

PN-AAZ-02.2

57964

FINANCIAL MANAGEMENT WORKSHOP

PLANNING, ORGANIZING, STAFFING, LEADING, AND CONTROLLING

TRAINER MATERIALS

DETAILED OUTLINE OF WORKSHOP CONTENT

prepared by

MAURICE P. ARTH, SENIOR FINANCIAL CONSULTANT

for the

GOVERNMENT TRAINING INSTITUTE — MOMBASA

MINISTRY OF LOCAL GOVERNMENT, REPUBLIC OF KENYA

and

REGIONAL HOUSING AND URBAN DEVELOPMENT OFFICE, USAID

MAY 15, 1987

FINANCIAL MANAGEMENT WORKSHOP
PLANNING, ORGANIZING, STAFFING,
LEADING, AND CONTROLLING
KENYA

DETAILED OUTLINE OF WORKSHOP CONTENT

SUNDAY AFTERNOON AND EVENING

75m A. OPENING CEREMONIES

5:00-
6:15

- 1 Welcoming Remarks
- 2 Introductions And Approaches
 - a. Introductions

Staff and participants
 - b. Schema for Entire Workshop Series
 - (1) Financial Management - Planning and Budgeting
 - (2) Financial Management - Revenue Generation
 - (3) Financial Management - Expenditure Management and Control
 - (4) Financial Management - Planning, Organizing, Staffing, Leading, and Controlling
3. Workshop Goals
 - a. To impart new knowledge regarding the importance of and the means for providing the many supports needed for excellent financial management in areas of planning, organizing, staffing, leading, and controlling.
 - b. To develop new skills regarding practical ways of identifying financial management support areas needing greater attention and of taking steps to provide better these needed supports.
 - c. To develop attitudes and increase motivation on the part of workshop participants to provide for better supports to excellent financial management in their local authorities.

4. Workshop Materials and Programs

Refer to Item # 1: "Overall Program"

Refer to Item # 2: "List of Workshop Materials"

Extensive use will be made of graphic and tabular handouts that illustrate the substantive concepts to be provided in this workshop. Participants will frequently be asked to engage in small group exercises. They will have the experience of analyzing and developing solutions to problems and issues in management and control of expenditures over the five-day period of the workshop. Central government officials participating in the workshop will be drawn on throughout the workshop as experts in their respective fields.

5. Workshop Schedule

Sunday Afternoon and Evening

5:00 p.m. - 6:15 p.m. Opening Session
7:00 a.m. - 9:00 a.m. Opening Dinner

Monday - Friday

8:00 a.m. - 10:30 a.m. Workshop Session
10:30 a.m. - 10:45 a.m. Morning Session
10:45 a.m. - 12:45 p.m. Workshop Session
12:45 p.m. - 2:00 p.m. Luncheon Break
2:00 p.m. - 3:30 p.m. Workshop Session
3:30 p.m. - 3:45 p.m. Afternoon Break
3:45 p.m. - 5:00 p.m. Workshop Session *

* Sessions may run to 5:30 p.m. if necessary

Friday Evening

7:00 p.m. - 9:00 p.m. Closing Dinner

6. Workshop Logistics

Remarks as appropriate

120m B. OPENING DINNER

MAKE EVENING READING ASSIGNMENT: Item #s 4 - 20 except for
Item #10

7:00-
9:00

MONDAY MORNING (285 minutes, including a 15 minute break, are programmed out of 285 minutes)

5m Call group to order

8:00-
8:05

REPORTS ON PROGRESS MADE IN APPLYING CONCEPTS FROM THE EXPENDITURE MANAGEMENT AND CONTROL WORKSHOP

We'd like to begin the day by asking local authority and central government teams to report on progress and results achieved in application of concepts and approaches presented in the most recent workshop on Expenditure Management and Control.

Refer to Item #3: Workshop Exercise -- Report on Progress Made in Applying Concepts from the Expenditure Management and Control Workshop

At the most recent workshop on Expenditure Management and Control, participants were asked to develop back-home plans for their local authorities and for the central government. These plans were to incorporate and reflect the concepts presented in that workshop. Local authority teams may now choose one of two approaches for this present workshop exercise.

- o Teams may report on progress in implementing those back-home plans developed on the last day of that workshop.
- o Alternatively, teams may complete the format provided in Item #3.

15m The workshop leader should briefly review the major concepts presented in the workshop on Expenditure Management and Control. The detail in Item #3 on the topics covered in the last workshop will assist him in this task.

8:05-
8:20

70m The workshop leader should ask each local authority team to meet and prepare its report.

8:20-
9:30

60m A representative of each team should present its report to the participants.

9:30-
10:30

15m MORNING BREAK

10:30-

10m Complete presentation of reports

10:45
10:45-
10:55

SUBSTANTIVE PROGRAM ON PLANNING, ORGANIZING,
STAFFING, LEADING, AND CONTROLLING

Now we want to turn to the subject of the present workshop. This is the broad range of responsibilities of the financial manager in local authorities in planning, organizing, staffing, leading, and controlling.

A. RELATIONSHIP OF MANAGEMENT AND ADMINISTRATIVE SUPPORTS TO FINANCIAL MANAGEMENT TO PUBLIC FINANCE

But first we'd like to put the provision of management and administrative supports into the overall context of the job of the financial manager. We'd also like to put the work of the financial manager into the context of the local authority's overall concern with sound public finances.

20m

1. Importance of Sound Public Finance at the Level of Local Authorities

10:55-
11:15

Let's start with public finance, which is extremely important to a local government.

Query: From the point of view of an economist or a political scientist, how might we define "public finance"?

Answer: The economist will say that public finance is the name given to the economic side of the total activity of a local authority. The political scientist will say that a local government is formed to provide for the needs of a given local population.

Query: What are examples of things that (1) the central government does for the wananchi, (2) the local authority does for the wananchi, and (3) the wananchi do for themselves?

Answer: Leader to make lists of responses in the above three categories.

Query: Ask what political and economic principle determines (1) what should be done at the local government level as distinguished from (2) what is done by the central government and (3) what by the wananchi themselves?

Answer: The wananchi should do for themselves those things they can do best. The central government should do those things it can do best. And those things that can best be provided through common action at the local level should comprise the responsibilities of the local authority.

Refer to Item # 4: "Public finance at the Local Level"

As Item # 4 indicates, these needs and service areas include infrastructure such as roads; major services such as water and electricity; facilities such as markets and slaughterhouses; safety and security in the form of askari and fire forces; education; health; and many others.

On the one hand, as Item # 4 indicates, carrying out these activities causes the expenditures of the local authority. On the other hand, to provide for these needs requires a commensurate inflow of money.

Query: Where does this money come from?

Answer: Leader to note responses. But lead the discussion to the recognition that -- as also shown in Item #4 -- the revenue comes from:

- o the citizens themselves through charges for services rendered;
- o also from the citizens, fees, licenses, and taxes;
- o borrowings from the central government and other sources;
- o increasingly limited grants from the central government; and
- o grants from outside agencies, sometimes foreign national or international.

Two boxes on the right side of Item #4 show (1) the total expenditures made to meet the needs of the wananchi and (2) the total revenues that must be raised and managed to pay for meeting these needs. The final box indicates that the financial health -- indeed, the very existence -- of the local authority depends on the matching both short-range and long-range of these expenditures and revenues. And this is what sound public finance is all about.

Refer to Item # 5: "How the Local Financial Manager Looks on Public Finance"

Item # 5 looks at public finance in a different way -- i.e., from the point of view of the finance committee, clerk and treasurer -- more like an income and expenditure statement. As you can see, it is still the needs of the community and the services provided to meet these needs that are responsible indirectly and directly for all revenue and expenditures. However, in this exhibit, primary emphasis is put on balancing revenue and expenditures so as to yield satisfactory operating and overall results.

The leader should review the contents of Item #5 with the participants.

10m 2. Excellent Financial Management as the Key to Sound Public Finance

11:
11:

Query: From the point of view of management and staffing of the local authority, on what does sound public finance depend?

Answer: Leader to note responses. But the answer sought is as follows:

- o sound public finance depends on excellent financial management, and
- o this depends, in turn, on the management work of specialized personnel - i.e., in the local authority, on the work of the treasurer and his staff.

Query: Why does sound financial management depend on the work of specialized personnel trained in financial management?

Answer: The answer is as follows.

- o Operating department heads are, of course, responsible in their individual areas for bringing in the various revenues and for expenditures.
- o However, it is only the professional financial manager, i.e., the treasurer, who is able to oversee and balance the overall picture of expenditures and income.

We do not mean to overlook the important roles of department heads and section heads. These persons must also accept the responsibility to be the financial managers both of the resources entrusted to their control and of the expenditures made with these resources.

But it is the overall financial manager - the treasurer, who in public finance matters is always at the right hand of both (1) the chief administrator, i.e. the clerk, and (2) higher-level authority, i.e., the council and its finance committee.

Discussion

10m 3. The Work of a Good Financial Manager

11:25-
11:35

But excellent financial management and sound public finance don't just happen. Rather, a great deal of attention must be given to them.

Refer to Item # 6: "Management Functions Performed by the Good Financial Manager"

Item #6 illustrates, from a broad management point of view, the five management functions performed by the good financial manager. These are Planning, Organizing, Staffing, Leading, and Controlling.

Item #6 also illustrates the twenty-three principal management activities that comprise these five major management functions.

Discussion

Our previous workshops touched in various ways, on most or all of these responsibilities.

10m 4. Provision of Management and Administrative Supports as a Major Step in the Financial Management Cycle 11:3
11:45

But this particular financial management workshop focuses on the overall responsibility for providing excellent management and administrative supports to the financial management function. This is a responsibility that all of you share in some degree.

Providing management and administrative supports is not only a general management responsibility of the financial manager. It also constitutes one of the major areas of the financial manager's work -- along with such more specific technical tasks as generating revenue and controlling expenditures.

Refer to Item # 7: "Another View of What Good Financial Management Involves".

Item #7 takes a different look at what good financial management involves -- putting greater emphasis on the technical work to be performed. As you can see, Item #7 suggests that good financial management begins with Planning and Budgeting. It goes on to Generating Revenue, Managing and Controlling Expenditures, and Evaluating and Reporting. All of these are supported by Organizing, Staffing, and Leading.

As you will also note in Item #7, our present series of four workshops is organized around these several elements of the financial management cycle.

- o Our three previous workshops have dealt with the first three activities represented at the top, right side, and bottom of this diagram.
- o This present workshop will provide an overview of all of the management functions of the financial manager so as to keep the whole subject of good financial management in perspective. But it will concentrate, in particular, on the support activities represented in the center of the diagram.

B. THE FINANCIAL MANAGER

Let's start off with a look at the role and broad functions of the financial manager. We will talk about what work you do, how you spend your time, and what basic skills are needed for your job.

1. What Work Financial Managers Do

The work you do as a financial manager can be categorized in several ways.

Query: What are the two most basic categories of work that all financial managers perform?

Answer: financial managers perform both (1) management work and (2) technical work. Other valid answers may be given. But be sure that these two categories are surfaced for the immediate discussion ahead.

a. Management Work

Let's talk a few minutes about the management work that managers do.

Query: How might we define the management work of the manager?

Answer: Leader to note responses but to guide participants to -- and to particularly emphasize -- the definition underlined at the top of the next page.

- o The dictionary uses a variety of terms in defining the words "manage", "manager" and "management", such as the following:

<u>Manage</u>	<u>Management</u>	<u>Manager</u>
bring about	handling, direct	one who
take charge	ing, or controlling	manages
		resources
		and expend-
		itures
dominate	skill in managing	
or influence a		
person		
handle, direct,	executive ability	
govern, or con-		
trol		

- o These definitions can be summarized in a few words that we wish you would commit to memory.

The management work of the manager is to get results through and with people.

Discussion

Query: What is the management work that must be performed by a manager to satisfy the above definition?

Answer: The manager must do the following management work.

- o Planning,
- o Organizing,
- o Staffing,
- o Leading, and
- o Controlling

These five functions --- which were illustrated in Item # 6 --- are the things that we as managers must do to get results through and with people. These categories are broad enough to encompass all of the management work of the manager.

We have devoted an entire workshop to Planning and another to Controlling Expenditures. We have touched briefly on the remaining three areas of management work in the three previous workshops. In this workshop we will also cover all of these areas.

However, because of the detailed consideration already given to Planning and Budgeting -- and to Controlling as far as expenditures are concerned - this week we will devote most of our attention to the Organizing, Staffing, and Leading work of the financial manager.

Discussion

10m b. Technical Work

12:00-
12:10

Query: In addition to management work, what, again, is the other major classification of work that is also performed by managers?

Answer: The answer is that substantially all managers also perform some technical work.

Query: What is the technical work performed by the financial manager?

Answer: The technical work is the work financial managers do to accomplish professional tasks usually mainly related to their unique financial profession.

Discussion

Query: What are examples of technical work that might be performed by the clerk, i.e., the administrative manager of the council? What are examples of technical work that might be performed by the treasurer, i.e., the council's financial manager? Or do these managers only plan and tell others what to do?

Answer: leader to note answers on flip chart. But examples of technical work performed by clerks and treasurers are given below:

Clerk

Treasurer

Present monthly reports to the council and its committees

Review cash balances daily

Develop the summary statement of the council's goals and objectives

Present financial reports to the council and finance committee

Develop the initial proposals for short-range and long-range capital projects

Work with Ministry inspectors and the Auditor General's staff

Visit the MLG to press for final action on council proposals

Develop the plans for a new computerized accounting system

Meet with the DDC

Refer to Item # 8: What Work Financial Managers Do - Concept, Definitions, and Examples

Item #8 illustrates the points that we have been making about the work of the financial manager. It gives examples of technical work that might be performed by the clerk and the treasurer.

Discussion

Query: What impact is the level of the manager likely to have on the proportion of his time that he devotes to management work versus technical work?

Answer: The higher the organizational level of the manager, the greater is the proportion of his time that he is likely to devote to management work and the lesser to technical work.

Refer to Item # 9: Time Spent by Financial Managers Performing Management Versus Technical Work.

This is illustrated in Item # 9.

- o What Item # 9 is illustrating is that in the Ministry, for example, the minister is likely to spend more time on management work than the permanent secretary. The permanent secretary is likely to spend more time than the principal finance officer. The principal finance officer is likely to spend more time than the senior financial officers who report to him. And so on down the management hierarchy.
- o And in the local authority, more time will ordinarily be spent on management work by the clerk and treasurer than by the engineer, the market manager, and the head of bus park maintenance operations.
- o But let's do remember that all managers will perform both management and technical work -- though in different proportions, depending on their jobs and management level.

20m 2. How Financial Managers Spend Their Time

12:10-
12:30

A number of studies have been made to find out how managers spend their time.

Query: What are some major categories of ways in which financial managers spend their time?

Answer: Lots of answers can be given. Be alert for, and put on the flip chart, such categories as the following.

Meetings

- o Attend local pre-scheduled meetings
- o Attend local ad hoc meetings
- o Attend meetings outside of local authority area

One-to-One Conversations

- o Talk with persons who have made appointments
- o Talk with persons who come without appointments
- o Talk by telephone

Work at Desk

- o Perform paperwork at desk
 - o Management work
 - o Technical work

Visit Operational Sites

- o Visit operational sites to observe, discuss, inspect, etc.

Query: On which four or five of these activities are you spending the most time?

Answer: Leader to note response and lead discussion

Refer to Item # 10. Workshop Exercise - How You Spend Your Time

15m

Item #10 is a simple questionnaire on how you spend your time. Please take 10 minutes to fill it out. Be sure your percentages add up to 100% of your work day. Note the special instructions at the top of Item # 10. The results will be collected after about 10 minutes, later analyzed, and the results distributed back to participants.

12:30-
12:45

When the participants have completed Item # 10, ask three or four to indicate what percentages they have put down for the six categories.

75m LUNCHEON BREAK

12:45-
2:00

MONDAY AFTERNOON (180 minutes including a 15 minute break, are programmed out of 180 minutes).

5m Call group to order 2:00-
2:05

B. THE FINANCIAL MANAGER, contd.

15m 2. How Financial Managers Spend Their Time, contd. 2:05-
2:20

Continue with topic, as follows,

Query: On which, if any, of these activities do we seem to be spending too much time?

Answer: Note answers on flip chart.

Discussion

Query: What can we do to use our time more efficiently and effectively?

Answer: Note answers on flip chart. Some that may be suggested follow.

- o Program your time in advance.
- o Delegate more of your work to subordinates.
- o Cut back on access to you of people whom it is not important to see and who do not really have a need to see you.
- o Adhere more closely to your formal -- or informal -- schedule.
- o Be more concise and direct in your conversations and meetings.
- o Know how to bring a conversation to a close: how to get up -- or turn on your heel -- and leave an office.

Anecdote: Tell anecdote of busy top executive who had to visit several overseas locations once or twice a year. Each stop in each foreign country involved one or more meetings, often attended by many persons, which meetings often become quite lengthy. He learned to start each meeting by asking each person present what the person expected to contribute to or derive from the meeting. Those who did not have persuasive reasons for being present were promptly excused -- to the benefit both (1) of the meeting itself and (2) of the work that those others should have been doing.

Perhaps the single most important step that a manager can take is each evening to plan the following day -- assuring that his daily plan provides for his attending to the most important activities on a timely basis.

Discussion (of entire topic)

20m 3. Skills of the financial Manager

2:20-
2:40

The financial manager needs certain basic skills to perform his work well.

Query: These skills have often been grouped in four broad categories. What might one or more of these basic skill categories be?

Answer: The leader should attempt to group the responses into the following four categories:

- o Conceptual skills
- o Human relations skills
- o Administrative skills
- o Technical skills

Let's discuss each of these in turn.

a. Conceptual Skills

Query: Why are conceptual skills needed by the financial manager and what are these skills?

Answer: Leader to note responses. Typical answers follow.

- o "Conceptual skills are needed by financial managers to enable them to see and understand what goes on in their work environment and help them to take appropriate actions. This is the ability to "see the big picture"--- to plan ahead rather than just to react.
- o Conceptual skills:
 - include the mental ability to analyze and interpret information received from various sources,
 - involve both the ability to understand the relationship of the parts to the whole and the ability to break the whole down into its parts, and
 - help managers obtain meaning from inadequate --- and often conflicting -- data.

Managers who lack conceptual skills tend to lose a sense of control and direction.

b. Human Relations Skills

Query: Why are human relations skills needed by the financial manager and what are these skills?

Answer: Leader to note responses. Typical answers follow.

- o Human relations skills are needed to assist financial managers to accomplish results through and with people. Financial managers need many different behavioral and analytical skills to work effectively with people in and out of their organizations.
- o These human relations skills consist of the many abilities required to understand other people and to interact effectively with them. Such interpersonal skills are especially needed in leading, i.e., in making decisions and in motivating and communicating with subordinates, peers, superiors and others.

We will discuss these human relations skills in greater depth later in this program.

c. Administrative Skills

Query: Why are administrative skills needed by the financial manager and what are these skills?

Answer: Leader to note responses. Typical answers follow.

- o Administrative skills are needed to permit the financial manager to accomplish the specific operational responsibilities delegated to and accepted by him.
- o Administrative skills refer to the various things associated with the planning, organizing, staffing, and controlling work that managers must do.

- o These skills include the ability of financial managers to follow policies and procedures, process paperwork in an orderly manner, and manage expenditures within the limits set by a budget.

Too often, however, these administrative skills -- and proficiency in technical work -- are almost the only categories of skills on which emphasis is placed when persons are being hired and assigned to serve as financial managers.

d. Technical Skills

Query: Why are technical skills needed by the financial managers and what are these skills?

Answer: Leader to note responses. Typical answers follow.

- o Technical skills are needed inasmuch as financial managers must have some knowledge of the technical functions they are supervising. Most will continue to perform some of this technical work throughout their careers. This is true even though the proportion of time they spend performing technical activities can be expected to decrease as they move up the organization ladder.
- o These technical skills refer to the ability to use the knowledge, tools, and techniques of a specific discipline or field, such as accounting, engineering, or health.

Refer to Item # 11: Skills Required of the Financial Manager - Concept and Descriptions

These several categories of skills are reviewed in Item # 11.

Query: When you think back over the last few years, in which of these four categories of skills do the managers you have known seem to have been most deficient?

Answer: Leader to listen to a few responses and then to ask members of the group to indicate - by raising their hands - which of the four skills categories represent the area of greatest weakness in the managers they have known.

Discussion

C. THE PLANNING WORK OF THE FINANCIAL MANAGER

Let's now turn to the first of the five major functions of the financial manager, i.e., planning.

We have devoted an entire workshop to examining the general and financially-oriented planning work that must be done in local authorities. However, this present program would be incomplete if we did not at least briefly review once again the major activities that comprise the planning work of the financial manager. In addition, we will, in this workshop, review a number of planning concepts and types of plans that we did not touch on in that earlier workshop.

10m

1. Steps in Financial Planning

2:40-
2:50

Let's begin with recalling the seven management activities, or steps, involved in developing a plan.

Query: What did we learn -- in the Planning and Budgeting workshop -- are the seven major activities of the management function of planning, i.e., the seven steps in the planning process?

Answer: The group should be expected to come up with the following list of planning activities or steps.

- o Define mission or purpose.
- o Forecast the relevant environment in which plans will be implemented and state implications.
- o Set goals and objectives with standards
- o Develop the program of work to be accomplished.
- o Develop the long-range financial plan and the short-range budget.
- o Develop policies.
- o Develop procedures.

Refer to Item # 12: Steps in Financial Planning.

You will find these steps briefly reviewed in Item # 12.

5m a. Defining Mission or Purpose

2:50-
2:55

We stated that the first major activity of the management function of planning is defining our mission or purpose.

Query: How did we, in our earlier workshop, define "mission" or "purpose"?

Answer: We defined it as our broadest notion of:

- o the end to be attained --- why we are called into existence -- i.e.,
- o what we are supposed to achieve.

Defining mission or purpose for a new organization or project is essential. You will recall that we said that for an ongoing organization, its purpose will usually already have been defined. Still, it is important --- even for an ongoing organization -- that we do have a clear picture of what our mission or purpose is.

Discussion.

20m b. Forecasting the Relevant Environment

2:55-
3:15

We said that the second major activity of the management function of planning is forecasting the relevant environment.

Query: How did we define "forecast"?

Answer: We defined it as a statement of:

- o what we believe future conditions will be like as they can be expected to impinge on what we will want to do, i.e.,
- o an estimate of a future happening or condition.

Query: How do we distinguish between (1) a forecast and (2) a goal, objective, or program?

Answer: A forecast is a factor that is essentially uncontrollable and that we must take into account in our plan for the future. Goals, objectives, and programs represent planning decisions that we make in light of our forecasts

Query: Into what two basic categories -- in relation to our organization -- did we divide the subject of forecasting?

Answer: The categories are as follows:

- o external forecasts, and
- o internal forecasts.

You will recall that -- as would be quite logical -- (1) external forecasts relate to things external to our organization and (2) internal forecasts relate to things internal to our organization.

Discussion

Query: What were some examples of external environmental change factors that often must be considered?

Answer: Leader to record responses on a flip chart. Typical answers are given below.

- o Laws and regulations
- o Labor supply and composition
- o Population size and composition
- o Costs that must be paid
- o Prices that can be charged to consumers of services
- o Weather factors
- o Market demand
- o Etc.
- o Availability of construction materials and equipment

Query: What were some examples of internal environmental change factors that often must be considered?

Answer: Leader to record responses on flip chart, but the desired answers are given below.

1. Human Resources

Management staff
Professional staff
Technical staff
Office, clerical and manual staff

3. Financial Resources

Earnings
Interest income
Debt repayments
Etc.

2. Physical Resources

Buildings
Equipment
Supplies

4. Systems

Impact of new accounting system
Impact of computer upgrade
Impact of communications changes underway
Etc.

Query: How, again, did we distinguish an internal forecast from an objective or a planning step?

Answer: To repeat, we said that for a factor to be a forecast, it must be essentially uncontrollable from the point of view of our organization. For example, a statement that we will lose two key staff members two years from now due to the government's legislated retirement policy would be a forecast because it is not under our control. However, a statement that we will hire a new internal auditor next year would be a planning decision because it is under our control.

Discussion

Query: What did we say must always accompany our forecasts?

Answer: We said we must always accompany our forecasts with statements as to their implications for our plans.

Query: How did we define an "implication" of a forecast?

Answer: We defined an implication as a statement of the necessary consequence -- or significance -- of a forecast for our plan.

Discussion

Refer to Item # 13: Forecasts - Definitions, Factors and Examples

The principal points that we have been discussing regarding forecasts are summarized in Item # 13.

Discussion.

15m c. Setting Goals and Objectives

3:15-
3:30

We said that the third major activity of the management function of planning is setting goals and objectives.

Query: How did we define "objective"?

Answer: We said that an objective is a statement of what, specifically, we intend to accomplish.

Query: How did we distinguish between "goals" and "objectives"?

Answer: While we said that objectives come in many shapes and sizes and are called by many names, we suggested that -- at least for the purpose of these workshops -- it is useful to use the following terms

- o "Purpose" or "Mission" for the primary justification for any organization. This is usually established even before we make our planning forecasts.
- o "Goal" for the longer-range (3-5 years and longer period) things we wish to achieve to carry out our basic purpose. These will be more qualitative.
- o "Objective" or "Specific Objective" for the shorter-range, closer-in (1-2 years and shorter period) things we must do to achieve our goals. These will be more quantitative.

Discussion

Query: What did we say must accompany all of our goals and objectives?

Answer: We said that we must include standards.

Query: How did we define "standard"?

Answer: We said that a standard is a statement that provides us with a measure to tell us when we have satisfactorily achieved our goal or objective.

Discussion

Query: What are some examples of purpose/mission, goals, and objectives?

Answer: Leader to note responses. Three good examples in the area of education follow.

Mission/Purpose

To provide through an education ministry for education of the urban and rural population through classroom programs meeting nationally-adopted educational laws and standards

Goal (longer-range)

To build and staff with teachers by 1995 enough classrooms to deliver eight grades of primary education to 80% of the population of the country's urban centres (defined as centres of over 2,000 population) and to 40% of the remaining rural population

Objective (shorter-range)

To construct 300 classrooms over the next 18 months in local authority X at an average cost not to exceed KShs 15,000 per pupil space, with each facility so located that intended pupils will be within 3 kilometres of the nearest school

Three basic considerations in writing down objectives are that they should be:

- o Action-oriented - Begin with action verb
 - To construct
 - To collect
- o Specific as to result
 - To construct a primary school
 - To collect 50% more in site value rates

o Give standards or measures

A standard is a statement that further defines our goal or objective and provides us with a measure to tell us that we have actually achieved it properly.

Refer to Item # 14: Mission/Purpose, Goals, and Objectives -- Definitions, Characteristics, and Examples

Item #14 provides definitions and examples, which the leader should review with participants.

Discussion

15m AFTERNOON BREAK

3:30-
3:40

15m d. Developing Programs

3:45-
4:00

We said that the fourth major activity of the management function of planning is developing programs.

Query: How did we define a "program"?

Answer: We defined it as a statement of the work steps that we intend to accomplish.

Query: What three things did we say a program description must include?

Answer: We said it should be keyed into the objective and should consist of:

- o what is actually to be done, i.e., the work steps to be performed;
- o when it is to be done, i.e., the timing of each work step; and
- o who is to do it, i.e., the accountability for each work step.

Query: What did we agree are the steps that we must take to develop a good program -- assuming that we know generally what must be done?

Answer: The answer follows.

1. List the worksteps to be accomplished.
2. Estimate the elapsed time for completion of each step.
3. Determine for each step what other steps must be completed before it can start.
4. Determine the critical path, i.e., the series of steps that will determine the minimum time for completion of the project.
5. Show the scheduled beginning and completion dates for each step on the critical path.
6. Show the scheduled beginning and completion dates for all other steps.
7. Show, in terms of names or position titles, (1) who is primarily accountable for each step and (2) any major collateral accountabilities.

You will no doubt recall that we suggested the "critical path approach as one good way to sort out the sequence of steps and overall timing of the work program. It also can simplify later management of the program. While it is likely that steps 4 and 5 relating to the critical path will often be omitted in local authority planning, the essential logic involved in developing a critical path must be observed in developing any good plan.

Query: What again, do we mean by the "critical path"?

Answer: The critical path is that sequence of steps through the project that will take the longest to perform one at a time. Paradoxically, this longest path through the work program is also the shortest time in which the project can be completed. More flexibility exists regarding the timing of all of the other steps not on the critical path.

Refer to Item # 15: Programs - Definition, Characteristics, Steps, and Example

These matters that we have just reviewed are summarized in Item #15 with a brief example. The leader should review Item #15 and the example found on page 2 of it.

Discussion.

15m e. Establishing Budgets

4:00-
4:15

We said that the fifth major activity of the management function of planning is setting budgets.

Query: How did we define a "budget"?

Answer: We said a budget is an itemized estimate of expected income and expense for a given period in the future. It is the financial representation -- or mirror image in shillings -- of our work program for the organization unit or project.

Discussion

You will recall that we described the budget process as an iterative one.

- o We would first develop the budget as the statement of the revenue and expenditures we feel are necessary to permit us to carry out our work program.
- o Then, frequently, once we have seen what the anticipated overall income and costs total to, we will find that we will need to revise the work program -- and sometimes even our objectives and goals. This will be necessary to bring the program within the scope of the revised, lower statement of the resources that are actually expected to prove to be available.

Discussion

Refer to Item # 16: Budgets - Definition and Examples

Item #16 illustrates these concepts and presents examples. The leader should review the examples on pages 1 and 2 of Item # 16 with the participants.

Discussion.

15m f. Developing Policies

4:15-
4:30

We said that the sixth major activity of the management function of planning is developing policies.

Query: How did we define a "policy"

Answer: We defined a policy as a standing decision of ongoing application relating to issues that:

- o are usually decided at lower levels,
- o must be carried out again and again, and
- o can most efficiently be carried out the same way each time.

Query: When did we say we needed policies?

Answer: We said that one develops a policy for classes of events expected to recur again and again and where it is more efficient:

- o to decide just once, in advance, what is to be done in given circumstances
rather than
- o to need to reach a decision each time the same question comes up.

You will recall that the word "policy" is usually reserved for major questions that would require top-level consideration.

Query: What are some examples of policies, say, for a housing project?

Answer: The leader should note and lead a discussion of responses.

Refer to Item #17: Policies - Definition and Examples.

Item #17 presents examples of policies as follows:

Policies for a Housing Project

- o The mortgage period will be 25 years.
- o The interest rate will be a variable rate at 3% more than the commercial bank prime rate, adjusted annually.
- o An occupant of a housing unit may rent no more than one room to another person and must himself occupy the remainder of the housing unit.
- o The occupant may be evicted and the housing unit repossessed after rent has been unpaid for three months.

Discussion

10m q. Developing Procedures

4:30-
4:40

We said the seventh major activity of the management function of planning is developing procedures.

Query: How did we define a "procedure"?

Answer: We said that a procedure is a statement of how a routine work operation or activity is to be performed, relating to matters that:

- o are usually decided at lower levels,
- o must be carried out again and again, and
- o can most efficiently be carried out the same way each time.

We further explained that just as with policies, it is inefficient to need to decide each time a repetitive, routine activity is to be done just how it is to be done.

Discussion

Query: What are some examples of procedures, say, again, for a housing project?

Answer: The leader should note answers given by participants.

Refer to Item # 18: Procedures - Definition and Examples

The leader should then point out that Item #18 presents examples of procedures, as follows:

Procedures For a Housing Project

- o Applicants must apply for housing units at the Council's Housing Department office.
- o The application fee must be paid at the time of application.
- o Monthly payment invoices and envelopes will be provided at the time of loan approval for the first 12 months of payments and will be mailed to occupants annually thereafter.
- o Complaints about maintenance of the common properties and utility infrastructure must be submitted in writing to the Housing Department.

Discussion

5m h. Summary of the Planning Process

4:40-
4:45

We have now reached a very important point in our workshop discussion. We have covered the seven activities of developing our mission or purpose, our environmental forecasts, our goals and objectives, our work program with time schedules and accountabilities, our expenditure and income budget, our policies, and our procedures. When we have carried out this planning work, we will have completed the development of our plan.

Refer to Item # 19 "The Planning Process"

Item #19 illustrates the interrelationships among all of the planning steps that we have been discussing.

We can now proceed to carry out whatever we have been planning for:

- o either our specific project
- o or the local authority or departmental program of work included in our annual plan and budget as the case may be.

The implementation of our plan will, of course, be followed by evaluation of the results against our goals and objectives. And this evaluation will, in turn, be a major input as we begin a new cycle of long-range and short-range planning for future time periods.

15m 2. Time Span of Financial Planning

4:45-
5:00

You will recall that in our earlier workshop, we distinguished between long-range and short-range financial planning.

Query: What general principle did we enunciate as to what the time span of financial planning should be?

Answer: In general, the purpose of planning is to make good decisions now and in the very near future. So in our earlier workshop we said that an answer that can apply to all long-range planning -- a statement of guiding principle -- is that the time span of planning should look ahead for that period of time on which we need information and assumptions in order to make sound current and near-term decisions.

Sometimes this will be for one year -- sometimes for three years -- sometimes for five years -- and sometimes for ten, twenty, or thirty years -- depending on the period ahead about which we need information in order to make good decisions now and in the near future.

Discussion

Query: Did we agree that we should begin our planning with the long range-plan or with the short-range plan?

Answer: We said that the proper answer is that we should start with the long-range plan so that we would know where we want the next year's short-range plan to take us. If we start with the short-range plan, we may never even define and, therefore, likely never achieve our long-range goals.

Discussion

However, we also agreed that for more-or-less comprehensive planning for an organization, the most common time spans found in government and business are:

- o five years for a long-range plan
- and
- o one year for a short-range plan.

Discussion

Query: What did we say is the relationship between the short-range annual plan and the long-range multi-year plan?

Answer: The short-range annual plan is the first year of the long-range plan but necessarily put under a magnifying glass and with a great deal more detail set forth.

Refer to Item 20: Relationship between Long-range and Short-range Plans

This relationship is illustrated in Item # 20. Item #20 also illustrates a typical schedule for developing a long-range plan and a short-range plan. The leader should review this item with participants.

MAKE EVENING READING ASSIGNMENT: Item #s 21 - 28 except for Item # 27

TUESDAY MORNING (285 minutes, including a 15 minute break, are programmed out of 285 minutes)

5m Call group to order 8:00-8:05

C. THE PLANNING WORK OF THE FINANCIAL MANAGER, contd.

5m 3. Types of Financial Planning 8:05-8:10

There are other classifications of financial and other plans that we did not really touch on in our previous workshop. Let's discuss the following five basic types of planning with which financial managers need to be concerned.

- o Strategic planning
- o Operational planning (discussed in earlier workshop)
- o Project planning (discussed in earlier workshop)
- o Contingency planning
- o Fail-safe planning

We'll take up each of these in turn.

10m a. Strategic Planning 8:10-8:20

Many persons like to use the term strategic planning (which is based on usage by military organizations).

Query: What does the term "strategic planning" indicate?

Answer: Leader to note responses. A good answer follows:

- o The term "strategic planning" is most often used for plans that establish the nature of the organization, its mission or purpose, its long-range goals, its long-range programs, and its long-range financial plan for achieving them.
- o It seems clear that what those who use this term are really saying is that strategic plans are very important longer-range plans that deal with basic and significant elements of the organization's activities.

- o For purposes of this workshop, we might define strategic plans as those plans that establish the mission or purpose of the organization, its long-range goals, and its long-range programs and financial plans for achieving them.

Query: What are examples of strategic plans?

Answer: Note responses. One example is given below.

- o A strategic plan for a local authority is one that indicates what it will seek to achieve, at what costs, and with what resources, to provide for needs of the wananchi over the remainder of this century.

Discussion

10m b. Operational Planning

8:20-
8:30

Query: How might we define "operational planning"?

Answer: Leader to note responses. But it seems obvious that when we use this term, we are getting much closer to our actual work objectives and activities. An answer might be as follows.

- o Operational plans are plans that define the more immediate objectives, work programs, and budgets for the recurrent and ongoing work of the organization and its departments and sections

Query: What are examples of operational plans?

Answer: Note responses. One example is given below.

- o An operational plan for the health department is a plan that spells out what it will seek to achieve, at what costs, and with what resources, to improve its preventive and curative programs in areas of human disease and malnutrition and of animal diseases over the period of the next one or two years .

It may be interesting to note that military planners place great emphasis on the above types of planning. They use the term "strategic planning" for the overall "great" plans as to how major results will be achieved. They use the term "tactical planning" for what we are here referring to as "operational planning", i.e., for our supporting, more immediate plans that help us to accomplish our strategic goals.

10m c. Project Planning

8:30-
8:40

Our earlier workshop did, of course, discuss project planning. In fact, one of the first things we pointed out was that we needed to be aware that we must plan both (1) for our organization as a whole and (2) for individual projects. We were careful to draw our examples from both areas.

Query: How might we define "project planning"?

Answer: Note responses - but one good definition is as follows:

- o Project planning is planning for a specific project. It is usually defined as a plan that has a specific beginning and completion, serves a unique purpose, and often but not always involves capital expenditures.

Query: What are examples of project planning?

Answer: Many examples will be given. One carefully stated example is as follows:

- o A project plan for construction of a new municipal bus park would include the design of the bus park, its capital costs, its annual operating costs and expected revenues, and its mode of operations.

We pointed out that project planning is more likely to have a finite beginning and ending, a single budget encompassing the entire effort, and the like.

Too often, the only real planning local authorities (and others) do is for capital projects. Too often, local authorities let the much vaster range of ongoing activities simply continue in their well-worn paths without much real management attention.

15m d. Contingency Planning

8:40-
8:55

We also did not discuss contingency planning in our earlier workshop.

Query: What do we mean by contingency planning?

Answer: We mean planning:

- o not for what we expect to happen
- o but for what conceivably might happen outside our basic expectations, i.e. for contingencies. We plan now for the actions we will take in the future if the contingency should occur.

For example, planning:

- o for survival during a nuclear attack or a severe earthquake or other natural disaster, or
- o for the situation created when someone adulterates with cyanide our sales product (as one or more people did with Tylenol capsules in the United States a few years ago).

We are saying to ourselves -- in advance -- that if such and such happens, our reaction -- and actions --- will be to do such and so.

Query: What are some examples of contingency planning in a local authority?

Answer: Leader to note answers. One example is given below

- o A plan for adapting and reducing the scope of the housing estate construction program if, during its construction, actual resources fall short of those anticipated.

Discussion

10m e. Fail-safe Planning

8:55-
9:05

Let's talk a moment about fail-safe planning. This is a term that has gained currency in this nuclear age.

Query: What is the definition of "fail-safe" planning and what distinguishes it from contingency planning?

Answer: Fail-safe planning is planning that involves actions and expenditures of resources now that are intended to put us in a better position if events later turn out to be materially different from what we expect. We decide to incur these expenditures now for something we do not expect to happen -- i.e., in one sense, likely completely wasting this money. This is because the costs to us of responding should the unexpected event later occur would be so great.

One good example of fail-safe planning is the purchase of a life insurance policy to protect our family should we die before our children are raised and we not have otherwise provided adequately for them and our wife.

Another example of fail-safe planning might be if we expect to keep our job as an accounting instructor but go ahead and spend the time and money to get a certificate permitting us to teach mathematics in case we are no longer needed in business education. If our basic plan fails, we will still be safe -- or, at least, safer.

The two distinctions between contingency and fail-safe planning are as follows.

- o Fail safe planning is not intended to deal with ordinary risks that may be encountered, as is contingency planning, but instead with extraordinary -- usually quite unlikely -- risks.
- o Fail safe planning will involve significant expenditures of resources that most likely will not result in any direct benefit, whereas contingency planning usually will not involve such expenditures.

In contingency planning, you say that this is what we will do later if we encounter the possible contingency. In fail-safe planning, you say that this is what we will do now to put us in a better position to deal with the unlikely contingency should it occur.

The idea is that with the actions you take under fail-safe planning, you will still be safe even if your basic expectations and plans fail.

Query: What are some examples of fail-safe planning in a local authority or a ministry?

Answers: Note answers. One such answer is given below.

- o A fail-safe plan might be one to increase by 50% the budget for building a highway overpass to permit it to handle four lanes of traffic rather than the expected two lanes -- because of the unlikely but conceivable possibility that population growth and national highway planning will result in a decision by the appropriate ministry to expand the highway to four lanes by 1995.

Discussion.

Refer to Item # 21: Types of Planning -- Definitions and Examples

Item #21 defines and illustrates each of the above five types of plans.

15m 4. Planning for All Aspects of a Local Authority's Activities

9:05-
9:20

It is important to plan for all aspects of a local authority's activities.

a. Planning for Capital Projects

Query: What are some examples of capital projects for which plans are necessary?

Answer: Leader to put responses on flip chart. Among possible responses are the following

- o Markets
- o Bus Parks
- o Slaughterhouses
- o Housing
- o Water Systems
- o Roads
- o Town Hall
- o Stadium
- o Etc

Discussion

b. Planning for Operating Activities

But many of us don't recognize the equal -- or greater -- importance of planning for our normal, on-going operating activities and for administrative and financial support to them. Or we only give lip service to such planning.

It was the intent of the workshop on Planning and Budgeting to place perhaps its single greatest emphasis on the point that:

- o while capital project planning is very important,
- o even so, good planning is, to a far greater extent, required for ongoing programs and activities (including administrative activities). This is because this is where we collect the most in resources from our local wananchi, spend the most money, and have the greatest local impact.

Query: What are some examples of ongoing operating activities of local authorities that should be planned for?

Answer: Leader to put responses on flip chart. Among possible answers are the following

- | | |
|-------------------------|-----------------------------|
| o Security services | o Bus park operations |
| o Fire services | o Slaughterhouse operations |
| o Health services | o Housing operations |
| o Highway maintenance | o Sewerage operations |
| o Recreational services | o Water system operations |
| o Education programs | o Etc. |
| o Market operations | |

Discussion

c. Planning for Administrative and Financial Supports

Query: What are some examples of administrative and financial support activities of local authorities that should be planned for?

Answer: Leader to put responses on flip chart. Among possible answers are the following.

- o Administrative supports
 - Human resources - personnel needs
 - Tools - equipment requirements
 - Software - supplies
 - Utilities - for the town administration
 - Facilities - buildings for administrative staff and physical operations
- o Financial requirements
 - Budgeting
 - Improved controls over revenue generation and collections
 - Improved management of local authority expenditures and controls over them
 - Borrowings and repayments by the local authority

In our previous workshop we asked three questions pertinent here.

Query: In the typical year, are the most human and financial resources devoted by the local authority (1) to capital projects or (2) to operating programs and administrative support activities?

Answer: The answer was that the most resources are devoted to operating programs and administrative support activities.

Query: Do the local authority's expenditures in any one year typically have their greatest local impact on a local resident as a result (1) of that year's capital expenditures or (2) of its broad, ongoing programs of and expenditures for local services and activities?*

Answer: The answer was that the greatest impact from the typical year's expenditures will be through the broad on-going programs of local services and activities.

Query: Where, then, in developing good long-range and short-range plans, including financial plans and budgets, should the greatest attention be given in a typical year?

Answer: The answer was that the greatest attention in planning should be given to the broad, ongoing programs of local services and activities.

Refer to Item # 22: "Planning Responsibilities of Local Authorities".

Item #22 seeks to illustrate the relative proportions of attention that should be given to various aspects of local authority concerns.

* Make clear that we are not asking whether the local authority's spectrum of capital facilities (market structures, slaughterhouses, etc.) have a greater impact than a single year's recurrent expenditures. Instead we are asking whether the (limited) expenditures for capital projects in a given year have a greater impact than the (vastly greater) expenditures that same year for the delivery of services through the recurrent budget.

D. THE ORGANIZING WORK OF THE FINANCIAL MANAGER

Once one has developed the plan for the work to be done, the next logical step is to decide on how to organize to get the work accomplished.

Query: How might we define the management function of "organizing"?

Answer: Leader to note responses. But the answer we are seeking follows.

- o Organizing is grouping the work to be performed in logically-related categories so that it can be accomplished efficiently and effectively.

Query: What are the three basic activities or steps involved in the management function of organizing?

Answer: The three basic activities are as follows:

- o developing the organization structure,
- o delegating the work to people, and,
- o defining line and staff relationships.

We will discuss each of these in turn.

1. Structuring The Work To Be Performed

The first major activity of the management function of organizing is developing the organization structure.

Let's look first at what determines organization structure and then at types of structures.

15m

a. Grouping Work To Be Performed

Query: What is the principal consideration that determines organizational structure?

Answer: Whatever other answers may be given, be sure to focus major attention on the following.

- o It is the characteristics of the work to be done and the results to be achieved that determine organizational structure.

9:20-
9:35

- o We should be extremely clear that what one is doing when one determines organization structure is organizing the work -- not organizing the people.

Let's be very clear about this.

Query: There are 25 to 30 or so of us in this room. If I were to ask one of you to organize us into a hierarchical and departmental organization, what would you need to know?

Answer: You would need to know what we were to accomplish and the various types of work to be performed.

Query: But if I were to ask you to organize 20-30 position slots to get the work done in a treasurer's department or a road department, could you attempt to define such an organizational structure -- and why?

Answer: The answer is "Yes" -- and the reason is because you would have some idea of what we are to accomplish and the various jobs that would need to be done.

Most local authorities are organized in rather similar ways. So are most railroads, most broadcasting companies, most advertising firms, and most oil companies. The determining factor is what is the best way to organize the work to be done.

Query: If we consider a large, international oil company that is fully integrated -- i.e., from finding the oil and getting it out of the ground to the selling of the petroleum products to consumers -- how might it be organized?

Answer: Most likely it will have:

- o at the level of line operations: exploration, production, refining, logistics, (moving the crude oil and refined products among various locations), and marketing divisions, and
- o at the level of staff divisions; finance, personnel, legal, public relations, and others,

because this is the work to be done.

Query: How might a large advertising firm be organized?

Answer: The advertising firm might well have creative, marketing and production line or operating divisions-- as well as some staff divisions of lawyers, accountants, and the like. This is, again, because this is the work to be done.

So we may conclude that organization structure is based on the grouping of work to be done into logical categories for efficient and effective accomplishment of organizational goals and objectives.

10m b. Types of Groupings

9:35-
9:45

There are several types of basic organizational patterns.

Query: What are the two most basic types of organizational patterns?

Answer: Leader to note responses but to guide the discussion to a recognition of the following two categories:

- o organization based on the types of professional work to be performed, i.e., functional, and
- o organization based on the results to be achieved, i.e., divisional

Query: What are two other broad types of organizational patterns?

Answer: The answer being sought is as follows.

- o organization based on an ad hoc task to be accomplished, i.e., project organization, and
- o organization also often, but not always, organized around a specific task, i.e., matrix organization.

Let's look briefly at these four types of organizational structures. Please be aware, in advance, that often a single organization such as a business firm or a local authority will make use of more than one type of organizational pattern.

10m (1) Functional Organization (work to be performed)

9:45-
9:55

Query: What is the definition of a "functional organization"?

Answer: It is an organization structured around the types of (professional) work to be performed.

Query: What are some examples?

Answer: Some examples are the following:

- o The line structure in the oil company where the work to be done is finding oil (exploration skills), refining and producing oil products (production skills), selling the product (marketing skills), etc.
- o Some organizational units in the local authority where the work to be done is controlling the money (finance/accounting skills), technical project development and management (engineering skills), etc.

Discussion

15m (2) Divisional Organization (results to be achieved)

9:55-
10:10

Query: What do we mean by a "divisional organization"?

Answer: The divisional organization is usually organized around the results to be achieved. It would not have just one type of professional skills. Instead, each division would more or less resemble a smaller, self-contained organization capable of operating more or less independently of others at its level.

Query: What are examples?

Answer: Some answers follow:

- o In the radio/TV firm, the organization is likely to be around a major segment of the market, such as the news division and the made-for-TV movie-and-documentary division. Each such division would be staffed with finance, T.V. production, marketing, and other technical skills.
- o A large conglomerate company is likely to be organized with major divisions for major products such as ocean shipping, inland transportation, cigarette manufacture and sales, and the like.*
- o A large international bank may be organized geographically, with divisions for the U.S., Canada, Latin America, Europe, the Middle East, Asia, and Africa. Again, each division will, in turn, be made up of functional departments of people with the several types of professional skills needed.
- o The local authority may include units such as social services and parks and recreation where organization is more in terms of the results to be achieved than of the professional background of the staff.

* This example is R. J. Reynolds.

Please note again the distinction between:

- o the functional organization where all lawyers are grouped together as are all accountants, all marketing people, and all engineers, and
- o the divisional organization where each major line division has its cadre of, e.g., lawyers, accountants, marketing staff, and engineers. Here, the organizational principle is the results to be achieved, for example, manufacture and sales of differing products, or more or less integrated operations for each of several separate geographical areas.

10m (3) Project Organization

10:10-
10:20

Query: What is a "project organization"?

Answer: A project organization is a group of people pulled together to accomplish a particular project or effort. These people are usually more-or-less fully detached from their normal units for the duration of project. Such an organization is typically set up on an ad hoc basis as a need arises. It then goes out of existence when its initial objectives have been achieved.

Query: What is an example of a "project organization"?

Answer: Some answers follow.

- o The Manhattan Project set up in the United States during World War II to develop the first atomic bomb
- o The organization of half a million Filipinos set up in December and January 1985/86 to try to assure fair elections in the Philippines
- o A task force set up to prepare a national five-year plan -- in which the staff members are detached from their normal units and assigned on a full-time basis for a specific period of time

10m (4) Matrix Organization

10:20-
10:30

Query: What do we mean by a "matrix organization"?

Answer: A matrix organization is an organization in which a project manager is appointed to work with selected staff who remain administratively located in their several departments. Such staff members may be members of more than one such grouping and may very well continue with assignments for their normal line managers.

Query: What are examples?

Answer: Some examples follow:

- o It is decided to develop and market a new Coca Cola. The company appoints a New Coke Manager who is authorized to draw on specialists from existing departments as he needs them to accomplish his task.
- o The National Housing Corporation decides in early 1985 to form a matrix organization to plan for and bring about a major upgrading of its computer services.
- o A local authority sets up a team to prepare a Local Authority Development Program or carry out some other major planning or administrative effort.

Query: What differentiates project organization from matrix organization?

Answer: While these concepts overlap to some extent:

- o The project manager may be given complete line and administrative authority over the staff assigned to him. The members are likely to be assigned on a full-time basis. His project will usually be limited in purpose and time with a specific goal and a fixed beginning and ending.

- o The matrix manager may share authority over the specialists he needs with their normal line managers. These latter managers may retain all administrative personnel functions such as evaluation, training, promotion, and termination. The specialists on whom the matrix manager calls will normally continue with ongoing work for their basic departments. They may even be part of other matrix groupings. As such, these specialists may actually report, at any one time, to two, three, or, occasionally, even more matrix organization managers. Each such group's effort may be ongoing, at least over a considerable period of time. For example, a matrix grouping may be assigned the general function of new product innovation or of new market definition and may continue in existence for years.

15m MORNING BREAK

10:30-
10:45

15m

(5) Local Authority Organizational Structure

10:45-
11:00

Local authorities are likely to organize in most or all of these ways.

Query: What are examples?

Answers: Several answers follow.

- o Council committee structure is likely to be divisional: organized by results to be achieved in finance, social services, public works, etc.
- o The treasurer's, engineer's, and public health departments are likely to represent functional groupings, i.e., organized by the type of technical work to be performed. The parks and social services departments are likely to be more divisional -- more largely organized by results to be achieved than by the functional or technical work to be performed.
- o A matrix organization under the leadership of the treasurer or clerk may develop a Local Authority Development Program or put together the annual budget.
- o Local authorities typically do not appear to be large enough to establish formal project teams with staff more or less completely detached from their previous departments. However, the City Commission of Nairobi might, for example, do so in connection with planning for major computerization or some other such specific, very major, and long-term task.

Refer to Item # 23: Grouping the Work To Be Performed - Definitions, Factors, and Examples

Item # 23 illustrates many of these above points and examples.

15m c. Span of Control

11:00-
11:15

A major consideration in developing organization structure is to decide on span of control.

Query: What do we mean by "span of control"?

Answer: Span of control refers to the number of persons and scope of activities for which a manager is responsible and accountable.

Query: What is the ideal span of control?

Answer: Participants may suggest 3 persons or 5 or 8. However, as is so often the case, the answer is that it depends.

Query: On what does the ideal span of control depend? Explain your answer.

Answer: The controlling factors appear to be as follows:

- o The complexity of the work
- o The extent to which very clear and understandable policies and procedures can be defined and communicated to serve as effective guidelines to the work staff.
- o The degree of independence within guidelines that can be allowed each worker
- o The impact of good or bad performance on the overall organization
- o The ability of a manager to physically oversee the work staff
- o The size of the organization and particular function

For example:

- o Spans of control of only two or three persons are not unusual where creativity is essential such as in advertising, art, and the like.
- o Spans of control of as many as 15-20 workers may be appropriate where each employee does essentially the same thing, the work to be done is relatively simple, and it can be easily overseen by one person. Examples are work by a road crew, accountants, mail order staff, salesmen, and the like.
- o Where a particular grouping of people is quite small, e.g., a senior attorney and one or two junior attorneys, it may not be possible to organize the unit so as to provide its manager with as broad a span of control as he could otherwise handle.

Query: What is usually the proper response to such a situation?

Answer: Leader to note responses. But the proper answer is that in such cases, the manager will usually perform much less management work and much more technical, operational work than if he were supervising a much larger unit.

10m d. Levels of Organization

11:15-
11:25

Another question relating to organization structure is the number of levels to be established.

Query: How might we define "organizational levels"?

Answer: For purposes of this discussion, this concept relates to the members of levels in the hierarchy from the top executive to the lowest-level worker. Number of levels is a count of the number of reporting relationship from top to bottom. (It is not the number of government grades or of any other such factors that attribute rank to individual positions).

Query: What are some of the potential disadvantages of a large number of organization levels? Of a very small number?

Answer: The answers should deal with the following points:

- o A large number of organization levels:
 - increases communication problems,
 - places key personnel several levels away from top-level supervision,
 - can result in under-employment of supervisory staff, and
 - can result in excessive redundancy and inefficiency.
- o A small number of levels:
 - can result in too heavy a management responsibility on managers,
 - can over-extend managers in regard to their ability to provide competent technical supervision, and
 - can result in inadequate direction to excessively large staff groups.

Explain, with examples, the above points:

General Electric Company had 17 levels of organization in the 1960s. This was reduced by an aggressive vice-president for organization and administration to just 9. The result was a far more effective, efficient, and profitable organization.

Query: How many persons does the typical manager in a local authority supervise? What are examples of extremes, i.e., (1) one over one and (2) one over a great many?

Answer: Note answers with examples.

As pointed out in an earlier workshop program, some local authorities have an excessive number of organization levels.

- o The treasurer, reporting to the clerk for general administrative direction, may directly supervise only a deputy treasurer. The deputy treasurer may only supervise one person responsible for audit and another responsible for accounting. Thus, the staff member responsible for full-time attention to the extremely important function of getting in the revenue may be at the fifth organizational level down starting with the clerk and the fourth starting with the treasurer.
- o If one takes into account market superintendants and market masters and like positions, it is conceivable that a local authority may have nearly as many organizational levels as a huge corporation.

Query: What is the organizational pattern regarding number of levels that always raises the most questions?

Answer: The answer is always the same: It is the one-over-one arrangement where a boss supervises only one person. This pattern is, of course, seen in local authorities.

Query: What are examples of one-over-one organizational patterns in local authorities?

Answer: Such examples as (1) a treasurer with only a deputy treasurer reporting directly to him and (2) a telephone operator supervising one assistant.

Note that some such examples, e.g., the telephone operator/assistant, may be unavoidable, for reasons given in the earlier discussion on span of control. However, others, e.g., the treasurer/deputy treasurer, can easily be avoided.

Refer to Item # 24: Span of Control and Levels of Organization - Definitions and Considerations

Item # 24 illustrates many of these points with examples.

5m 2. Delegating the Work To Be Done

11:25-
11:30

The second major activity of the management function of organizing is delegated the work to be performed. Once a well-structured, tight, lean organization has been arrived at, the next step is to assign the work to be done to people. This is usually known as delegation.

Query: What do we mean by "delegation"?

Answer: We mean taking part of the work for which we are accountable and asking someone else to do it.

Query: What three terms are needed to fully define the concept of delegation?

Answer: The answer follows:

- o responsibility
- o authority, and
- o accountability.

Let's discuss each of these briefly.

10m

a. Responsibility

11:30-
11:40

Query: What do we mean by "responsibility"?

Answer: A responsibility is an obligation to carry out a piece of work or achieve a result.

Query: Why must a manager delegate responsibilities to others?

Answer: Because he cannot himself accomplish all that he is accountable to get done.

Discussion

10m b. Authority

11:40-
11:50

Query: What must accompany a delegation of responsibility to make it effective?

Answer: Authority must also be delegated.

Query: What do we mean by "authority"?

Answer: Authority means the power to take action directly or through others to get results.

It is often said that the amount of authority delegated must be commensurate with the amount of responsibility.

Query: What do we mean by "commensurate authority"?

Answer: Commensurate authority refers to delegation to a position of powers to take action that are broad enough in scope to make it possible for the person occupying the position to achieve the results for which he is held accountable.

Discuss, with examples, the pitfalls of delegation of authority inadequate to permit the manager or other employee to accomplish the results sought.

The American General Douglas MacArthur, during the Korean War, felt that he did not have authority commensurate with the responsibility placed on him. He believed he could not achieve a satisfactory peace unless his United Nations force could pursue the North Korean army beyond the temporary settlement line, the Yalu River. You may recall that he took matters into his own hands. He took his forces beyond the line. As a result, he was confronted with a retaliatory advance of a vast force of Chinese troops. In the end, he was relieved of his command by his commander-in-chief, President Harry Truman.

Query: Do local authority managers sometimes feel that they lack authority commensurate with the responsibilities given them? Do they sometimes take matters into their own hands and exercise authority that is not theirs? Are there any provisions for -- and instances of -- punishment being meted out for such self-willed arrogations of authority by local authority staff?

Answer: The answers are, of course, "yes" to all of these queries. Solicit and discuss examples.

15m c. Accountability

11:50-

We have also mentioned the term accountability. 12:05

Query: What do we mean by "accountability"?

Answer: Accountability means the obligation to achieve results.

If we delegate both responsibility and commensurate authority, we expect performance. So we hold subordinates accountable for achieving results.

Please note that management experts are generally in agreement that we can, of course, delegate both responsibility to do work and authority to take needed actions. But we cannot delegate accountability.

Query: What do we mean by saying that we cannot delegate accountability?

Answer: We mean that for work assigned to us, we must accept the responsibility for results. We cannot excuse inadequate performance in our area of concern by blaming our subordinates. We must and should be held accountable for the work delegated to us if we have explicitly accepted that responsibility and the authority that goes with it.

Query: What did the President of the Japanese Airlines, JAL, do when its huge jet crashed with loss of life of all aboard in mid-1986?

Answer: He resigned his post --- even though he had no personal role in the maintenance and operation of the aircraft in question.

Query: What might he have done only a few decades ago?

Answer: He probably would have taken his own life (disemboweled himself) to atone for the disastrous results for which he held himself accountable.

When the Bhopal disaster occurred in December, 1984, in India, the chairman of Union Carbide immediately accepted full personal responsibility for the deaths of all 2,000 or so Indians, flew to India and permitted himself to be legally detained by the Indian government, and continued to maintain that he is and was responsible.

The concept of accountability is also why, traditionally, the captain would choose to be the last person to leave his sinking ship even if the fault was an error by the chief engineer -- or no one's fault at all. Indeed, some captains have chosen to expiate their sense of responsibility and guilt by going down with ship even when they could have safely gotten off as the last person to leave.

In the local authority, no amount of excuses -- good or bad -- can lift the accountability for poor results from the shoulders of the key managers. In fact, what distinguishes the men and women you most admire from those whom you feel are weak and inadequate is the willingness of the former to stand up and say, "It was my fault -- I take full responsibility this time -- and I'll see to it that a better job is done next time".

Refer to Item # 25: Delegating Work To Be Done - Definitions

Item # 25 reviews the major concepts we have been discussing.

3. Line and Staff

The third major activity of the management function of organizing is establishing proper line and staff relationships.

15m

a. Line Relationships

12:05-
12:20

Query: What do we mean by "line relationships"?

Answer: We mean the authority that supervisors exercise over their immediate subordinates. It is directed downward through successively lower organizational levels.

Query: What do we mean by "line organization"?

Answer: We mean the departments responsible "at the front line" for accomplishing the primary work of the organization. Such front-line work may be manufacturing or providing banking services in a geographical area. Or, for a local authority, it may be maintaining roads, providing sewerage services, and operating a slaughterhouse. This is because these are the units that provide the services to the manachi that constitute the basic mission/purpose of the local authority.

Line represents "command" when applied to relationships between people and to "primary mission" when applied to organizational units.

Query: What are examples of line relationships and line organizational units?

Answer: Leader to note responses. But some examples follow.

o Line relationships include:

- The treasurer to his deputy or chief accountant
- The principal to his teaching staff

o Line organizations include:

- The front line combat troops
- The marketing department
- The slaughterhouse unit

15m b. Staff Relationships

12:20-
12:35

Query: What do we mean by "staff relationships"?

Answer: Staff are those employees who provide advice and assistance to line --- and other staff --- employees. Examples in a manufacturing organization are lawyers, accountants, and the like. In a local authority, examples might be an attorney, the record-keeping functions of the treasurer, the person in charge of personnel or the establishment, etc.

Query: What do we mean by "staff organization"?

Answer: We mean those organizational units that are set up to provide advice and assistance to the line units and to other staff departments. Examples are the general counsel's office, the treasurer's office, the personnel office and the like. In a local authority, examples would be offices that handle finance and personnel.

Query: What are some examples of staff relationships and staff organizational units?

Answer: Leader to note responses. But some examples follow.

- o Staff relationships include:
 - The treasurer in providing financial advice and support to the clerk or to another department head
 - The legal officer to the clerk or treasurer
 - The establishment officer to department heads

- o Staff organizations include:
 - The supply department in the military forces
 - The legal office
 - The personnel or establishment unit

Refer to Item # 26: Line and Staff --
Definitions and Examples

Item # 26 summarizes the concepts we have been discussing and presents examples.

10m 4. Organization of the Local Authority for Financial Management

12:
12:

Most or all of these concepts of organization are applicable to local authorities.

- o As noted above, we can find examples of functional, divisional, project, and matrix organizational units.
- o We can, of course, also find examples of (1) staff and line positions and (2) staff and line organizational units.
- o And we are constantly confronted by the questions of the delegation of responsibility, (2) the delegation of commensurate authority, and (3) the accountability for results.

What is important to us here?

- o We need to determine the most coherent and sensible groupings of work and make them the basis for our organizational structure.
- o We must make clear and specific delegations to others so that we will have the time to perform our own basic role as managers, i.e., getting work done through and with other people.
- o We must keep clear the question of line and staff. We must hold line people and organizational units responsible for accomplishing the primary work of the organization. We must hold staff people and units responsible for providing sound advice and assistance. And we must be sure that our staff people do not mistake their roles and begin to exercise line authority.

The challenge to us, of course, is to continually reappraise and be prepared to revise our organization structure so as to improve our ability to achieve our local authority's mission, goals, and objectives. There are many areas for possible improvement. Before moving to the next exercise, let us note just two.

- o Would local authorities be able to provide better management of their business-type enterprises such as bus parks, slaughterhouses, markets, stone crushing plants, etc., if a single manager were appointed to supervise them -- a person who is trained in business operations and in the provision of such operating services to the wananchi?

- o Would it be better organization if the treasurer were not made responsible for any line operating activities -- like markets -- and was able to focus his entire attention on providing excellent financial management? This is, of course, what he is trained for and is primarily responsible for as per the provisions of the Local Governments Act.

75m LUNCHEON BREAK

12:45-
2:00

TUESDAY AFTERNOON (180 minutes, including a 15 minute break, are programmed out of 180 minutes.)

5m	Call group to order	2:00 2:05
D.	<u>The Organizing Work of the Financial Manager, contd.</u>	
5.	<u>Workshop Exercise - Develop an Ideal Organizational Structure for a Local Authority</u>	
	Divide participants into groups of 5-7 persons each.*	
	Refer to <u>Item # 27: Workshop Exercise -- Develop an Ideal Organization Structure for a Local Authority</u>	
60m	Ask groups to complete exercise, utilizing flip charts.	2:05- 3:05
25m	Ask group spokesmen to begin reporting on their groups' results.	3:05- 3:30
15m	AFTERNOON BREAK	3:30- 3:45
30m	Complete group reports	3:45- 4:15

* Organize each of these groups "diagonally", i.e., (1) with each group consisting of persons from all levels (finance committee chairmen, clerks and treasurers) and (2) with participants from a given local authority in different groups).

E. THE STAFFING WORK OF THE FINANCIAL MANAGER

With the plans developed and the organization structure defined, we need next to put people in place to do the work. Let us, therefore, turn now to examining the management function of staffing. We will be discussing the four major activities of the staffing function, as follows:

- o Selecting/recruiting staff
- o Assigning, orienting, training, and developing staff
- o Compensating staff
- o Promoting, transferring, and discharging staff

1. Selecting/Recruiting Staff

The first major activity of the management function of staffing is selecting and recruiting staff. Most of the people who will do the work of our local authorities over the next few years are already in place. But for the purposes of this workshop, let's start at the beginning -- i.e., with recruitment.

5m a. Recruitment Sources and Means 4:15-4:20

There are two basic places -- with reference to our organization -- to look for staff.

Query: Where are these two places?

Answer: The two logical places to look for staff are as follows:

- o inside our organization, and
- o outside our organization.

10m (1) Recruitment from Inside the Local Authority 4:20-4:30

Suitable staff can often be found within the local authority by means of transfer or promotion. (For the moment, the leader should attempt to avoid getting bogged down in discussion of constraints such as the roles of the MLC and the Public Service Commission.)

Query: What are the potential advantages of selecting staff from inside the organization?

Answer: Such answers as the following:

- o Better rounded knowledge of the candidate
- o Familiarity of the candidate with the local authority's needs, problems, work, and people -- i.e., a shorter orientation and training period in the new job will be required
- o Reward to individual employees for past excellent performance
- o Encouragement to all staff to work better in hopes of future promotion
- o Etc.

Query: What are the potential disadvantages in selecting staff from inside the organization -- i.e., the dangers that must be guarded against?

Answer: Such answers as the following:

- o The candidate may not be the best available for the opening.
- o Possibility of the decision being influenced by favouritism, nepotism, the influence of cliques, etc.
- o Loss of the fresh perspective and, often, the enthusiasm that might be brought by a candidate from outside the local authority
- o Etc.

It is of course true that Kenya's Public Service Commission is responsible for appointments to senior positions in local authorities. However, local authorities are always able to recommend internal staff to fill such vacant positions. And, of course, lower-level positions are under the overall control of the council and its senior administrators.

Discussion

15m (2) Recruitment from Outside the Local Authority 4:30-
4:45

Query: What are the potential advantages of staffing from outside the organization?

Answer: Such answers as the following:

- o Access to a much larger pool of talented persons
- o Ability to bring in "new blood" i.e., persons with fresh perspectives, not saddled down with the burden of past personal relationships and possibly negative attitudes
- o Ability to appoint a much more qualified person. For example, move of a treasurer from a smaller council to a larger one or of a deputy treasurer from a bigger council who is now ready to serve as treasurer in a somewhat smaller one
- o Etc.

Query: What are the potential disadvantages of outside recruitment?

Answer: Such answers as the following:

- o Lack of in-depth knowledge of the candidate
- o Time and expense involved in outside recruitment versus transfer of an existing employee
- o Time and expense required for a professional job of reference checking
- o Etc.

In many cases, the result of the work of the Public Service Commission will, of course, be to make an appointment from outside the organization.

15m (3)

Ways To Locate Potential Financial Management Staff 4:45-5:00

Query: What ways exist to locate financial staff?

Answer: Such answers as the following:

- o Internal
 - Personal knowledge of individuals
 - Personnel file: reports, evaluations, etc.
 - Posting of notices of openings
 - Word of mouth
 - Etc.
- o External
 - Public Service Commission
 - Ministry of Local Government
 - Other government agencies
 - Advertising in newspapers
 - Etc.

Discussion (what experiences have participants had with these approaches?)

Refer to Item # 28: Recruiting Financial Management Staff - Concept and Considerations

Item # 28 summarizes much of the preceding discussion.

Discussion

MAKE EVENING READING ASSIGNMENT: Item #s 29 - 40 except for Item #34

WEDNESDAY MORNING (285 minutes, including a 15 minute break, are programmed out of 285 minutes)

5m Call group to order 8:00-8:05

E. THE STAFFING WORK OF THE FINANCIAL MANAGER, contd.

1. Selecting/Recruiting Staff, contd.

5m b. Factors To Be Considered in Identifying Potential Financial Staff 8:05-8:10

Recruitment of staff will be improved if the factors to be considered in selecting staff are carefully defined in advance.

Query: What are the key factors to be considered in selecting staff?

Answer: Such answers as the following (leader to get on the flip chart, from the discussion, at least the following.

- o Inherent abilities
- o Formal education
- o Training after leaving school
- o Experience in past positions
- o Quality of performance in past positions

We will discuss each of these five basic factors in turn.

Other factors such as age and health will be taken into account but need not be discussed further here.

10m (1) Inherent Abilities

8:10-
8:20

Logically, the first factor to consider is a person's inherent abilities. Each position has different requirements as far as a candidate's makeup is concerned.

Query: What are examples of basic abilities needed for certain positions?

Answer: Leader to note responses. Some answers follow.

- o An accountant must be adept with numbers and computations.
- o A trainer must be comfortable with people.
- o A manager must exhibit good judgment and must have a temperament that is "balanced".
- o Ability to communicate well will be important for many jobs.

We must avoid putting square pegs in round holes.

Discussion

(2) Formal Education

Diamonds in the rough have little practical value until they have been cut and shaped and polished. Similarly, for every position, there is likely to be a certain level of formal education that is required in order to shape and polish the general background of the candidate.

5m

(a) General Education

8:20-
8:25

All candidates require certain levels of formal general education -- but varying by position.

Query: What are examples?

Answer: Note and discuss responses. One answer is that usually local authority employees require:

- o facility in at least one or two languages,
- o basic numerical skills,
- o acquaintance with the social and political environment around them, and
- o other such factors.

10m

(b) Technical Education

8:25-
8:35

And many, if not most, employees require formal technical education -- or compensating/equivalent experience -- in one or more fields.

Query: What are some examples?

Answer: Leader to note responses. Some examples follow:

- o engineering training for an engineer,
- o accountancy training for an accountant,
- o health services training for a health officer, and
- o management training for a manager.

Discussion

15m (3) Training after Leaving School

8:35--
8:50

It is also important to look at the added training a person has gained since beginning his or her working career.

Query: What are examples of such added training?

Answer: Answers will include both on-the-job experience and special training programs.

- o On-the-job experience is most important for all but entrance-level positions.
- o Special training programs are of many types.
 - KIA, GTI-Mombasa, GTI-Maseno, and other government and private training institutions offer many programs -- including this one you are attending today.
 - The Kenyan Government sends selected staff to extended programs in both Kenya and such foreign countries as Great Britain.
 - Business firms offer training programs to their own staff and sometimes to other persons.
 - Etc.

Attendance at such programs may result in greater job proficiency. It also may indicate an ambitious and active frame of mind which often is a good omen for a candidate's future success in a post in your local authority.

Discussion

10m (4) Experience in Past Positions

8:50-
9:00

Satisfactory performance in many jobs requires years of experience in positions similar to those being filled by the local authority.

Query: What kind of previous experience should a candidate for treasurer of a local authority generally have?

Answer: Such answers as the following

- o It is almost essential that a candidate for a position as a local authority treasurer have spent several years in more junior positions in financially-oriented organizations -- as, e.g., having served as deputy treasurer in a larger authority. Moreover, preferably at least one of these previous jobs will have been in a local authority. (Can experience in other financially-oriented institutions be substituted?)
- o A candidate for chief accountant should have some years of experience in related positions in government, business, or a not-for-profit organization.

Query: For what other positions in a local authority is extensive experience in a similar position important?

Answer: Leader to put answers on flip chart.

Discussion

15m (5) Quality of Performance in Past Positions

9:00
9:15

Query: When all is said and done, however, what is the one factor that looms over all the rest as the most important predictor of success of a potential employee?

Answer: The answer is the quality of performance in past positions held by the candidate.

- o The potential recruit who has performed in a disappointing manner in earlier positions is unlikely to do well in yours.
- o And the recruit who has had nothing but compliments from previous employers is likely to be a good risk for your council.

Technical and other skills and knowledge can be learned. But it is difficult to imprint the habit of professionalism and the striving for excellence on a person not before successfully challenged in these ways by his own internal makeup.

Discussion

But let's be aware that sometimes a candidate who has not done well before may meet your needs.

Query: Why might this be the case?

Answer: Such answers as the following.

- o The employee was given a job for which he was not equipped.
- o Personality factors in the previous employment situation inhibited the candidate's performance.
- o The employee was not sufficiently challenged, e.g., possibly not even kept busy (a frequent cause of unsatisfactory performance).
- o Etc.

Discussion.

Refer to Item # 29: Identifying Potential Financial Management Staff -- Concepts and Examples

15m c. Selection Process

9:15-
9:30

Once a pool of candidates has been identified, it is necessary to go through a well-designed selection process.

Query: What are processes by which selection of a new employee may be undertaken?

Answer: Answers such as the following (discuss experience of participants with each):

- o hiring "good old Joe",
- o having several persons interview candidates and then get together for a group discussion and development of a consensus recommendation regarding employment,
- o preparation of independent written evaluations by the several interviewers,
- o etc.

This and the previous discussion presumes that reference checking will always be undertaken. It is most important that reference checking be undertaken -- in a professional manner -- on every candidate being seriously considered for a position. The only possible exceptions would be for very low-level and routine positions.

Query: Is reference checking undertaken by your local authority and, if so, how?

Answer: Leader to note and lead discussion of answers.

Written references are far less satisfactory than reference checking based on oral conversations (often by telephone) with persons familiar with a candidate's performance in previous jobs.

Discussion

Refer to Item # 30: Selecting Financial Management Staff -- Concepts and Examples

Item # 30 summarizes the above discussion.

10m 2. Assigning, Orienting, Training, and Developing Staff

9:30-
9:40

The second major activity of the management function of staffing is assigning, orienting, training, and developing staff. Once employees have been hired, the work required to assure effective performance will, of course, have just been begun.

a. Assigning and Orienting Staff

The way in which new staff are assigned to their new positions is very important.

Query: What are common means and mechanisms for assigning and orienting staff?:

Answer: Several answers follow.

- o Sharing a carefully-prepared job description with the employee. The job description is both:
 - the employee's side of the implicit contract between employer and employee: i.e., what it is that the employee will be expected to do in return for the compensation and other benefits of the job, and
 - the basis for future job evaluations.
- o Providing necessary facilities and equipment, e.g., office space, desk, files, calculator, etc.
- o Providing orientation by a competent staff member in regard to the local authority, the department, and the narrower technical aspects of the position.
- o Introducing the employee to all of those persons who will oversee his work and with whom he will interact in his job.
- o Providing especially close direction and guidance the first few days.

Discussion

15m b. Training and Developing Staff

9:40-
9:55

From the very first day of employment, the local authority, through appropriate line and staff officers, should have in mind a program for training and developing new staff members.

Query: What may such training and development include?

Answers: Several answers follow.

- o On-the-job training by supervisors or colleagues
- o Rotational assignments in areas related to the job
- o Short-term training courses
- o In some instances, longer-term training courses
- o Etc.

Discussion (of each of the above and of others suggested)

Refer to Item #31: Assigning, Orienting, Training, and Developing Financial Management Staff - Concept and Mechanisms

Item # 31 summarizes the above discussion

15m 3. Compensating Staff

9:55
10:10

The third major activity of the management function of staffing is compensating staff. Compensation is the employer's part of the implicit employment contract in return for which the employee commits to perform the work assigned.

In general, all staff will be placed into government employment grades. Each of these will have minimum and maximum salary levels and steps in between. Increases in salary -- small though such steps in grade may be -- are a normal expectation of a competent and ambitious worker.

Query: What are the various ways by which an employee may be provided a higher salary?

Answer: There are five major ways by which he may find his salary increased, as follows.

- o First, the general salary table may be increased, usually more or less reflecting the impact of general price inflation in the economy.

Query: Do such inflationary increases do anything to reward good performance and to provide employees and their families with improved living conditions?

Answer: The proper answer is "No". However, such increases will, of course, be appreciated and will help to prevent a reduction in the employee's income in real terms.

- o Second, the employee may receive a step increase within his grade either automatically or as a reward for good performance.
- o Third, the employee's present job may be reclassified -- unchanged -- to a higher grade.
- o Fourth, the employee may receive a promotion to a higher-level position.
- o Fifth, overtime or other special earning opportunities may be provided. However, please note that receiving more money for more hours of work does not represent an increase in rate of pay,

Discussion (of each of the above and others suggested)

* In discussing this topic, do not allow a discussion of compensation as a motivator -- this issue will be addressed later in this workshop.

To conclude, fair and equitable compensation and periodic salary increases are a reasonable expectation of employees. Local authorities should attempt to respond to this expectation in the instances of deserving employees. Of course, these responses will be subject to the limitations that the authorities inevitably face.

Discussion

Please note that training may help to qualify an employee for advancement down the road. But the primary purpose of training usually is to equip a person to perform better in his present job and to render him, in general, more valuable to his organization. Training should not be regarded as an automatic ticket for promotion.

Discussion

Refer to Item #32: Compensating Financial Management Staff - Concept, Mechanisms, and Considerations

Item #32 reviews these above ideas.

Discussion

10m 4. Promoting, Transferring, and Discharging Staff

1c 10-
10:20

The fourth major activity of the management function of staffing is promoting, transferring, and discharging staff. It is extremely important to devote proper attention to the changes in the status of our employees that are required after our employment of them.

Query: Staff may of course, be reassigned for a variety of reasons. What are typical reasons for reassigning staff?

Answer: Such answers as the following:

- o To put an employee in a job for which he is better fitted than the one he has at the moment, i.e., to match better the "square peg" to a "square hole"
- o To give an employee added experience as a step in his development
- o To fill a vacant position considered more important than the one the employee is presently in
- o To promote the employee to a higher-level position for which he is judged to be fitted
- o Etc.

Discussion

Occasionally a supervisor must suspend or discharge an employee. This is often an especially hard task for the manager faced with such a responsibility.

Query: What may be reasons for dismissing an employee.

Answer: Several answers follow:

- o Incompetence in the job
- o Insubordination
- o Punishment for infractions of guidelines and procedures
- o Lack of continuing need for the position or lack of funds to support it

For example, the Kenyan government has made the point several times - recently in Sessional Paper No. 1 of 1986 -- that many positions and employees in many parts of the government are simply not needed where they are. The government has gone on to stress that the priority of every position should be kept under review to determine whether the funds and positions involved can be utilized to greater advantage in another area of activity.

Query: What steps should ordinarily have been undertaken - in connection with an employee who should be discharged for unsatisfactory performance -- prior to discharge?

Answer: Answers such as the following:

- o Provision to the employee of a clear written description of what is expected of him, i.e., a good job description.
- o Conduct of regular periodic written and oral evaluations of the employee's performance making sure he is aware of his shortcomings.
- o Provision of warnings -- usually in writing -- to the employee clearly describing performance deficiencies and steps that will be taken if performance does not improve.
- o Etc.

Discussion

Refer to Item #33: Promoting, Transferring, and Discharging Financial Management Staff - Concept and Considerations

Item #33 summarizes the above discussion.

Discussion.

15m MORNING BREAK

10:20
10:35

5. Workshop Exercise - Develop a Staffing Plan for a Financial Management Position

Refer to Item # 34: Workshop Exercise - Develop a Staffing Plan for a Financial Management Position

- | | | |
|-----|--|-----------------|
| 90m | Ask the participants to form into groups and complete Item # 34. | 10:35-
12:05 |
| 40m | Ask a spokesman for each group to report on his group's results. | 12:05-
12:45 |
| 75m | LUNCHEON BREAK | 12:45-
2:00 |

WEDNESDAY AFTERNOON (180 minutes, including a 15 minute break, are programmed out of 180 minutes.)

5m Call group to order

2:00-
2:05

F. THE LEADERSHIP WORK OF THE FINANCIAL MANAGER

Once the financial manager has:

Planned: i.e., determined what is to be done;

Organized: i.e., decided how to structure the work to be done; and

Staffed: i.e., recruited and assigned the people to do the work;

he can then turn his attention to the fourth major management function, namely,

Leading: i.e., getting the work done through and with people.

20m

1. What Leadership Is

2:05-
2:25

Query: How may we define "leadership"?

Answer: Several answers will be given. One good answer is that "leadership is the process of influencing individual and group activities toward goal setting and goal achievement."

It is widely recognized that managers have different leadership styles.

Query: What are examples of leadership styles?

Answer: Leader to note answers. But attempt to group responses into the following five categories.

- o Autocratic Leaders - who make most of the decisions, "push" the members of their teams, emphasize obedience to their directions, and often discourage the provision of advice by subordinates and others.
- o Democratic or participative leaders - who seek the team's participation in goal setting and determining how best to carry out a job.
- o Permissive leaders - who set, at best, only broad goals and expect the members of their teams to define their own more specific objectives, work programs, and ways of getting the work done.

- o Task-oriented leaders - who concentrate on the specific work activities required to get the job done.
- o People-oriented leaders - who put primary emphasis on the meeting of the human needs and the welfare of the members of their team.

Of course, most financial managers are combinations of these categories, with each emphasizing certain leadership characteristics over others.

Query: What is the optimum type of leadership?

Answer: You will get many answers. Most management experts would agree that what is best is a balance among these characteristics and that overemphasis on any one is bad.

Discussion

Note, as we begin our discussion of leadership, that "management" and "leadership" are not the same thing.

Query: What is the difference between management and leadership?

Answer: An appropriate answer is as follows:

- o management involves all of the five major functions of planning, organizing, staffing, leading, and controlling, while
- o leadership refers - most simply - to getting things done through and with people.

In reviewing the work of the management function of leadership, we will focus on the three major activities that are involved, as follows:

- o decision making,
- o communicating and
- o motivating.

Refer to Item # 35: The Leadership Function - Definition, Types, and Activities

This discussion is summarized in Item # 35.

2. Decision Making

The first major activity of the management function of leading is decision making.

Query: How would you define "decision making"?

Answer: One good answer is "the conscious selection of a course of action from among available alternatives to produce a given result".

5m

a. Steps in Decision Making

2:25-

2:30

Decision making may not be a science but it certainly is an art. A good financial manager will be aware of the separate steps involved in good decision making.

Query: What are the five steps involved in good decision making?

Answer: The leader should note responses, attempting to achieve a consensus on the following:

- o Define the real problem
- o Determine the alternatives for solving the real problem
- o Evaluate these alternatives
- o Make and implement the decision
- o Evaluate results

Let's look briefly at each of these five steps.

25m (1) Define the Real Problem

2:30-
2:55

Some problems are common and repetitive. These problems can be resolved satisfactorily by already predetermined policies and procedures. Or they can be solved by intuition based on close familiarity with the situation. For example:

- o It looks as if it will rain. Shall we take an umbrella?
- o We discover, after typing our report of income for the finance committee, that an important entry was omitted. Shall we bring the unintended omission to the committee's attention?
- o An employee's wife has died. Shall we agree to the employee being absent to arrange for and attend the funeral?

However, most significant problems are more complex. Their solutions not readily evident. In addition, it often is not obvious what the real problem is.

In January 1986 the United State's spacecraft Challenger blew up shortly after leaving the launching pad at Cape Canaveral, Florida. A faulty seal gave way between (1) the booster section containing the propellant and (2) the spacecraft itself. All seven occupants of the spacecraft, including a high school teacher, were killed.

Query: What was the real problem here that needed to be corrected by the U.S. space agency?

Answer: Some may say it was failure of the part that failed, i.e., the booster section seal, which needed to be redesigned.

Query: But what could be expected if that was considered the real problem and only that part was redesigned?

Answer: Failure, in the future, of another space shuttle for some other reason.

In fact, the investigative commission concluded the real problem was lack of adequate priority to safety considerations. This had resulted, especially, from overemphasis by the entire concerned government and media structures on the meeting of the schedules that had previously been established for the space flights.

The solution arrived at was a minimum two-year delay to January 1988 while every critical part and process was to be re-evaluated and redesigned if and as necessary.

Discuss with the participants (1) the apparent problems and (2) the real problems that may be associated with the following. The leader should get the discussion going by reading the statement on what has gone wrong and the possible apparent problem -- and then ask participants what might be the possible real problem.

<u>Possible Apparent Problem</u>	<u>Possible Real Problem</u>
----------------------------------	------------------------------

i. Complaints from suppliers about the payment of invoices:

Unrealistic expectations of suppliers	Failure at time of placing order to reach clear agreement on time of payment
Incompetence of accounting staff	Failure to set clear policies for accounting staff on the timing of payment of invoices
Insufficient accounting staff	Failure to appropriately supervise and manage the work of the payables section

ii. Expenditures in July so high as to cause an overdraft

An unexpected accumulation of expenditures to be paid for

Failure to establish and maintain up-to-date a 12 months cash flow projection by month

A drop off in expected receipts of rates

Failure to put in place management controls to ensure (1) that expenditures by departments are paced to correspond (2) to the timing of the expected inflow of receipts

Possible Apparent Problem

Possible Real Problem

iii. A petty cash fund for one department that is usually out of cash

Failure of the assigned department employee to arrange sufficiently frequently for replenishment

Fund of inadequate size for the volume and frequency of legitimate demands on it

What too often happens is that a symptom of a problem is regarded as the problem itself. Failure to recognize and define the real problem will lead to decisions that will fail to accomplish their purposes.

Refer to Item #36 : Decision Making and Definition of the Problem - Definition, Concept, and Examples

These ideas and examples are reviewed in Item #36.

Discussion

15m (2) Determine the Alternatives

2:55-
3:10

Once the real problem has been defined, it is necessary to identify alternate possible solutions.

Query: What happens to the financial manager who acts to implement the first solution that occurs to him?

Answer: Too often, he fails to solve the problem adequately or to solve it most effectively and efficiently.

x x x

Query: What, by the way, are the differing meanings of the words "efficiently" and "effectively"?

Answer: The answers are as follows.

- o "Effectively" means that the action taken accomplishes the intended result, i.e., is "effective" --- "has effect".
- o Efficiently means that the result is achieved with a minimum of resources, i.e., in a manner that is "efficient".

It may be effective to swat a fly with a sledge hammer, but this is not an efficient method.

The financial manager should develop a list of alternative measures for solving a given problem. The list should be broad enough that he is likely to be able to select one that is both effective (achieves good results) and efficient (with economical use of resources).

x x x

Query: What are ways that a financial manager might develop a set of alternatives for consideration?

Answer: Some answers are as follows:

- o Be sure, of course, that he is hunting for solutions to the real problem.
- o Invite suggestions from other informed persons.
- o Express his own alternatives to others to stimulate their thinking or and contributions to identifying the problem.

- o Within the constraints of time and budget be as imaginative and creative as possible.
- o "Brainstorm" solutions with a group in a "think tank", no-holds-barred type of atmosphere.
- o Positively encourage dissent and challenges -- by himself and by others.
- o Keep asking questions such as "why?" and "is that really true?" and "will that really solve the problem?"

Refer to Item #37: Determining the Alternatives -
Concept and Mechanisms

This discussion is summarized in Item # 37.

Discussion

10m (3) Evaluate the Alternatives

3:10-
3:20

The next step is to evaluate the strengths and weaknesses of the alternatives that have been identified. This is often a most difficult task.

Too often, decision-making by the top-level manager consists of reaching an autocratic decision without any real evaluation of the alternatives and without securing the input of others.

Query: What are approaches a manager might use to evaluate alternatives?

Answer: Such answers as the following:

- o Obviously the ideal approach is to assess carefully the pros and cons of each alternative so that there can be a really valid evaluation of each against the others.
- o Just as obviously, it is usually desirable to solicit the views and recommendations of others.
- o Sometimes a good approach is to ask different members of one's team to develop and present to the group their evaluations of the pros and cons of particular alternatives assigned to them for analysis.

It may seem to some that these approaches tend to suggest an overly-elaborate process for the making of most decisions in a local authority. The important things are:

- o to be sure that you have identified the real problem,
- o to bring an open, enquiring, and challenging mind to the task of finding the best solution to it, and
- o to take advantage of whatever contributions can properly be made to the making of the decision by knowledgeable persons around you.

Refer to Item #38: Evaluating the Alternatives - Concept and Mechanisms

This discussion is summarized in Item # 38.

Discussion

10m (4) Make and Implement the Decision

3:20-
3:30

Some financial managers find it hard to actually make decisions.

Query: Why may this be the case?

Answer: Some answers are as follows:

- o They may lack confidence in their judgment.
- o They may be fearful of blame if things don't go well.
- o It may often seem that one's career is, on balance, benefited more by doing nothing than by taking the risks involved in making a decision that may later be viewed as having been in error.

Query: What are some approaches - i.e., subterfuges - that are sometimes used to avoid making decisions?

Answer: Such answers as the following:

- o asking for more facts,
- o referring the matter to a committee for a report of its views,
- o blaming higher ups for holding attitudes that prevent moving ahead,
- o "delegating" the responsibility for the decision downwards -- or upwards,
- o etc.

Query: What is delegation downwards of a decision?

Answer: The answer is that it is telling a subordinate to make the decision. This is often done to shift responsibility to the subordinate, accompanied by a feeling that, in so doing, one escapes any real accountability for results.

Query: What is delegation upwards of a decision?

Answer: The answer is that it is influencing one's superior to make the decision. This may be done by simple persuasion. Or one may take such a step as to hand over the matter to one's superior (and possibly arrange to absent oneself) on a timing that forces the boss to make the decision himself.

Query: Can participants suggest examples of either downward or upward delegation?

Answer: Leader to note responses and lead discussion.

Discussion (of entire topic)

Once a decision is made, it is important to move expeditiously to put it into effect. Many excellent decisions are made and then allowed to "wither on the vine" for lack of effective action to get others to take the necessary implementing steps.

Refer to Item #39: Making and Implementing Decisions - Concepts and Considerations

This discussion is summarized in Item # 39.

Discussion

15m AFTERNOON BREAK

3:30-
3:45

10m (5) Evaluate the Results

3:45
3:55

Query: Why is evaluating results included as the fifth step in decision making?

Answer: The answer is because it is only by evaluating the results of a decision that has been made and implemented that it is possible to tell whether the decision was, indeed, a satisfactory one.

Query: Of what value is it to discover whether a decision that has already been made and implemented was a sound one?

Answer: Two important benefits are the following:

- o the possibility (in some instances) of still modifying the on-going course of action so as to achieve a better result, and
- o the favourable impact that the lessons learned from the evaluation can be expected to have on future decisions and actions.

Refer to Item #40 - Evaluating Results - Concept and Benefits

This discussion is summarized in Item # 40.

Discussion

20m b. Roles in Decision Making

3:55-
4:15

It has already been suggested that decision making can benefit from broad participation. Let's examine the matter more carefully.

(1) Unity of Decision Making

Query: Can and should the actual making of decisions truly be shared?

Answer: Note responses and lead discussion. The answer sought, however, is as follows.

- o In an administrative organization, the answer in most or all cases, is "No". With few, if any, exceptions, good management demands that some one person accept responsibility for each decision. To say that a group made the decision is to avoid fixing accountability for results. You will remember that we agreed that accountability must be clearly fixed and cannot be delegated - or dispersed among several people.

Query: Some members of the group may say that decisions by managers in the administrative structure should be shared. If this occurs, then ask who, in these instances, is accountable for the decision and the results?

Answer: It is to be hoped that the participants will recognize that the senior accountable person present must accept the full responsibility for the decision - i.e., really make the decision.

Among the very few exceptions to this rule may be decisions reached by the full council or one of its committees. And it may be only the council that ever reaches a final decision as a group, since committee decisions may, in the final analysis, really only be recommendations to the full council.

Often, in the administrative organization, it will appear that our decision-making process has led to a group decision. This will usually be because, a consensus has been achieved in the course of a group discussion. But, properly, what has really happened is that the group has provided its advice to the top manager. In turn, he has accepted and thus actually made the recommended decision. Remember that if everyone shares responsibility, no one is really responsible.

It was said a few years ago in one Middle Eastern country that, under its legal framework and traditions, if one or two persons killed another, it was murder. The one or two who committed the act could be tried and punished for the action. But if three or more persons participated in the act, it was deemed an act of God. In this case, no one could be held responsible. In actual fact, in many countries, if several people -- or a mob -- are responsible for a crime, such a group action is, under law, treated as if no one is really responsible for the outcome.

(2) Participation in Providing Inputs

Query: What, then, is the proper role of other members of the team in the making of decisions?

Answer: It is to help define the problem, develop and evaluate alternatives, and provide the principal decision maker with recommendations.

This provision of advice and assistance is a broad and important role. It is not cheapened by our saying that the final act of decision making must be the fully-accepted responsibility of the accountable manager.

c. Workshop Exercise: Define a Problem, Determine Alternatives, Make a Decision, and Evaluate Results

Let's try our hands at implementing this five-step decision-making process.

Refer to Item # 41: Workshop Exercise - Define a Problem, Determine Alternatives, Make a Decision, and Evaluate Results

45m

Please form into groups and begin the workshop exercise in Item # 41, putting the results on flip charts. The leader should assure that each group selects a different problem. 4:15-5:00

Advise the groups that they may complete the exercise between 8:00 and 8:30 in the morning.

MAKE EVENING READING ASSIGNMENT: Item #s 42 - 65 except for #47

THURSDAY MORNING (285 minutes, including a 15 minute break, are programmed out of 285 minutes.)

5m	Call group to order.	8:00- 8:05
F.	<u>THE LEADERSHIP WORK OF THE FINANCIAL MANAGER, contd.</u>	
	2. <u>Decision Making, contd.</u>	
	c. <u>Workshop Exercise: Define a Problem, Determine Alternatives, Make a Decision, and Evaluate Results, contd.</u>	
25m	Complete the presentation of the group reports.	8:05- 8:30
40m	Ask a spokesman for each group to report his group's results.	8:30- 9:10

3. Communicating

The second major activity of the management function of leading is communicating. Nothing useful will be accomplished in the organization without good communication among its members. It is a particular role of the leader to ensure good communication.

Query: What is the definition of "communication"?

Answer: Leader to note responses. One good answer is that communication is the imparting or interchange of thought, opinions, or information by speech, writing, or signs.

We can look at the manager's work in communicating in three dimensions, as follows:

- o when communication is complete,
- o five-directional communication, and
- o types of communication.

20m

a. When Is Communication Complete?

Let's start out with a question whose answer provides, in itself, a good definition of excellent communication.

Query: When is communication complete?

Answer: Leader to note responses. An excellent answer is that communication is complete when the recipient understands the communication in the same way as the person who initiated the communication.

How often in this workshop, and those that have preceded it, have we, ourselves, had communication problems?

Query: What are the causes of some of these communication problems in just these workshops?

Answer: Among the answers that can be given are the following:

- o Simple mechanistic problems such as:
 - Speaking too softly
 - Different enunciation of words

9:10-
9:30

- o Distractions and interference from external sources such as noise from the hotel's lobby, verandah, or kitchen
- o Lack of attention
- o Failure to understand some of the terminology - words - utilized
- o Attributing different meanings to a given word.

- The word "program" means "course of action to most managers. However, you may have trouble using this word with this meaning in working with a radio or television group.

Query: What would "program" mean to such a group?

Answer: It would mean a 15, 30, or 60 minute episode on radio or TV.

- In these workshops, the word "policeman", which according to the dictionary means a person assigned to keep order and protect property and lives, is objected to.

Query: What word is preferred?

Answer: The word "askari" is preferred.

- Moreover, some participants insist that the word "council" means not only the elected councillors but also all employees of a local authority. Others will settle for it representing just the elected councillors.

- o Very often, "chatter" gets in the way of good communication.

Query: What do we mean by "chatter"?

Answer: By "chatter", we mean extraneous matters such as who is doing the communicating and what we think of him, or how we relate to him, or fear, or envy, or excitement, or other emotions.

Let's remember that communication is complete when the recipient understands the message in the same way as the person making the communication.

Query: How do we assure we have achieved this objective?

Answer: The answer is through feedback.

Query: What do we mean by "feedback"?

Answer: We mean a communication to us from the recipient of our message that confirms that he has, indeed, understood what we were attempting to communicate.

Query: In addition to assuring that our message is getting through to the intended recipient, why else is feedback important?

Answer: Leader to note responses and lead discussion. Be sure to point out the frustration we all feel when we fail to get "feedback". A blank face may represent lack of understanding. It may also represent hostility, contempt, lack of interest, and other emotions. The fear that it may mean one or more of these things may be very upsetting to us.

Refer to Item #42: Communicating -- Definition, Considerations, and Difficulties

These ideas are reviewed in Item #42.

Discussion

25m b. Five-Way Communication

9:30-
9:55

Query: In how many directions should a financial manager's communication go and what are these directions?

Answer: Five ways, as follows:

- o Downward to subordinates
- o Upward to supervisors
- o Laterally or horizontally to our peers in other teams
- o Diagonally to higher or lower levels in other teams.
- o Inward to ourselves.

Refer to Item # 43: Five-way Communication - Diagram
This discussion is graphically illustrated in Item # 43.

Let's discuss briefly each of these five directions for communicating.

(1) Downward Communication

The most obvious communication need for the financial manager is downward to his own staff and their subordinates.

Query: Why is downward communication necessary? What does it consist of?

Answer: Leader to note responses, which will include such ideas as the following:

- o General and specific information about the team's plans: goals, objectives, policies, procedures, and the like
- o Assignment/delegation (1) of work -- or responsibility for accomplishment -- and (2) of authority to get the work done
- o Evaluations of performance, suggestions for improvement, and the like
- o Information about the overall organization, where it is going, problems it faces, and the like

Discussion

(2) Upward Communication

Equally important is communicating upward -- toward one's superiors.

Query: Why is upward communication important? What does it consist of?

Answer: Leader to note responses, which will include such ideas as the following:

- o Reports on problems encountered and progress achieved
- o Requests for advice and help
- o Recommendations for consideration by higher-level managers.

Query: Who is responsible for such upward communications?

Answer: The responsibility for such upward communication is shared by both:

- o the lower-level communicator and
- o the higher-level recipient of the communication.

When a manager discourages such upward communication flows, the results can be very costly to the local authority.

Discussion

(3) Lateral or Horizontal Communication

Communicating laterally is also important

Query: Why is lateral or horizontal communication important? What does it consist of?

Answer: Leader to note responses, which are likely to relate to the following.

- o Your peers - those at your general level but with other responsibilities - will often need to know what you are doing and vice versa.

- o The specialized nature of the work of many individuals and groups requires such lateral communication to assure that excellent coordination takes place among people and teams. All of these persons and units have, of course, the same overall objectives, i.e., meeting the needs of the wananchi in the local authority's area.

Some managers and organizational units appear almost to discourage lateral or horizontal communication - between peers within a team and between teams reporting to different managers.

Discussion

(4) Diagonal Communication

Similar to lateral or horizontal communication is diagonal communication.

Query: Why is diagonal communication important? What does it consist of?

Answer: Leader to note responses, which will include answers such as the following.

- o Diagonal communication is letting higher and lower levels of organization in other units know what is going on in your unit.
- o Among the most obvious and proper examples are those that arise from line and staff relationships. Examples of these are when the chief financial officer alerts employees to fiscal constraints, the personnel officer contacts other units about personnel policies and individual employees about personnel matters, and the like.
- o Or, staff members in other units contact the personnel officer on technical personnel issues.

Query: There are some special dangers in diagonal communication flows. What are they?

Answer: Answers include the following:

- o Providing information to lower-level employees in other units can give the appearance of:
 - interference and of a desire to take over management or technical responsibilities that are not yours, and
 - ignoring the proper role and authority of the higher-level employees in those other units.
- o Providing information to higher-level employees in other units can give the impression of:
 - "going around" your own boss,
 - attempting to influence improperly the other units, and
 - attempting to "make points" with senior people in the other units.

Discussion

(5) Inward Communication

Finally, we must not overlook the need for inward communication -- with ourselves.

Query: What do we mean by inward communication? Why is it important?

Answer: Leader to note responses, which should include responses such as the following.

- o Inward communication is what is involved when we solicit data and deliberately process it in our own minds: reflect on it, consider its implications and reach conclusions about it.
- o Time and effort are needed to be sure that we internalize in our own minds and hearts pertinent information about our plans, our work and its progress, our performance, and the like.

Discussion

All too often we do not get much past a dimly perceived outline of major issues that we ourselves are facing.

Refer to Item #44: Five-way Communication - Considerations

The above discussion is reviewed in Item #44.

Discussion

10m c. Types of Communication

9:55-
10:05

Communications can be classified into just two or three very basic categories.

Query: What are these categories?

Answer: Note responses but lead the discussion to the following answer.

o First, verbal -- broken down between:

- oral and

- written

o Second, non-verbal

Another classification that we will discuss later is a breakdown of communications -- on the basis of timing -- between:

o specific communications dealing with specific current issues on an immediate or real-time basis, and

o general communications dealing with ongoing matters such as policies and procedures which may be of no immediate application to a given recipient.

Let's discuss these several categories.

20m

(1) Verbal Communication

10:05
10:25

The oldest type of communication is non-verbal, going back hundreds of thousands and millions of years. But let's ignore that historical timing consideration and look first at verbal communication.

Query: What does "verbal communication" mean?

Answer: It means communication through the medium of language, i.e., words. Thus, it includes both spoken and written communications.

(a) Oral Communication

Oral communications, or the spoken word, preceded written communications in the development of civilization -- as it still does in the development of the individual. Oral communication utilizes sound symbols for things and concepts.

Query: What are some of the strengths and weaknesses of oral communication?

Answer: Such answers as the following:

<u>Strengths</u>	<u>Weaknesses</u>
Immediacy	Possible imprecision in expression
Provision of emphasis in speech helps to clarify meaning	Emphasis in speech can distract the recipient from the key message
Enhances personal relationships	Often results in different messages being received by different recipients.
Permits queries and explanations	No permanent record of what is said or intended
Provides opportunity for prompt feedback	No permanent document for later reference and evaluation
Saves time (sometimes!)	Can take much more time especially if several recipients are involved.
Cuts costs (sometimes!)	Some persons are less clear and coherent orally than in writing.
Retains some flexibility for later interpretation (this is also a potential weakness)	Is less likely to receive careful consideration of logic, implications, etc.

Some managers limit themselves almost entirely to oral communication with their staffs and peers. This style is most appropriate for simple ideas and routine messages.

20m (b) Written Communication

10:25
10:45

A few thousand years ago our ancestors developed, first, pictures for things and concepts - and then written symbols related to the sound symbols already in use.

Query: What are the strengths and weaknesses of written communication?

Answer: Such answers as the following:

<u>Strengths</u>	<u>Weaknesses</u>
Generally requires greater precision of thought and of subsequent expression ("I don't know know what I think about it until I've written it down)	Often, no matter how skillfully composed, engenders resentment and hostility.
Often constitutes a plan and a performance standard to guide action and provide a benchmark for evaluation of results	Emphasizes task-oriented aspects of a leader's management style.
Reduces later confusion over what was intended	Offers no built-in way for clarification or for feedback.
Can save communications time (sometimes)	If not composed skillfully, can sometimes later be used to "hang" the communicator
Avoids, to a greater extent than oral communication, giving different messages to different recipients	Can require more time and effort (composing, typing, redrafting)

Query: Some managers are uncomfortable unless they put their communications down in writing. Why is this so?

Answer: Such answers as the following:

- o They may fear oral communications will be misunderstood (unintentionally or intentionally)
- o They may realize how easy it is for a subordinate to "forget" an important issue communicated orally - that must be attended to.
- o They may feel they can express themselves better in writing than orally.

Writing as a communications technique is most suited to exposition of more complex plans, policies, and the like. It is especially useful when the message must be transmitted in the same way to a large number of recipients or to persons located some distance away.

15m MORNING BREAK

10:45-
11:00

15m (2) Non-verbal Communication

11:
11:

Query: What is a non-verbal communication?

Answer: It has been defined as the transmission of meaning without the use of words.

Query: What are examples of non-verbal communication?

Answer: Such answers as the following (the leader should lead a discussion of these responses).

- o "Body language" in general, e.g.:
 - Facial expressions (boredom, disinterest, disagreement, agreement, consternation, etc.)
 - Eye contact or lack thereof
 - Fidgeting
 - Yawning
- o Other examples include:
 - Sitting back -- or forward -- in one's chair at a meeting
 - Reading a newspaper during a meeting or program
 - Tone of voice
 - Communicating by example (e.g., arriving at the office on time and working diligently while there communicates a lot to subordinates about what is expected of them)

One management textbook says that: "It has been shown that only about 7% of the meaning in face to face communication is directly carried by words. The remainder is carried by tone of voice and facial and body expressions."

When you stop and think about it, it is a little frightening to consider that some researchers believe that 93% of the message you are communicating is given not by what you may feel to be your carefully chosen words but instead by non-verbal messages over which you often have little or no control!

Discuss (with examples from participants' experiences)

Query: To what extent can we mask our real attitude by controlling our non-verbal reactions?

Answer: Among answers given, it should be noted that

- o doing this is easier for some people than for others, and
- o self-training can accomplish a lot in this direction.

Query: Is there anything that we can do to change what we communicate non-verbally? If so, how?

Answer: Leader to note responses. But one answer is as follows.

- o There is indeed, much that we can do to change what we communicate non-verbally. But most of the change will come about not by our becoming clever actors and wearing artificial masks.
- o Instead it will come about by our working hard to change our basic attitudes, e.g.,:
 - by sitting up in front on our chairs and paying attention at council and committee meetings because we have decided to take a real interest;
 - by showing warmth in talking with employees because we have learned to respect the human element in people;
 - by expecting to be confronted with new and radical ideas so that we no longer show consternation when this occurs;
 - by coming to meetings rested - or as rested as possible - so that we do not need to yawn;

- by learning to listen and evaluate what is going on so that we can look forward to making our own contribution;
- Etc.

Refer to Item # 45: Communciation - Verbal and Non-verbal - Definitions, Characteristics, and Examples

Item # 45 reviews the above discussion

5m (3) Specific, Real-Time Communication

11:15-
11:20

Another way of categorizing communications is between:

- o those intended to result in immediate or near-term action, and
- o those intended to state general, ongoing policies, procedures, and the like.

The first category might be called specific, real-time communications. Such communications are intended to produce a result nearly simultaneously with issuance of the communication.

Query: What are examples of specific, real-time communications?

Answer: Leader to note responses. Four examples follow.

- o Come to my office at 2.00 p.m. to discuss the budget for your department.
- o Pay all outstanding invoices by the end of the week.
- o Fill the tank with petrol.
- o Begin development of the annual Estimates.
- o Etc.

Discussion

5m (4) General Ongoing Policies, Procedures, and the Like

The second category often is comprised of items of the nature of policies and procedures but includes many other types of communications.

These are the communications that are intended to be of ongoing application to matters that arise repetitively.

Query: What are examples of such general, ongoing policies, procedures, and the like?

Answer: Many answers can be given. Areas that might be involved are major current issues like interest rates to be charged, the expected payment schedule for invoices to be paid, the procedures for receiving and depositing funds, Ministry of local Government circulars on accounting practices, and many others. For example:

- o Interest rates on estate mortgages are to be the basic bank rate plus 3%.
- o Funds collected by revenue collectors are to be deposited with the cashier daily.
- o The new Financial Regulations are to be adopted as of January 1, 1987 (MLG circular).
- o Etc.

Obviously there are great differences in the importance that needs to be placed on these two categories of communications. For example:

- o Those intended simply to get something accomplished immediately or in the near future can be either oral or written and can be much more casually composed.
- o Those intended to affect behaviour over the indefinite future must usually be in writing, sufficiently carefully composed to stand up under months or years of examination and efforts at interpretation by different persons.

It's the difference between pitching a tent for the night and building a permanent dwelling intended to last for many years.

Query: What is the pertinence to local authorities of this above distinction?.

Answer: The answer is that the effort put in to the development of a communication and the means and process for communicating it should be tailored to:

- o whether the communication relates to a current operational issue soon behind us, or
- o whether it is intended to be of broad effect and to stand the test of time.

Refer to Item #46: Categories of Communication Based on Timing - Definitions and Examples

Item #46 reviews the concepts and examples presented in the above discussion.

Discussion.

5m d. The Workings of Communication Channels

We have an example to illustrate the way communications often work.

The leader -- prior to this session of the workshop -- should cut a copy of Item 47 in six sections, one for each of the short speeches in the item. Select six participants who speak English well and can be relied on to speak out the messages boldly and clearly. Each one should be asked to read over the message assigned to him several times in advance of the exercise.

The leader should then at this point in the program, call on each of the six persons to read out his message as a military officer might, meanwhile first asking participants to close their workbooks (so they will not be following the written text).

Refer to Item # 47: The Workings of Communication Channels

The leader should then point out that this just-completed exercise is also to be found as Item #47 in the participants' workbooks.

Discussion (if any further is desired by participants)

5m 4. Motivating

We have discussed decision making and communicating as two major activities that make up the management work of leadership. The third major activity of the management function of leading is motivating employees to get results.

We've seen that it is not as easy to make a good decision as one might think and that communicating has its pitfalls too. But these problems are dwarfed by the task of motivating employees to get the work done.

Query: What do we mean by "motivating employees"?

Answer: The leader should note responses. However a recommended answer follows.

- o "Motivate" is defined as "to provide with a motive or motives"
- o "Motive" is defined as "something that prompts a person to act in a certain way".
- o So "motivating employees" is to provide a motive or motives to employees so as to prompt them to action or to act in a certain way.

5m a. Types of Motivation

Query: What are these things -- these motives -- that we can provide to our employees so as to prompt them to act in certain ways?

Answer: There are lots of answers and lots of ways of classifying them. The leader should take the time to get from participants and list on the flip chart a sizable number of motivators and lead a discussion of them. (Item #48 will suggest examples to the leader.)

After a full discussion, the leader should draw attention to Item # 48.

Refer to Item #48: Motivating - Definition and Types of Motivators

Item #48 summarizes these ideas that we have been discussing. The leader should now take the time to review the detailed content of Item #48 with the participants.

Query: Which of the twelve categories of motivators in Item #48 are of the highest priority for use in local authorities?

Answer: Leader to note answers by participants

Query: Which of these motivators will be most effective in motivating a person just starting out in his career?

Answer: Leader to note answers by participants and lead discussion.

Query: Which of these motivators will be most effective in motivating persons for whom the basic requirements of a living salary, adequate environment, and generally equitable working conditions have already been met?

Answer: Leader to note answers

Discussion

b. Theories of Motivation

Motivation has been the subject of much scientific and behavioural research throughout this century. Many ideas have come to the fore and later been discarded -- or have been absorbed in later research. We will discuss the results of just two major -- and influential -- research efforts.

15m

(1) Maslow's Hierarchy of Needs

12:00-
12:15

In the early 1950s, a man named Abraham Maslow came up with a hierarchy of needs based on the two major concepts:

- o first, that needs can be ranked in a hierarchy of importance, and
- o second, that a need, once reasonably satisfied, is no longer a primary motivator.

Refer to Item #49: Theories of Motivation - Maslow's Hierarchy of Needs

This hierarchy is shown in Item #49. The five principal categories are as follow

Highest: Self-fulfillment and
 self actualization needs

Ego and esteem needs

Social and belonging needs

Safety and security needs

Lowest: Physiological and biological needs

Maslow's five categories can be defined both as broad human theoretical requirements and also in terms of the applied things organizations such as local authorities do and can provide employees. These are also shown in Item #49.

Discussion (leader to review Item #49 with participants and lead a meaningful discussion of this set of ideas)

20m (2) Herzberg's Motivating and Maintenance Factors

12:15-
;2:35

Let's now turn to the work, first published later in the 1950s, of a man named Fredrick Herzberg. But first let me ask you to think back over the last couple of years.

Query: In the past few years, what single specific event or incident (or series of closely related events) made you feel:

- o unusually good about your job situation?
- o unusually bad about your job situation?

The leader should carefully point out that such events may have related to participants' professional work or the way they were treated in the job situation (or anything else).

Answer: Leader to call on two or three volunteers to give answers to these two questions. (He should classify them, bearing in mind -- if applicable -- the pattern discovered by Herzberg as shown below.)

Herzberg and his team of researchers started out by asking these questions of more than 200 engineers and accountants. Nearly all of the answers showed the same pattern.

- o The factors resulting in job satisfaction had a positive effect on job performance. These factors were intrinsic to -- or within -- the job, i.e., related to how the work was performed.
- o The factors causing job dissatisfaction had a poor impact on job performance. These factors were external to -- or outside of -- the job and related mainly to whether people felt treated fairly.

Out of these, came a grouping between:

- o motivating factors that have positive effects on morale and output, and
- o maintenance factors that do not independently motivate but that, if not maintained at adequate levels, can cause dissatisfaction and a reduction in output. Putting moth balls in your woolen clothes can prevent their deterioration (a maintenance factors) but does not improve them (not a motivating factor).

Refer to Item #50: Theories of Motivation - Herzberg's Motivating and Maintenance Factors.

These factors are listed in Item #50, as follows:

<u>Motivation factors</u>	<u>Maintenance factors</u>
Achievement	Company policies and administration
Responsibility	Quality of technical supervision
Recognition	Interpersonal relationships
Advancement	Salary
Creative and challenging work	Job security
Possibility of growth on the job	Working conditions
	Employee benefits
	Job status
	Personal life

This is saying, --- to be perfectly clear --- that:

- o a person is motivated to work better by the job satisfaction that comes with achievement or recognition or challenging work, but
- o good company policies or job security or a good insurance program do not motivate to better performance --- though a person is likely to be demotivated if these factors are not sufficiently met.

10m (3) Compensation as a Motivator

12:35-
12:45

No discussion of these theories ever escapes discussion of:

- o Maslow's saying pay is only influential as it permits meeting basic physiological and biological needs, and
- o Herzberg's saying salary is not a motivator to higher performance but is instead a maintenance factor. That is, if pay is clearly inadequate, it demotivates. But an increase in pay doesn't in itself cause an already-motivated person to work better.

Query: If a person has been out of school for a while and has achieved a salary at the level of say, the clerks and treasurers here, what can a salary increase of 10% or 20% possibly do to cause such a person to work better, i.e., to motivate them to improved performance?

Answer: The proper answer is "Really, nothing." Such a person may stay a little later in the office each day for a few weeks. But if he is already working diligently and in a professional manner, he is quite unlikely to work harder and smarter because of the salary increase. But if you can give him increased recognition and job satisfaction, you may stimulate him to truly and permanently increased performance.

Still, money is important to all of us, and it may be a motivator to better performance particularly for employees at lower income levels. And money is important as a recognition and feedback factor. Thus, salary increases provide positive feedback on one's performance telling one that the organization thinks he is doing well.

In this latter connection it is interesting to note the response of some people when told of a some improvement in their working situation: higher salary, changed job, or the like. When asked by their supervisor how they feel about the change, they may reply, as follows: "Well, first, what you think of it". They are saying that if you, my boss, looks on the change as a positive response by the organization to excellent performance and confidence in me, then so will I. But, if to the organization the action is looked on as a routine action responding to routine output, then that is the way I, the employee, will also regard it.

Motivational theories do not stop with Mazlow and Herzberg, but the general notions are generally well accepted that:

- o some things are most important only as long as they are not met, while
- o other things are positive motivators.

Some would say that this discussion of motivation can be summarized in the few words toward the bottom of Item #50, as follows:

I WANT TO FEEL IMPORTANT!

Perhaps nothing we can do to motivate our employees is more important than helping them to achieve this objective.

75m LUNCHEON BREAK

12:45-
2:00

THURSDAY AFTERNOON (180 minutes, including a 15 minutes break, are programmed out of 180 minutes)

5m Call group to order

2:0

2:0

5m G. THE CONTROLLING WORK OF THE FINANCIAL MANAGER

2:0

2:1

Of the five major management functions of the financial manager, we have discussed the first four, namely, Planning, Organizing, Staffing, and Leading. Next we'll be discussing the fifth and final major management function, namely, Controlling.

Query: How might we define "control" and "controlling"?

Answer: Leader to note responses. One good response follows.

- o "Control" is the process of assuring that organizational and managerial objectives are accomplished.
- o "Controlling" is the devising of ways and means of assuring that planned performance is actually achieved.

Let us be very clear at the beginning of this discussion that the major challenge in financial management and control -- especially of expenditures -- is not

- o to assure that income and expenditures are in line with budget, but rather
- o to assure that full value has been received for every shilling raised from and expended on behalf of the wananchi by the local authority.

Query: What are the four major activities of the Controlling function

Answer: They are as follows:

- o Setting performance standards
- o Measuring and recording performance
- o Analyzing and communicating results
- o Taking corrective actions.

We discussed these activities very briefly in our Planning and Budgeting workshop. We also discussed them more extensively in our workshop on Management and Control of Expenditures - but only as relates to expenditures. In this present workshop we will have two objectives.

- o First is to refresh our memories as to the major concepts involved in controlling.
- o Second is to apply these concepts much more broadly --- . i.e., to all of the financial management concerns of the local authority.

Refer to Item #51: Controlling - Definition, Activities, Considerations, and Steps

The major activities and steps involved in controlling are summarized in Item #51. We will discuss each area in turn.

5m 1. Setting Performance Standards

The first major activity of the management function of controlling is setting performance standards.

Query: How did we define "standard" in our last workshop?

Answer: A standard is a pre-set measurement that can serve as a reference point for evaluating results.

Query: What were the major categories of standards that we discussed?

Answer: The answer is as follows:

- o Plans as a source of standards
- o Monetary, physical and time standards
- o Setting standards as an administrative task
- o Intrinsic value, or worth, of the results of expenditures as standards
- o Indicators or ratios as standards

Let's briefly review these five categories with broader application to all of the financial activities of the council.

2:
2:

10m a. Plans as a Source of Standards

2:15-
2:25

In our most recent workshop we said, first, that our most basic and all-embracing source of performance standards is our plans -- including, of course, our budgets.

Query: What are examples of standards directly based on our plans and budgets?

Answer: Leader to note and lead discussion of responses. Three examples follow.

- o Revenue from site value rates is to meet or exceed the amounts in the approved Estimates.
- o Expenditures during 1987/88 by department are not to exceed the amounts in the approved Estimates.
- o Construction costs of the new slaughterhouse are to be contained within the figures in the project statement.

Refer to Item #52: Plans as a Source of Standards -- Concept and Examples

Item #52 reviews this discussion

Discussion

10m b. Monetary, Physical, and Time Standards

2:25
2:35

Second, we suggested that many or most standards should be defined in three dimensions:

- o a monetary standard,
- o a physical standard, and
- o a time standard

Query: How did we define "monetary standard"?

Answer: A monetary standard is expressed in shillings and refers to the amount of money to be received or paid out. This is, often, the figure stated in the local authority's revenue and expenditure Estimates.

Query: How did we define a "physical standard"?

Answer: A physical standard states the quantity and, usually, the quality of the product or service for which shillings are expended.

Query: How did we define a "time standard"?

Answer: A time standard indicates when shilling revenue is to be received and when the goods and services are to be provided for which the shillings are to pay.

It is revealing that even a simple purchase order will usually specify money to be paid out, quantity and quality of goods or services, and delivery times.

Query: What are examples of each of these three types of standards?

Answer: Leader to note responses. Examples follow.*

o Monetary standards:

- Revenue from the new bus park is to meet or exceed the figure of Kshs 300,000 included in the project justification and in the annual Estimates.
- Expenditures for maintenance of parks are not to exceed Kshs 100 per day.

o Physical standard:

- Average results achieved per five-man road maintenance team are to approximate maintenance of 500 linear meters of road surface per day.

o Time standards:

- Sixty percent of revenue from site value rates is to be collected in the first four months of the calendar year.
- Invoices are to be paid (1) consistent with the terms where terms have been specified and (2) otherwise so as to average 35 days from receipt of goods and services.

Refer to Item #53: Setting Performance Standards - Monetary, Physical, and Time Standards - Definition, Types, Concepts and Examples

Item #53 reviews the preceding discussion.

* The leader should proceed through this discussion of Controlling -- as throughout this workshop -- by asking participants for examples of major points and leading a discussion of them, referring to the examples in the participants' materials only at the end of the discussion of each section.

10m c. Standards Set as an Administrative Task

2:35
2:45

Third, we said that many of the more detailed standards that we will need will not emerge automatically as a result of our broad planning and budgeting. Added, more detailed standards will almost always need to be constructed as a deliberate management effort. These will often be in the form of regulations, policies, and procedures.

Query: What are examples of standards developed as a result of a deliberate effort to define such standards?

Answer: Leader to note and lead discussion of responses. Four examples are as follows.

- o Revenue received by the market master should be turned in to the cashier daily.
- o Overtime costs should not exceed 5% of the total wage payroll.
- o Average petrol usage of not less than five kilometers per liter should be achieved for the local authority's trucks.
- o At least 90% of invoices for which no payment terms have been agreed should be paid between 25 and 30 days of provision of the goods and services or submission of invoices - whichever occurs later.

We have said that most or all standards will relate directly to plans and budgets. However, these examples demonstrate that most will also need to be specifically constructed as a deliberate administrative effort.

Discussion

Refer to Item #54: Standards Set as an Administrative Task Concept and Examples

Item #54 reviews the above discussion.

Discussion.

10m d. Intrinsic Value, or Worth, of the Results of Expenditures as Standards

2:45-
2:55

Fourth, we said that in the area of expenditure control, we can look on our primary task as that of assuring that what we get for our expenditures is worth the cost. We said that this is the concept of the intrinsic value of the results achieved by the expenditure.

Query: How did we define what we mean by the "intrinsic value" of an expenditure?

Answer: We said that the intrinsic value is the actual worth of the expenditure to the wananchi of the area served by the local authority.

The intrinsic value to the community of an expenditure, e.g., for paving a given road, should be equal to or exceed the intrinsic value to the wananchi of either (1) simply keeping the shillings raised from them or (2) expending them on some alternate purpose.

This is similar to the familiar concept of "priority", which attempts to determine the relative intrinsic value of alternative uses of resources.

Query: How might we put into words a standard based on intrinsic value?

Answer: Leader to note responses. Two examples of standards based on intrinsic value are given below:

- o Funds spent on primary school education should produce (i) results to the wananchi equivalent in value to (ii) the benefits to the wananchi of spending the same funds on other local authority programs.
- o Funds spent on paving secondary roads should not exceed the value to wananchi of (i) the paving of such roads versus (ii) leaving the roads unimproved and utilizing the funds for other priority purposes.

Let us note, again, that using such a standard to control performance involves the making of value judgments by experienced people. But, then, so do all judgements of priority among alternatives!

Refer to Item #55: Intrinsic Value, or Worth, of the Results of Expenditures as Standards - Concept and Examples.

Item #55 reviews the preceding discussion.

e. Indicators or Ratios as Standards

Fifth, we said that in very many cases, no definitive measure exists of the appropriateness or value of an expenditure. It is also true that often there are no definitive measures of good performance with respect to inflows of income.

5m

(1) Ratios

2:55-
3:00

In such cases most organizations do the next best thing -- which is to develop performance indicators. These are usually in the form of ratios.

The formula for computing a ratio is as follows:

$$\frac{\text{Results}}{\text{Resources}} = \text{Performance Indicator}$$

These ratios are extremely useful to us. They will tell us what results, i.e., outputs, we are getting for each unit of resources expended, i.e., inputs.

Query: What are examples of ratios that you use, or might use, as standards for performance?

Answer: Leader to note and lead discussion of responses. Two added examples follow.

- o sewerage system repair and maintenance costs = costs per
number of connected building units connected un
- o overtime costs per week = overtime cos
total wage costs per week as a percent
total wages.

10m (2) Return on Investment (ROI)

3:00-
3:10

We also commented that the business community often utilizes the concept of Return on Investment or ROI as a standard,

Query: What did we say we meant by "Return on Investment"?

Answer: Note responses. Then summarize as follows.

- o ROI is the ratio of (1) the net return received on an investment to (2) the amount of that investment.
- o It is also a measure that permits comparing the relative value of the use of funds among alternative purposes.

We said that the ROI concept -- as with many other types of standards -- often does not provide, by itself, a truly definitive guide to action. However, it can still be very useful.

Query: What are examples of calculations of Return on Investment in local authorities? What do these calculations tell us that is useful?

Answer: Leader to note responses. One example follows.

- o We might calculate the ROI on a new slaughterhouse -- that would be nice to have, but not necessary -- to be 15%, e.g., net income to equal Kshs 600,000 or 15% of investment costs of Kshs 4,000,000.
- o To decide what we want to do -- i.e., decide where to put our money -- we might then compare this with interest costs of say, 12% or 20%. Or, we might compare it with the return from another optional project that is higher or lower than the 15% return on the slaughterhouse.

Not that the components of the ROI are (1) expenditures (for investment and operating costs) and (2) operating income. Thus, the ROI automatically provides standards for each.

We have been discussing use of the ROI as an aid in determining whether to go ahead with a project. In addition, measurements of the actual ROI achieved as the project is implemented will help in managing income and expenditures so as to achieve the results intended.

Query: Do such ratios tell, by themselves, whether a good job has been done? Why is this the case?

Answer: The proper answer is "No". A ratio standing alone is not very useful.

- o For example, to know that overtime is 5% of total costs, or the average cost of refuse collection is Kshs 10 per household, does not tell us whether these figures represent good or bad performance.
- o However, we might agree that at least this information is better than nothing as we seek for standards for evaluating performance.
- o We also might agree that as an administrator gains practical experience, he will be better able to develop a judgmental intuition as to whether, for a given single time period, a given ratio is good or bad.

10m (3) Performance over Time and Peer Performance Comparisons

3:10-
3:20

However, in our last workshop we pointed out that we can improve the usefulness of ratio analysis in two ways.

Query: What were these two ways by which we can improve the usefulness of ratio analysis?

Answer: Note responses. However, the answers being sought are as follows.

- o first, we can compare a currently calculated ratio with similar results achieved for recent periods.
- o Second we can compare a current ratio -- or a series of ratios for several years -- for our local authority with similar results achieved by other persons or organizational units.

Query: What are examples of comparisons of performance over time?

Answer: Note responses. Two examples for an organization follow.

- o Market collections by collector A in the range of Kshs 1400-1600 daily for most days. This compares with collections typically dropping to Kshs 500-600 the last two or three days before his payday.
- o Expenditures for repair and maintenance of sewers per connected housing unit averaging Kshs 310 in 1987. This compares with expenditures averaging Kshs 200 in 1984, Kshs 215 in 1985, and Kshs 225 in 1986. (leader to put this series of ratios on a flip chart and discuss.)

Discussion

Query: What are examples of peer group comparisons?

Answer: Note responses. Two examples follow:

- o Market collections by collector A averaging Kshs 1400-1600 per day, no matter to what market area assigned. This compares with collections by collectors B, C, and D averaging Kshs 1900-2100 daily.
- o Expenditures for trash collection averaging Kshs 25 per week per household served. This compares with expenditures averaging Kshs 15 per week for two local authorities with almost identical trash collection requirements.

Discussion

Refer to Item #56: Indicators or Ratios as Standards -- Concept and Examples

Item #56 reviews the above discussion.

2. Measuring and Recording Performance

The second major activity of the management function of controlling is measuring and recording performance. To accomplish this requires two things.

Query: What are these two necessary elements of the work of measuring and recording performance?

Answer: The answer being sought is as follows.

- o First, we must determine the precise nature of what we are to measure and how we are to take the measurement.
- o Then, we must actually make and record the measurements.

5m

a. Decide What Is To Be Measured

3:20-
3:25

If our performance standards have been properly defined, the question of what we are to measure may already have been resolved. But we must be sure that we have been precise on this score.

Query: Suppose we intend to measure the cost to the local authority of building a new market. What costs might we consider for inclusion?

Answer: Costs that might be considered include the following.

- o Construction contract costs
- o Pre-construction planning costs by the local authority
- o Costs of any labour and other resources provided by the local authority
- o The value of expenditures or services-in-kind provided by harambee contributions
- o Loan servicing costs

One possible answer to this question might be that:

- o in order to measure true costs of building a new market and to be able to calculate true return on investment,
- o costs included are to include not only (1) contract costs but also (2) costs of labour and other resources contributed by the local authority and (3) loan servicing costs.

Further on this question, we might decide that contributed costs by the local authority are to include (1) estimated planning costs, (2) direct labour costs, (3) other personnel support, (4) supplies and equipment, and (5) allocated overhead.

Query: What are other examples?

Answer: Leader to put responses on flip chart

Discussion

Refer to Item #57: Deciding What Is To Be Measured - Concepts and Examples

Item # 57 reviews the above discussion

10m b. Determine How Measurements Are To Be Taken

3:25-
3:35

Next must decide how we are to take our measurements.

A special consideration here is whether to inspect (1) every item or (2) just a sampling of them.*

One hundred percent inspection is ordinarily too expensive and really unnecessary.

Query: What percentage of proprietors of businesses should an inspector or auditor contact to verify whether they have paid their license fees and in proper amounts -- for purposes of comparison with receipts reported by persons assigned to license fee collections?

Answer: A for-example answer is that the licensing inspector should contact on a random basis one business in each block of shops to verify payment of appropriate fees and accurate reporting of income by the regular fee collectors.

Query: What number or percentage of vehicles that enter a bus park each day should an inspector check to assure (by examining a copy of their receipts) that drivers are paying the proper entrance fee?

Answer: A possible answer is that inspectors are to verify, through three unannounced inspections per day, that entrance receipts are held by all vehicles in the bus park at these times.

Query: What percentage of expenditure transactions should be verified by the local authority's internal auditor?

* The mathematical science involved in determining what size sample will provide a generally reliable answer is called Probability Theory and one major area of application in many organizations is Statistical Quality Control (SQC).

Answer: A possible answer is that the internal auditor is to review 10% of all payment transactions by comparing budget authority, delivery receipts, invoices, and disbursement checks.

Query: What percentage of petty cash transaction documents should be examined by a member of the treasurer's department in connection with replenishment of the fund?

Answer: A possible answer is that replenishment of petty cash funds is to depend on examination of every disbursement transaction document.

Query: What are other examples of decisions as to (1) the means of measuring performance and (2) the percentage of "events" to be measured?

Answer: Leader to put responses on flip chart.

Discussion

*

#

*

Part of this question of how a measurement is to be taken relates to when it is to be taken. Some measurements can only be taken on a real-time basis, i.e., while the event is occurring. Other measurements can be undertaken long after the event has been completed.

Query: What are examples of measurements that can be taken only during the event?

Answer: Such examples as the following.

- o The amount of funds collected by a market collector at any given point in time
- o The number of vehicles in a bus park that have not paid entrance fees

Query: What are examples of measurements that can be taken after the event?

Answer: Such examples as the following.

- o The receipts of site value rates
- o The ratio of expenditures for upkeep of the sewerage system to the number of connected building units
- o The quantity of supplies utilized for a given project or program

Refer to item #58: Determining How Measurements Are To Be Taken - Concept and Examples

Item # 58 reviews the above discussion

15m AFTERNOON BREAK

3:35-
3:50

5m c. Make the Measurements

If we have properly undertaken the controlling activities discussed to this point, we will know (1) our standards, (2) how, precisely, they are defined, and (3) how we are to take the measurements. Now we can proceed (4) actually to measure performance.

We said in our last workshop that we can group ways to measure performance in three categories.

Query: What were these three categories of ways to measure performance?

Answer: The answer follows.

- o General observation
- o Individual inspections, tests, samples, etc.
- o Automatic methods

Query: What is an example of general observation as a means of measuring performance?

Answer: Leader to note responses. One answer is as follows:

- o The physical maintainance of the council headquarters building is noted by the clerk on a daily basis.

Query: What are examples of individual inspections, tests, samples etc., as a means of measuring performance?

Answer: Leader to note responses. Two answers follow.

- o The chlorine level of the water is measured daily by the department's chemist.
- o The receipt books are examined to be sure that no receipts in the numbered series are missing.

Query: What are examples of automatic methods as a means of measuring performance?

Answer: Leader to note responses. One answer follows.

- o The dry-copy reproduction machine operates only by individual plastic cards issued to each department so as to record the number of copies produced by each department.

Discussion

Refer to Item #59: Making the Measurements - Concept, Mechanisms, and Examples

Item # 59 reviews the above discussion

5m d. Record the Measurements

It is important, finally, to record the measurements in a clear and useful way. This requires designing systems and forms that will accomplish this purpose.

Query: What are examples of how you actually record performance measurements in your local authorities?

Answer: leader to note responses. Two examples follow.

- o April: Average age of invoices at time of payment was 35 days.
- o May 10, 2:00 p.m.: Drivers of 3 matatus in the bus park could not produce entrance receipts.

Discussion

Refer to Item #60: Recording the Measurements - Concept and Examples

These above concepts and examples are illustrated in Item #60.

Discussion

3. Analyzing Performance and Communicating Results

The third major activity of the management function of controlling is analyzing performance and communicating results. This activity requires us to do two things

- o First is to analyze the measurements
- o Second is to communicate our findings to those who need to know how we are progressing and who are able to take any needed corrective action.

15m

- a. Compare Performance with Standards or Performance Objectives and Determine Variances, the Reasons for Them, and Their Significance

4:00-
4:15

Query: What did we say the analysis of actual performance consists of?

Answer: Basically of three things:

- o Comparing results with standards and determining variances
- o Determining the reasons for the variances
- o Determining the significance of the variances.

In comparing results with standards and determining variances, we said we should be comparing:

- o actual expenditures with budget or purchase orders, etc.,
- o quality and quantity with specifications, and
- o timing of results with the timing called for in our specifications or plans.

(1) Determine the Variances

Query: What are examples in your local authorities of determining variances?

Answer: Leader to note responses. Two examples follow.

<u>Standards</u>	<u>Actuals</u>	<u>Variances</u>
(i) Average age of paid invoices is 28 days	April: 35 days	7 days or 25% over standard
(ii) All vehicles in park have paid entrance fees	May 10, 3 p.m.: 3 matatus have not paid	3 matatus

(2) Determine the Reasons for the Variances

Query: What are examples of reasons for variances (relating to examples of variances just suggested by participants)?

Answer: Leader to note responses. Two examples follow relating to (i) and (ii) above.

(i) Payment of invoices was delayed because two accountants were on vacation

(ii) 3 matatus without entrance receipts appears to involve collusion.

(3) Determine the Significance of the Variances

We pointed out that determining the significance of the variances means determining their significance for the successful implementation of our plans and the achievement of our objectives.

Query: What are examples of what might be the significance for us of the variances (desirably relating to examples of variances suggested above by participants)?

Answer: Leader to note responses. Two examples follow relating to (i) and (ii) above.

(i) Delay in April in payment of invoices was not significant in view of reasons; expect to improve performance in May.

(ii) likely collusion in collecting bus park fees is sufficiently serious as to require considering terminating the bus park fee collector

Discussion

Refer to Item #61: Analyzing Performance and Communicating Results - Determining the Variances - Concepts and Examples

Item #61 reviews the above discussion.

5m b. Determine the Timing of the Analytical Approaches

4:15
4:20

In the most recent workshop, we said that the timing of the analytical approaches that we can use can be divided into two categories.

Query: What are these two categories of analytical approaches - from the point of view of timing?

Answer: Leader to note responses. However, guide the discussion to the following two answers.

- o First, real-time methods where the analysis takes place while the event or transaction is occurring.
- o Second, post-facto or after-the-event methods where the analysis takes place after the occurrence of the event.

Query: What are examples of real-time analytical approaches?

Answer: Leader to note responses. Two examples follow.

- o Inspection and evaluation of the suitability of goods as they are being delivered
- o Continuous evaluation by the treasurer's office of the adequacy of cash book balances each time cheques are written and deposits are made

Query: What are examples of post-facto or after-the event analytical approaches?

Answer: Leader to note responses. Two examples follow

- o Evaluation of payment vouchers processed per accounting employee per week
- o End-of-month audits of expenditure transactions to determine conformance with policies, procedures, and accounting standards and practices

Discussion

The important point here is that the system for controlling the local authority's financial operations must specify not only when performance measurements are to be taken but also when the evaluation of performance is to take place.

Refer to Item #62: Determining the Timing of the Analytical Approaches - Concept, Alternatives, and Examples

Item # 62 reviews the above discussion.

Discussion

5m c. Determine the Timing of Reporting

4:2
4:2

We also agreed that as important as (1) when measurements are taken and evaluated is (2) the timeliness of the reporting.

Query: What are examples in your local authorities of this question of the timeliness of reporting?

Answer: Leader to note responses. Two examples follow.

- o Timely Reporting: Provision of reports of monthly income and expenditures to the finance committee at the next month's meeting of the committee
- o Untimely Reporting: Reports on actual income and expenditures for a financial year provided to the local council and its finance committee and to the Ministry of Local Government long after the year has ended.

We concluded that in assuring the conformance of income and expenditures with the Estimates, timing of reporting is important. Evaluation reports on income and expenditures to date must be provided to financial controllers and line managers on a very current basis. The closer to real-time reporting, the better.

Refer to Item #63: Determining the timing of Reporting - Concept and Examples

This material is summarized in Item #63.

Discussion

4. Taking Corrective Action

The fourth major activity of the management function of controlling is taking corrective action. Without satisfactory performance of this activity, the three previous control activities are of little purpose.

10m

a. Short-term versus Long-Term Corrective Actions

4:25

4:35

Corrective actions can be categorized -- again on the basis of timing -- into two broad categories.

Query: What are these two time-differentiated broad categories of corrective actions?

Answer: They are as follows.

- o First, short-term actions, taken immediately, to correct performance.
- o Second, long-term actions, taken over longer periods of time, also to correct performance.

Perhaps an even more meaningful way of distinguishing between these two categories is in regard to what is corrected.

- o In short-term corrective actions, steps are taken to affect behaviour and results within the context of current plans and systems.
- o In long-term actions, steps are taken to affect behaviour and results by more fundamental changes to plans, systems, and resources.

Query: What are examples of short-term corrective actions?

Answer: Note responses and lead discussion. Two examples follow.

- o When market revenue reported by a new market collector falls well below receipts by his predecessor without apparent justification:
 - terminate the new employee promptly for basic dishonesty.
- o When examination of goods being delivered shows a failure to meet specifications:
 - reject the delivery on the spot.

Query: What are example of long-term corrective actions?

Answer: Note responses and lead discussion. One example follows.

- o When available financial reports on income and/or expenditures are found not to measure performance in a directly relevant way:
 - restudy and redesign the accounting and management information systems to meet better the needs of the treasurer, clerk, and council.

You are taking a short-term corrective action when you can directly act to improve immediate results.

You are taking a long-term corrective action when performance cannot be improved until you can modify the resources applied, or the way the work is performed, or the budget, or the objectives, or perhaps even the goals themselves.

Discussion.

Let us also note that short-term corrective actions may be taken concurrent with or after the event, i.e., in "real-time" or "post-facto".

Query: What is an example of a real-time corrective action?

Answer: Leader to note responses. One example follows.

- o In depositing funds into and writing cheques against a bank account, the visible decline in cash book balances triggers, in real-time, a cessation of cheque-writing activity or the deposit of added funds to the account.

Query: What is an example of a post-facto or after-the-event corrective action?

Answer: Leader to note responses. One example follows.

- o An audit report demonstrating excessively loose adherence to prescribed control procedures results in corrective action via increased management attention to the area (i.e., after, or post-facto to, the event of loose control)

To summarize:

- o real-time actions correct performance as it is occurring, while
- o post-facto actions correct performance after the measurement of income or expenditures (or other financial performance) is taken.

Discussion

Refer to Item #64: Taking Corrective Action - Short-term versus Long-term Corrective Actions - Concepts and Examples

Item # 64 reviews the above discussion.

10m b. Corrective Actions Regarding People versus
Corrective Actions Regarding Objective Factors

4:35-
4:45

Corrective actions will sometimes be taken in regard to people and sometimes in regard to plans or systems or transactions or equipment or other such objective factors.

- o People may be:
 - trained or
 - motivated through leadership or
 - rewarded or
 - punished or terminated,all as means to better management and control of income and expenditures.
- o Things also may be affected by our corrective actions. For example, we may:
 - change our plans, or
 - strengthen our control systems, or
 - get in better computing equipment, or
 - change our organization pattern, or
 - modify our delegations of responsibility, authority, and accountability.

It is very important to note that we cannot really change basic human nature. So we must design systems for accomplishing desired results in the face of the problems created by human failings.

Query: Are our problems in managing and controlling income and expenditures most often ones that most basically relate:

- o mainly to people, or
- o mainly to plans, systems, equipment, organization, and other such inanimate factors?

Answer: Note and lead discussion of responses.
But the correct answer follows.

- o Most problems that appear to arise from poor performance of people really have their origins in plans or organization or training or systems or other such objective factors.
- o If nothing else is done, such problems are not likely to go away with the assignment of new people but, instead, to repeat themselves.

Query: Suppose that funds are misappropriated by a market collector in a remote area who is expected to retain his collections for several days at a time. Accepting our limited ability to modify human nature, is the real problem, in practical and pragmatic terms, the unique dishonesty of the given employee?.

Answer: It seems clear that this problem is likely not to be solved by replacement of the employee. Instead, it is likely to continue without real solution until we can strengthen our financial control system.

Query: What message or moral or conclusion might we reach from this above discussion?

Answer: It is that we should always look, as we attempt to determine what corrective actions should be taken, not just at the easy solution of disciplining or terminating the employee. Rather, we should always attempt to discover whether there are more objective factors that underlie and contribute to performance and that may be mostly or entirely responsible for the unsatisfactory results realized.

It is important to note that a problem that we cannot solve -- such as a predilection of lower-level, low-income employees toward misappropriation of funds -- should, indeed, be looked on only partially as a management problem to be solved by correcting the behaviour of the employees. At least in part, it should also be looked on as a situational factor to be dealt with by improvements in the control system -- which improvements are, indeed, directly under the control of the manager.

Discussion

15m c. Spectrum of Corrective Actions Available
Regarding People

4:4
5:0

Nevertheless, when poor performance is unquestionably the avoidable fault of an employee, we must seek to apply corrective action related to the deficient behaviour of the person.

A variety of such corrective actions are available -- as we have discussed in earlier workshops and earlier in this workshop when we were discussing the subject of motivation.

Query: What are both positive and negative actions that might be taken to correct -- i.e., improve -- the performance of an employee?

Answer: Leader to note answers, classifying them into positive and negative categories -- though it is to be hoped that all such actions would have a positive impact on achievement of the local authority's goals, objectives, and programs?

Query: One list of such positive and negative corrective actions relating to people is given below.

- o Positive
 - (a) Discussion of performance
 - (b) Better example to staff
 - (c) Better positive leadership of staff
 - (d) Better support by leadership to staff
 - (e) Better training of staff
 - (f) Rewards to staff for improved performance (e.g., pay, recognition)
 - (g) Transfer -- or even promotion -- to more suitable position
 - (h) Rotation of staff assignments

o Negative

- (a) Oral and written warnings to staff
- (b) Temporary suspension of staff
- (c) Deduction of pay of staff
- (d) Termination of employment of staff
- (e) Civil or criminal prosecution of staff leading to fines or imprisonment

Refer to Item #65: Corrective Actions Regarding People versus Corrective Actions Regarding Objective Factors - Concepts and Examples

Item #65 reviews the above discussion.

Discussion.

IF THE AFTERNÖON'S PROGRAM CANNOT BE COMPLETED BY THE END OF THE DAY, THE WORKSHOP LEADERS SHOULD HAVE NO HESITATION ABOUT COMPLETING THE PRESENTATIONS AND DISCUSSIONS THE FOLLOWING MORNING. IT WILL REALLY NOT REQUIRE THE AMOUNT OF TIME THAT HAS BEEN SET ASIDE FOR THE DEVELOPMENT AND PRESENTATION OF BACK-HOME PROGRAMS ON FRIDAY MORNING. THUS, TAKING AS MUCH AS TWO HOURS ON FRIDAY MORNING TO COMPLETE THE MONDAY-THURSDAY SUBSTANTIVE PROGRAM SHOULD CAUSE NO REAL PROBLEM.

FRIDAY MORNING: (285 minutes, including a 15 minute break, programmed out of 285 minutes)

5m Call group to order.

H. DEVELOPMENT OF "BACK-HOME" PROGRAMS TO IMPROVE PLANNING, ORGANIZING, STAFFING, LEADING, AND CONTROLLING FOR EXCELLENT FINANCIAL MANAGEMENT

Now we shall develop programs of the actions we intend to take "back home" to strengthen the overall financial management in each of our local authorities in light of the concepts and approaches that we have been discussing these last few days.

45m

1. Development of "Back Home" Programs

This exercise is the culminating event of this workshop, and stress should be placed on its importance and the essentiality of undertaking it with due deliberation and care.

a. "Back Home" Programs of Local Authority Teams

Participants from each local authority -- typically the chairman of the finance committee of the council, the clerk, and the treasurer -- should be asked to form into teams. Each team should develop a program to strengthen the overall financial management of its local authorities. The team should be reporting on -- and committing to -- realistic programs that they will plan to discuss and seek to implement on their return to their communities.

Refer to Item #66: "Workshop Exercise - Program To Improve Planning, Organizing, Staffing, Leading, and Controlling of Financial Management Areas in Participants' Local Authorities".

To accomplish the above, these teams should be asked to complete workshop exercise Item #66. (Teams may record results on flip charts if they so desire and if and as this may be feasible.)

b. "Back-Home" Program of the Team of Central And Provincial Government Officials

Central and provincial government representatives should also develop a program of action for those things that the central and provincial governments can do to assist local authorities to strengthen planning, organizing, staffing, leading and controlling of financial management areas.

Refer to Item #67: "Workshop Exercise - Steps That Might Be Taken By Central And Provincial Government Officials to Assist Local Authorities in Planning, Organizing, Staffing, Leading, and Controlling of Financial Management Areas"

The central and provincial government participants should be asked to form into a team.

This team should consider actions that should be discussed, adopted, and implemented involving changes in national and provincial laws, regulations, guidance, and other supports given to or affecting local authorities and favourably influencing their overall financial management.

5m MORNING BREAK

10:30-

10:45

0m Continue with above exercise

10:45-

11:45

2. Reports by Local Authority and Central and Provincial Government Teams on Actions To Be Taken "Back Home"

Let us now turn to reports on the programs developed by participant teams.

60m

a. Reports by Local Authority Teams

11:45

12:45

The individual local authority teams are to report on the programs developed earlier in the day. (The leader should ask all the members of each local authority team to sit together at the speakers' table at the front of the room during each presentation.)

- o Presentations (about 10-15 minutes each) (for the first two presentations, call on local authority teams that the leader believes will make especially good presentations - as a stimulus to those making later presentations to do as good a job.)*
- o Discussion/critique by other participants (typically not over 5 or so minutes for each report - but the leader must attempt to stimulate at least two or three good questions and comments from participants on each team's report)

75m LUNCHEON BREAK

12:45

2:00

* The leader must note the essentially of keeping careful control of the timing of these presentations. Often, it is desirable to allow more time for the first couple of presentations (partly because of some overlap by later presentations). But in order to complete 10-12 or so presentations by the end of the afternoon, the leader must very carefully monitor, against the clock, the overall progress of these reports.

FRIDAY AFTERNOON (180 minutes, including a 15 minute break, are programmed out of 180 minutes)

5m	Call group to order		2:00- 2:05
H.	<u>DEVELOPMENT OF BACK-HOME PROGRAMS TO IMPROVE PLANNING, ORGANIZING, STAFFING, LEADING, AND CONTROLLING FOR EXCELLENT FINANCIAL MANAGEMENT, contd.</u>		
	2.	<u>Reports by Local Authority and Central and Provincial Government Teams on Actions to be Taken "Back Home", contd.</u>	
	a.	<u>Reports by local Authority Teams, contd.</u>	
30m		Continue with local authority team reports.	2:05- 3:25
15m	AFTERNOON BREAK		3:25- 3:40
	b.	<u>Report by the Central and Provincial Government Team</u>	
		The central government team is to report on its back-home program.	
20m	o	Presentation (about 20 minutes)	3:40- 4:00
30m	o	Discussion/critique by participants (about 30 minutes)	4:00- 4:30

30m I. EVALUATION OF WORKSHOP

4:00-
4:30

An evaluation questionnaire is to be completed by participants.*

Refer to Item #68 "Evaluation of Workshop" (format to be completed by each participant)

Ask participants to complete Item #68

Collect forms for later tabulation and analysis.

* Note: If timing prevents allocating a time slot for completing this questionnaire, then the leader should ask participants to complete it during the presentations of the back home reports.

FRIDAY EVENING

J. CLOSING CEREMONIES

20m

1. Closing Dinner

7:00-
9:00

A closing dinner is to be held for participants, with possible participation by senior officials from national and local levels.

2. Certificates of Participation

Item #68 "Certificate of Participation" is to be presented to each participant