in the new product range.
- Repackaged existing lines at a cost of $1 million.

1963

- Sales and profits down on previous year.
- Anticipated drop in profits due to expansion and cost of establishing new lines.
- Sales fell short of expectations.
- Decline in quality of toys – feedback indicated products poorly made and designed (dolls did not even come with a change of clothing).
- New range perceived by customers as poor quality and over-priced – not value for money nor attractive to the target market.

1964

- Jack Wrather fired most of the top management team he hired two years previously.
- Crisis management lead to multiple changes and dramatic measures being taken and then changed – often one measure contradicting the previous.
- Jack Wrather hires new CEO – Isaacson.
- Isaacson fires the entire sales team.
- Isaacson makes huge cutbacks in spending.
- Sales are channelled through independent manufacturer's reps, which was cheaper than maintaining an in-house sales force.
- Long standing relationships became soured as the independent reps worked on commission and pushed sales, with no interest in maintaining or building relationships with customers.
- AC Gilbert had built its success on personal service and building relationships – that was destroyed within 12 months.
- AC Gilbert Junior dies and is replaced as Chairman by Jack Wrather. Isaacson assumes the role of President.
- Prior to Christmas, many of the previous year's failed products were deleted and 20 new items introduced.
- Reduced the price of core lines such as the Erector set from $75 to $20 but quality also impacted – cardboard box instead of metal boxes, and brittle parts instead of sturdy long lasting parts.
- Sales increased and there was some degree of optimism.

1965

- Sought to capitalise on popular crazes such as James Bond and The Man from Uncle by introducing action figures for Christmas.
- Due to internal strife and staff cutbacks, the new lines were not delivered to the stores until after Christmas.
- Operating on a skeleton workforce.
- Due to lack of staff, AC Gilbert are unable to implement changes or introduce new lines quickly enough to capitalise on trends.

1966

- Increased advertising spending to $3 million.
- Introduced point of purchase display products supplied to dealers free of charge.
- Borrowed $6.25 million, granted on the event that the company made a profit in 1996.
- Company made a loss of $12,872,000.00.

1967

- February – AC Gilbert closed its doors after 58 years.

Note: This case study is a true story. You may wish to read more about this organisation or to conduct additional research online.

Reference material

- Tibballs, G., 1999, *Business Blunders*, 'AC Gilbert: Toy Story', Robinson Publishing Ltd, pp. 43.

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BSBMGT608 – Manage innovation and continuous improvement

Assessment 2 – Presentation

Submission Details				
Student ID Number:				
Student Name:				
Assessor Name:				
Due date:				
Student Declaration:	By signing this declaration, I certify that: • The assessment work is my own work; • All sources and materials have been acknowledged where required; • I have not copied or plagiarized in any way materials of another person or work of a fellow student and referenced all sources of information.			
Student Signature:				
Assessment Result Details				
Result:	**Satisfactory**		**Not Satisfactory**	
Feedback to Student:				
Student Declaration:	I have been provided with feedback on my assessment performance/result from Magill College Sydney assessor.			
Student Signature:				
Assessor Signature:				
Date:				

Submission details

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 present information on the importance of performance improvement strategies and innovation.

Assessment description

Develop and deliver a presentation to a group of people, explaining how performance improvement strategies and innovation are an essential element of competition.

Procedure

1. Research and develop a presentation.
2. Organise to deliver the presentation to a group of people, including your assessor.
3. Deliver the presentation.

Specifications

Deliverable specifications

- Deliver a presentation to a group in the presence of the assessor.
- Submit a copy of the presentation including written notes, PowerPoint presentation and any supplementary materials used.

Quality specifications

- The presentation should address the following:
    - What are performance improvement strategies? Provide examples.
    - What is innovation?
    - How are performance improvement strategies and innovation an essential element of competition? Provide examples of organisations to support your arguments.
    - Describe the strategies you would implement to foster creative climate and organisational learning in the workplace. Provide specific examples.
- The presentation should:
    - Be logically structured
    - Be appropriate for the audience
    - Use relevant learning or visual aids
    - Cover all aspects of the topic and provide examples where required
    - Be 45 minutes to 1 hour in duration.

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Assessment 3 – Portfolio of Activities

Submission Details				
Student ID Number:				
Student Name:				
Assessor Name:				
Due date:				
Student Declaration:	By signing this declaration, I certify that: • The assessment work is my own work; • All sources and materials have been acknowledged where required; • I have not copied or plagiarized in any way materials of another person or work of a fellow student and referenced all sources of information.			
Student Signature:				
Assessment Result Details				
Result:	**Satisfactory**		**Not Satisfactory**	
Feedback to Student:				
Student Declaration:	I have been provided with feedback on my assessment performance/result from Magill College Sydney assessor.			
Student Signature:				
Assessor Signature:				
Date:				

Part A: Develop an innovative ideas program

Submission details

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 develop an innovative ideas program.

Assessment description

Develop a detailed innovative ideas program to encourage, test and recognise new ideas and entrepreneurial behaviour in the workplace.

Procedure

Develop and document an innovative ideas program which could be implemented in a workplace.

Specifications

Deliverable specifications

- Submit a continuous improvement program in a Word document.

Quality specifications

- The continuous improvement program should address the following:
    - How will ideas be captured?
    - How will ideas be discussed and explored?
    - How will risks be evaluated?
    - How will costs be assessed?
    - How will approval be decided/gained?
    - How will the idea be trialled – what measures will be used to evaluate its effectiveness?
    - What action will be taken should the trial prove unsuccessful?
    - What reward and recognition strategies would be implemented?
    - How would the program be communicated and supported within the workplace?

Part B: Implement an innovative process

Submission details

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.
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?
  - 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?
  - 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.

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.

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.

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.
- 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 WHS rep is concerned that injuries might increase as a result.